

VISTA GOLD CORP  
Form 10-K  
March 03, 2015

---

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF  
1934

For the fiscal year ended December 31, 2014

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT  
OF 1934

For the transition period from            to

Commission file number: 001-9025

VISTA GOLD CORP.

(Exact Name of Registrant as Specified in its Charter)

Edgar Filing: VISTA GOLD CORP - Form 10-K

(Exact Name of Registrant as Specified in its Charter)r

British Columbia

(State or other jurisdiction of incorporation or organization)

98-0542444

(I.R.S. Employer Identification No.)

Suite 5, 7961 Shaffer Parkway

Littleton, Colorado

(Address of Principal Executive Offices)

80127

(Zip Code)

(720) 981-1185

(Registrant's Telephone Number, including Area Code)

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

Title of Each Class

Name of Each Exchange on Which Registered

Common Shares without par value NYSE MKT

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by checkmark whether the registrant (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No



Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 229.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by checkmark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part II of this Form 10-K or any amendment to the Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "Accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act (Check one):

Large Accelerated Filer    Accelerated Filer    Non-Accelerated Filer    Smaller Reporting Company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter:    \$40,903,609

The number of shares of the Registrant's Common Stock outstanding as of February 16, 2015 was 82,390,217.

Documents incorporated by reference: To the extent herein specifically referenced in Part III, portions of the Registrant's Definitive Proxy Statement on Schedule 14A for the 2014 Annual General Meeting of Shareholders are incorporated herein. See Part III.



TABLE OF CONTENTS

	Page
GLOSSARY	1
USE OF NAMES	5
CURRENCY	5
METRIC CONVERSION TABLE	5
NOTE REGARDING FORWARD-LOOKING STATEMENTS	5
PART I	
ITEM 1. BUSINESS	8
ITEM 1A. RISK FACTORS	11
ITEM 1B. UNRESOLVED STAFF COMMENTS	17
ITEM 2. PROPERTIES	17
ITEM 3. LEGAL PROCEEDINGS	36
ITEM 4. MINE SAFETY DISCLOSURES	36
PART II	
ITEM 5. MARKET FOR REGISTRANT’S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES	37
ITEM 6. SELECTED FINANCIAL DATA	40
ITEM 7. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	40
ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK	47
ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA	48
ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE	71
ITEM 9A. CONTROLS AND PROCEDURES	71
ITEM 9B. OTHER INFORMATION	72
PART III	
ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE	72
ITEM 11. EXECUTIVE COMPENSATION	72
ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS	72
ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS	72
ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES	72
PART IV	
ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES	72



CAUTIONARY NOTE TO U.S. INVESTORS REGARDING ESTIMATES OF MEASURED, INDICATED AND INFERRED RESOURCES AND PROVEN AND PROBABLE RESERVES

The terms “mineral reserve”, “proven mineral reserve” and “probable mineral reserve” are Canadian mining terms as defined in accordance with Canadian National Instrument 43-101 – Standards of Disclosure for Mineral Projects (“NI 43-101”) and the Canadian Institute of Mining, Metallurgy and Petroleum (the “CIM”) – CIM Definition Standards on Mineral Resources and Mineral Reserves, adopted by the CIM Council, as amended (the “CIM Definition Standards”). These definitions differ from the definitions in the United States Securities and Exchange Commission (“SEC”) Industry Guide 7 (“SEC Industry Guide 7”) under the United States Securities Act of 1933, as amended (the “Securities Act”). Under SEC Industry Guide 7 standards, a “final” or “bankable” feasibility study is required to report reserves, the three-year historical average price is used in any reserve or cash flow analysis to designate reserves, and the primary environmental analysis or report must be filed with the appropriate governmental authority.

In addition, the terms “mineral resource”, “measured mineral resource”, “indicated mineral resource” and “inferred mineral resource” are defined in and required to be disclosed by NI 43-101; however, these terms are not defined terms under SEC Industry Guide 7 and are normally not permitted to be used in reports and registration statements filed with the SEC. Investors are cautioned not to assume that all or any part of a mineral deposit in these categories will ever be converted into reserves. “Inferred mineral resources” have a great amount of uncertainty as to their existence, and great uncertainty as to their economic, technical and legal feasibility. It cannot be assumed that all, or any part, of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian rules, estimates of inferred mineral resources may not form the basis of feasibility or pre-feasibility studies, except in rare cases. Investors are cautioned not to assume that all or any part of an inferred mineral resource exists or is economically, technically or legally mineable. Disclosure of “contained ounces” in a resource is permitted disclosure under Canadian regulations; however, the SEC normally only permits issuers to report mineralization that does not constitute “reserves” by SEC standards as in place tonnage and grade without reference to unit measures.

Accordingly, information contained in this report and the documents incorporated by reference herein contain descriptions of our mineral deposits that may not be comparable to similar information made public by U.S. companies subject to the reporting and disclosure requirements under the United States federal securities laws and the rules and regulations thereunder.

The term “mineralized material” as used in this annual report on Form 10-K, although permissible under SEC Industry Guide 7, does not indicate “reserves” by SEC Industry Guide 7 standards. We cannot be certain that any part of the mineralized material will ever be confirmed or converted into SEC Industry Guide 7 compliant “reserves”. Investors are cautioned not to assume that all or any part of the mineralized material will ever be confirmed or converted into reserves or that mineralized material can be economically or legally extracted.



CAUTIONARY NOTE TO ALL INVESTORS CONCERNING ECONOMIC ASSESSMENTS THAT INCLUDE  
INFERRED RESOURCES

Mineral resources that are not mineral reserves have no demonstrated economic viability. The preliminary economic assessment on the Guadalupe de los Reyes gold/silver project is preliminary in nature and includes “inferred mineral resources” that are considered too speculative geologically to have economic considerations applied to them that would enable them to be categorized as mineral reserves. There is no certainty that the value estimated in the preliminary economic assessment at the Guadalupe de los Reyes gold/silver project will ever be realized.

GLOSSARY

“acanthite” is a low-temperature modification of silver sulfide.

“acid rock drainage (ARD)” results from the interaction of meteoric water with oxidizing sulfide minerals.

“arsenopyrite” means an iron arsenic sulfide. It is the most common arsenic mineral and the primary ore of arsenic metal.

“assay” means to test ores or minerals by chemical or other methods for the purpose of determining the amount of valuable metals contained.

“bedding” means the characteristic structure of sedimentary rock in which layers of different composition, grain size or arrangement are layered one on top of another in a sequence with oldest on the bottom and youngest at the top.

“bismuthinite” means a mineral consisting of bismuth sulfide; it is an ore for bismuth.

“breccia” means rock consisting of fragments, more or less angular, in a matrix of finer-grained material or of cementing material.

“chalcopyrite” means a brass-yellow colored sulfide of copper and iron. It is a copper mineral.

“claim” means a mining title giving its holder the right to prospect, explore for and exploit minerals within a defined area.

“clastic” refers to sedimentary rock (such as shale or siltstone) or sediment. An accumulation of transported weathered debris.

“comminution” means the process in which solid materials are broken into small fragments by crushing, grinding, and other processes.

“conglomerate” refers to clastic sedimentary rock that contains large (greater than two millimeters in diameter) rounded particles. The space between the pebbles is generally filled with smaller particles and/or a chemical cement that binds the rock together.

“cut-off grade” means the grade below which mineralized material or ore will be considered waste.

“deposit” is an informal term for an accumulation of mineralized material.

“electrum” is a naturally occurring alloy of gold and silver.

“epithermal” refers to a type of lode deposit containing economic concentrations of gold, silver and, in some cases, base metals such as copper, lead and zinc which originates within 3,000 feet of the earth’s surface at a temperature range of 50-200 degrees centigrade.

“exploration stage enterprise” refers to an issuer engaged in the search for mineral deposits (reserves) which are not in either the development or production stage, per SEC Industry Guide 7. A development stage enterprise is engaged in the preparation of an established, commercially minable deposit (reserve) which is not in the production stage. A production stage enterprise is engaged in the exploitation of commercially viable mineral deposits (reserves).

“facies” means the characteristics of a rock mass that reflects its depositional environment.

“fault” means a fracture in rock along which there has been displacement of the two sides parallel to the fracture.

“feasibility study” is a comprehensive technical and economic study of the selected development option for a mineral project that includes appropriately detailed assessments of realistically assumed mining, processing, metallurgical, economic, marketing, legal,

environmental, social and governmental considerations together with any other relevant operational factors and detailed financial analysis, that are necessary to demonstrate at the time of reporting that extraction is reasonably justified or economically viable.

“felsic” is a term used to describe an igneous rock that has a large percentage of light-colored minerals such as quartz, feldspar and muscovite. Felsic rocks are generally rich in silicon and aluminum and contain only small amounts of magnesium and iron.

“ferruginous” means containing iron oxides or rust.

“fire assay” is a type of precious metal assay, which results in destruction of the precious metal, but provides the most accurate assay information.

“foliation” means planar arrangement of structural or textural features in any rock type.

“fold” is a bend or flexure in a rock unit or series of rock units caused by crust movements.

“g Au/tonne” or “g Au/t” means grams of gold per tonne.

“galena” means a lead sulfide mineral commonly found in hydrothermal veins; it is the primary ore of lead and is often mined for its silver content.

“geosyncline” means a major trough or downwarp of the Earth’s crust, in which great thicknesses of sedimentary and/or volcanic rocks have accumulated.

“granitoid” means a variety of coarse grained plutonic rock similar to granite, which are composed predominantly of feldspar or quartz.

“greywackes” means fine-grained sandstone generally characterized by its hardness, dark color and poorly sorted angular grains of quartz, feldspar and small rock fragments set in a compact, clay-fine matrix.

“heap leach” means a gold extraction method that percolates a cyanide solution through ore heaped on an impermeable pad or base.

“hornfels” refers to nonfoliated metamorphic rock that is typically formed by contact metamorphism around igneous intrusions.

“indicated mineral resource” and “indicated resource” means “indicated mineral resource” as defined by the CIM in the CIM Definition Standards and is that part of a mineral resource for which quantity, grade or quality, densities, shape and physical characteristics can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed.

“inferred mineral resource” and “inferred resource” means “inferred mineral resource” as defined by the CIM in the CIM Definition Standards and is that part of a mineral resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes.

“intrusion” refers to an igneous rock body that formed from magma that forced its way into, through or between subsurface rock units.

“intrusives” refers to igneous rocks that crystallize below Earth’s surface.

“ironstone” is a sedimentary rock, either deposited directly as a ferruginous sediment or created by chemical replacement, that contains a substantial proportion of an iron compound from which iron either can be or once was smelted commercially.

“joint” means a fracture in a rock along which there has been no displacement.

“measured mineral resource” and “measured resources” means “measured mineral resource” as defined by the CIM in the CIM Definition Standards and is that part of a mineral resource for which quantity, grade or quality, densities, shape

and physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters to support production planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity.

“mica” any of a group of phyllosilicate minerals having similar chemical compositions and highly perfect basal cleavage.

“mineralization” means the concentration of valuable minerals within a body of rock.

“mineralized material” under SEC Industry Guide 7 is a mineralized body that has been delineated by appropriately spaced drilling and/or underground sampling to support a sufficient tonnage and average grade of metal(s). Such a deposit does not qualify as a reserve until a comprehensive evaluation based upon unit cost, grade, recoveries, and other material factors conclude legal and economic feasibility. Mineralized material is equivalent to measured plus indicated mineral resources but does not include inferred mineral resources, which terms are defined by the CIM.

“mudstone” is a fine grained sedimentary rock whose original constituents were clays or muds.

“ore” means material containing minerals in such quantity, grade and chemical composition that they can be economically extracted.

“oxide” means mineralized rock in which some of the original minerals have been oxidized (i.e., combined with oxygen). Oxidation tends to make the ore more porous and permits a more complete permeation of cyanide solutions so that minute particles of gold in the interior of the minerals will be more readily dissolved.

“preliminary economic assessment” (“PES”) as defined by Canadian National Instrument 43-101 is a study, other than a pre-feasibility study or feasibility study, which includes an economic analysis of the potential viability of mineral resources.

“preliminary feasibility study” (“PFS” or “pre-feasibility study”) as defined by the CIM is a comprehensive study of the viability of a mineral project that has advanced to a stage where the mining method, in the case of underground mining, or the pit configuration, in the case of an open pit, has been established, and an effective method of mineral processing has been determined, and includes a financial analysis based on reasonable assumptions of technical, engineering, legal, operating, economic, social and environmental factors and the evaluation of other relevant factors,

which are sufficient for a qualified person, acting reasonably, to determine if all or part of the mineral resource may be classified as a mineral reserve.

3

---

“probable reserves” under SEC Industry Guide 7 means reserves for which quantity and grade and/or quality are computed from information similar to that used for proven reserves, but the sites for inspection, sampling and measurement are farther apart or are otherwise less adequately spaced. The degree of assurance, although lower than that for proven reserves, is high enough to assume continuity between points of observation.

“probable mineral reserves” as defined by the CIM in the CIM Definition Standards is the economically mineable part of an indicated and, in some circumstances, a measured mineral resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic, and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified.

“proven reserves” under SEC Industry Guide 7 means reserves for which (a) quantity is computed from dimensions revealed in outcrops, trenches, workings or drill holes; grade and/or quality are computed from the results of detailed sampling and (b) the sites for inspection, sampling and measurement are spaced so closely and the geologic character is so well defined that size, shape, depth and mineral content of reserves are well established.

“proven mineral reserves”, as defined by the CIM in the CIM Definition Standards, is the economically mineable part of a measured mineral resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction is justified.

“pyrrhotite” means a bronze-colored magnetic ferrous sulfide mineral consisting of iron and sulfur.

“pyrite” means a pale brass-yellow colored iron sulfide mineral consisting of iron and sulfur.

“qualified person” as defined under NI 43-101 means an individual who (a) is an engineer or geoscientist with a university degree, or equivalent accreditation, in an area of geoscience, or engineering, relating to mineral exploration or mining; (b) has at least five years of experience in mineral exploration, mine development or operation, or mineral project assessment or any combination of these that is relevant to his or her professional degree or area of practice; (c) has experience relevant to the subject matter of the mineral project and the technical report; (d) is in good standing with a professional association; and (e) in the case of a professional association in a foreign jurisdiction, has a membership designation that (i) requires attainment of a position of responsibility in their profession that requires the exercise of independent judgment; and (ii) requires (A) a favorable, confidential peer evaluation of the individual’s character, professional judgment, expertise and ethical fitness; or (B) a recommendation for membership by at least two peers, and demonstrated prominence or expertise in the field of mineral exploration or mining. Note: a professional association is a self-regulatory organization of engineers, geoscientists or both that, among other criteria,



requires compliance with the professional standards of competence and ethics established by the organization and has disciplinary powers over its members.

“recovery” means that portion of the metal contained in the ore that is successfully extracted by processing and is expressed as a percentage.

“sampling” means selecting a fractional, but representative, part of a mineral deposit for analysis.

“schist” is a metamorphic rock containing abundant particles of mica, characterized by strong foliation and originating from a metamorphism in which directed pressure played a significant role.

“sediment” means solid material settled from suspension in a liquid.

“sedimentary rock” means rock formed from the accumulation and consolidation of sediment, usually in layered deposits.

“shale” is a fine grained, clastic sedimentary rock composed of mud that is a mix of flakes of clay minerals and tiny fragments (silt-sized particles) or other minerals, especially quartz and calcite.

“silicified” means to become converted into or impregnated with silica.

“siltstone” is a sedimentary rock that has a grain size in the silt range, finer than sandstone and coarser than claystones.

“sphalerite” means a zinc sulfide mineral commonly found in hydrothermal veins; it is the primary ore of zinc.

“stockwork” means a rock mass interpenetrated by small veins of mineralization.

“strike” when used as a noun, means the direction, course or bearing of a vein or rock formation measured on a level surface and,



when used as a verb, means to take such direction, course or bearing.

“strike length” means the horizontal dimension of a mineral deposit or zone of mineralization.

“stripping ratio” means the ratio of waste to ore in an open pit mine.

“sulfidation” means reaction with sulfur to form sulfides.

“sulfide” means a compound of sulfur and some other element. From a metallurgical perspective, sulfide rock is primary ore that has not been oxidized. Both ore and waste may contain sulfide minerals.

“tailings” means material rejected from a mill after most of the valuable minerals have been extracted.

“tonne” means a metric ton and has the weight of 1,000 kg or 2,204.6 pounds.

“tpd” means tonnes per day.

“tuffs” are a type of rock consisting of consolidated volcanic ash ejected from vents during a volcanic eruption.

“vein” means a fissure, fault or crack in a rock filled by minerals that have traveled upwards from some deep source.

“waste” means rock lacking sufficient grade and/or other characteristics of ore.

#### USE OF NAMES

## Edgar Filing: VISTA GOLD CORP - Form 10-K

In this annual report on Form 10-K, unless the context otherwise requires, the terms “we”, “us”, “our”, “Vista”, “Vista Gold”, “Corporation”, or the “Company” refer to Vista Gold Corp. and its subsidiaries.

### CURRENCY

References to C\$ refer to Canadian currency, A\$ to Australian currency and \$ to United States currency. All dollars amounts are expressed in thousands of dollars except references to per ounce and per share amounts.

### METRIC CONVERSION TABLE

To Convert Imperial Measurement Units	To Metric Measurement Units	Multiply by
Acres	Hectares	0.4047
Feet	Meters	0.3048
Miles	Kilometers	1.6093
Tons (short)	Tonnes	0.9071
Gallons	Liters	3.7850
Ounces (troy)	Grams	31.103
Ounces (troy) per ton (short)	Grams per tonne	34.286

### NOTE REGARDING FORWARD-LOOKING STATEMENTS

This annual report, including all exhibits hereto and any documents that are incorporated by reference as set forth on the face page under “Documents incorporated by reference”, contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995 and forward-looking information under Canadian securities laws that are intended to be covered by the safe harbor created by such legislation. All statements, other than statements of historical facts, included in this annual report on Form 10-K, our other filings with the SEC and Canadian securities commissions and in press releases and public statements by our officers or representatives that address activities, events or developments that we expect or anticipate will or may occur in the future are forward-looking statements and forward-looking information, including, but not limited to, such things as those listed below:

- the Company’s ability to sustain its cash requirements at \$1,500 to \$1,750 per quarter through 2015;

- the potential monetization of our non-core assets, including our mill equipment which is for sale;

5

---

- the receipt by the Company of all of the \$4,000 of option payments related to the Guadalupe de los Reyes gold/silver project entered into by the Company and Cangold Limited;
- estimates of future operating and financial performance;
- the Government of the Northern Territory of Australia (“NT Government”) sharing the cost of management of water and associated environmental monitoring at the Mt Todd gold project and mitigating the Company’s risk of incurring material unexpected environmental expenditures through 2015;
- potential funding requirements and sources of capital, including near-term sources of additional cash;
- our expectation that the Company will continue to incur losses and will not pay dividends for the foreseeable future;
- our estimates of our future cash position;
- our intention to continue cost reduction efforts;
  - our expectation that raising capital for mining companies without producing assets will continue to be difficult for the foreseeable future, and the potential impact of this on our ability to raise capital in sufficient amounts on reasonable terms;
- our planned deferral of significant development programs until market conditions improve;
- our potential ability to generate proceeds from operations or the disposition of our assets;
- the timing, performance and results of feasibility studies;
- plans and anticipated effects of holding 11.2% (reduced to 5.5% in March 2015) of the outstanding common shares of Midas Gold Corp. (“Midas Gold Shares”);
  - our potential entry into agreements to find, lease, purchase, option or sell mineral interests;
- plans for evaluation and advancement of the Mt Todd gold project;
- our ability to raise sufficient capital to complete a feasibility study of the Mt Todd gold project;
- the feasibility of the Mt Todd gold project;
  - future business strategy, competitive strengths, goals and expansion and growth of our business;
- plans and estimates concerning potential project development, including matters such as schedules, estimated completion dates and estimated capital and operating costs;
- estimates of mineral reserves and mineral resources; and
- our expectation that we will continue to be a passive foreign investment company (“PFIC”) in the future.

Forward-looking statements and forward-looking information have been based upon our current business and operating plans, as approved by the Company’s Board of Directors (the “Board”); our cash and other funding requirements and timing and sources thereof; results of pre-feasibility and feasibility studies, mineral resource and reserve estimates, preliminary economic assessments and exploration activities; advancements of the Company’s required permitting processes; current market conditions and project development plans. The words “estimate,” “plan,” “anticipate,” “expect,” “intend,” “believe,” “will,” “may” and similar expressions are intended to identify forward-looking statements and forward-looking information. These statements involve known and unknown risks, uncertainties, assumptions and other factors which may cause our actual results, performance or achievements to be materially different from any results, performance or achievements expressed or implied by such forward-looking statements and forward-looking information. These factors include risks such as:

- our ability to raise additional capital on favorable terms, if at all;
- pre-feasibility and feasibility study results and preliminary assessment results and the accuracy of estimates and assumptions on which they are based;
- resource and reserve estimate results, the accuracy of such estimates and the accuracy of sampling and subsequent assays and geologic interpretations on which they are based;
- technical and operational feasibility and the economic viability of deposits;
- our ability to obtain, renew or maintain the necessary authorizations and permits for the Mt Todd gold project, including its development plans and operating activities;

6

---

- the NT Government not continuing the sharing of costs of management of water and associated environmental monitoring at the Mt Todd gold project;
- the timing and results of a feasibility study on the Mt Todd gold project;
- delays in commencement of construction at the Mt Todd gold project;
- our ability to secure the permits for the Mt Todd gold project;
- receiving all of the \$4,000 of option payments related to the Guadalupe de los Reyes gold/silver project option agreement;
- increased costs that affect our operations or our financial condition;
- our reliance on third parties to fulfill their obligations under our agreements;
- whether projects not managed by us will comply with our standards or meet our objectives;
- a shortage of skilled labor, equipment and supplies;
- whether our acquisition, exploration and development activities, as well as the realization of the market value of our assets, will be commercially successful and whether any transactions we enter into will maximize the realization of the market value of our assets;
- trading price of our securities and our ability to raise funds in new share offerings due to future sales of common shares in the public or private market;
- the lack of dividend payments by us;
  - the success of future joint ventures, partnerships and other arrangements relating to our properties;
- the market price of the securities held by us;
- our ability to timely monetize Midas Gold Shares;
- our lack of production and experience in producing;
- perception of environmental impact of the Mt Todd gold project;
- reclamation liabilities, including reclamation requirements at the Mt Todd gold project;
- our history of losses from operations;
- future water supply issues at the Mt Todd gold project;
- litigation or other legal claims;
- environmental lawsuits;
- lack of adequate insurance to cover potential liabilities;
- our ability to attract, retain and hire key personnel;
- fluctuations in the price of gold;
- inherent hazards of mining exploration, development and operating activities;
- the accuracy of calculations of mineral reserves, mineral resources and mineralized material fluctuations therein based on metal prices, inherent vulnerability of the ore and recoverability of metal in the mining process;
- changes in environmental regulations to which our exploration and development operations are subject;
- changes in climate change regulations;
- changes in corporate governance and public disclosure regulations;
- intense competition in the mining industry;
- conflicts of interest of some of our directors as a result of their involvement with other natural resource companies;
- potential challenges to the title to our mineral properties;
- political and economic instability in Mexico, Bolivia and Indonesia;
- fluctuation in foreign currency values; and



- our likely status as a PFIC for U.S. federal tax purposes.

For a more detailed discussion of such risks and other important factors that could cause actual results to differ materially from those in such forward-looking statements and forward-looking information, please see “Item 1A. Risk Factors” below in this annual report on Form 10-K. Although we have attempted to identify important factors that could cause actual results to differ materially from those described in forward-looking statements and forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that these statements will prove to be accurate as actual results and future events could differ materially from those anticipated in the statements. Except as required by law, we assume no obligation to publicly update any forward-looking statements and forward-looking information, whether as a result of new information, future events or otherwise.

## PART I

### ITEM 1. BUSINESS.

#### Overview

Vista is engaged in the gold mining industry. We are focused on the evaluation, acquisition, exploration and advancement of gold exploration and potential development projects, which may lead to gold production or value adding strategic transactions such as earn-in right agreements, option agreements, leases to third parties, joint venture arrangements with other mining companies, or outright sales of assets for cash and/or other consideration. We look for opportunities to improve the value of our gold projects through exploration drilling and/or technical studies focused on optimizing previous engineering work.

Our principal asset is our flagship Mt Todd gold project in Northern Territory (“NT”), Australia. We also hold 11.2% (reduced to 5.5% in March 2015) of the outstanding common shares of Midas Gold Corp., non-core projects in Mexico and the United States, and royalty interests in projects in Bolivia and Indonesia.

We do not produce gold and do not currently generate operating earnings. Through 2014, funding to explore our gold properties and to operate the Company was acquired primarily through debt financing and the sale of non-core assets. We expect to continue to raise capital mainly through the sale of non-core assets. If we are unable to raise sufficient capital through these non-core asset sales, we would consider equity and/or debt financings.

Vista Gold Corp. was originally incorporated on November 28, 1983 under the name “Granges Exploration Ltd.” It amalgamated with Pecos Resources Ltd. during June 1985 and continued as Granges Exploration Ltd. In June 1989, Granges Exploration Ltd. changed its name to Granges Inc. Granges Inc. amalgamated with Hycroft Resources & Development Corporation during May 1995 and continued as Granges Inc. Effective November 1996, Da Capo

Edgar Filing: VISTA GOLD CORP - Form 10-K

Resources Ltd. and Granges, Inc. amalgamated under the name “Vista Gold Corp.” and, effective December 1997, Vista Gold continued from British Columbia to the Yukon Territory, Canada under the Business Corporations Act (Yukon Territory). On June 11, 2013, Vista Gold continued from the Yukon Territory, Canada to the Province of British Columbia, Canada under the Business Corporations Act (British Columbia). The current addresses, telephone and facsimile numbers of our offices are:

Executive Office Suite 5 - 7961 Shaffer Parkway	Registered and Records Office 1200 Waterfront Centre – 200 Burrard Street
Littleton, Colorado, USA 80127	Vancouver, British Columbia, Canada V7X 1T2
Telephone: (720) 981-1185	Telephone: (604) 687-5744
Facsimile: (720) 981-1186	Facsimile: (604) 687-1415

Corporate Organization Chart

The name, place of incorporation, continuance or organization and percent of equity securities that we own or control as of February 16, 2015 for each of its subsidiaries is set out below.

## Employees

As of December 31, 2014, we had 13 employees globally. In addition, we use consultants with specific skills to assist with various aspects of our project evaluation, due diligence, corporate governance and property management.

## Geographic and Segment Information

We have one reportable segment, consisting of evaluation, acquisition and exploration activities which are focused principally in Australia and North America. We reported no revenues during 2014, 2013 and 2012. Geographic location of mineral properties and plant and equipment is provided in Notes 5 and 6 to our Consolidated Financial Statements under the section heading “Item 8. Financial Statements” below.

## Significant Developments in 2014

### Mt Todd gold project

During February 2014, the NT Government extended its agreement with Vista for the Mt Todd gold project, which will now extend through the end of December, 2018.

During September 2014, the Environmental Impact Statement (“EIS”) for the Mt Todd gold project was approved. The Environmental Protection Agency of the NT Government (“NTEPA”) has advised that it has assessed the environmental impacts of the Mt Todd gold mine and concluded that it can proceed, subject to a number of recommendations which are outlined in the assessment report.

The NT Government has committed to non-recourse funding for the first year of a proposed multi-year program with the objective of reducing the inventory of acidic metalliferous water at the Mt Todd site by 70%. The scope of the initial program to be funded by the NT Government between December 2014 and approximately the end of July 2015 includes additional water treatment followed by the discharge of remediated water in accordance with the applicable permits and evaluations designed to aid in the definition of the scope of work for subsequent years’ programs.

See the section heading “Item 2. Properties – Mt Todd Gold Project, Northern Territory, Australia” below.

Guadalupe de los Reyes gold/silver project

During April 2014, we entered into an option agreement with Cangold Limited (“Cangold”) to sell our 100% interest in our Guadalupe de los Reyes gold/silver project in Sinaloa, Mexico for a total of \$8,000.

See the section heading “Item 2. Properties – Guadalupe de los Reyes Gold/Silver Project, Sinaloa, Mexico ” below.

## Corporate

During February 2014, we completed the sale of 16,000,000 Midas Gold Corp. common shares for gross proceeds of \$11,640.

During April 2014, we repaid our 2013 loan facility in full, well in advance of the March 2015 maturity date.

During July 2014, we filed a final short form base shelf prospectus with the securities commissions in each province and territory of Canada (other than Quebec) (the “Canadian Prospectus”) and we also filed a Registration Statement on Form S-3, as amended, the United States Securities and Exchange Commission (collectively, the “Offering Documents”) to allow us to make offerings of common shares, warrants, subscription receipts or units for aggregate proceeds of up to \$50,000 during the next three years to potential purchasers in the United States and during the next 25 months to potential purchasers in Canada (other than Quebec). We have no current intention to immediately sell securities under the Offering Documents. The Offering Documents preserve our ability to complete future financings for corporate growth and development in an efficient and flexible manner, if appropriate at the time.

See the section heading “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations – Financial Position, Liquidity and Capital Resources”, below.

## Reclamation

We generally will be required to mitigate long-term environmental impacts by stabilizing, contouring, re-sloping and revegetating various portions of a site after mining and mineral processing operations are completed. These reclamation efforts would be conducted in accordance with detailed plans, which must be reviewed and approved by the appropriate regulatory agencies.

## Government Regulation

Our exploration and development activities are subject to various national, state, provincial and local laws and regulations in the United States, Mexico, Australia, and other jurisdictions, which govern prospecting, development, mining, production, exports, taxes, labor standards, occupational health, waste disposal, protection of the environment, mine safety, hazardous substances and other matters. We have obtained or have pending applications for those licenses, permits or other authorizations currently required to conduct our exploration and other programs. We believe that we are in compliance in all material respects with applicable mining, health, safety and environmental statutes and regulations in all of the jurisdictions in which we operate. Management of the Corporation is not aware of any current orders or directions relating to us with respect to the foregoing laws and regulations.

## Australia Laws

Mineral projects in the Northern Territory are subject to Australian federal and Northern Territory laws and regulations regarding environmental matters and the discharge of hazardous wastes and materials. As with all mining

projects, the Mt. Todd gold project would be expected to have a variety of environmental impacts should development proceed. We are required under Australian laws and regulations (federal, state and territorial) to acquire permits and other authorizations before the Mt. Todd gold project can be developed and mined. In Australia, environmental legislation plays a significant role in the mining industry. Various environmental documents, such as the EIS over the Mt. Todd gold project, covering studies on inter alia, air, water, pollution, hazardous and toxic wastes, reclamation of mining area, etc., must be prepared and submitted to the Northern Territory Minister For Natural Resources, Environment and Heritage and the Australian Government Minister For Sustainability, Environment, Water, Population and Communities for approval. During September 2014, the EIS for the Mt Todd gold project was approved. The NTEPA has advised that it has assessed the environmental impacts of the Mt Todd gold mine and concluded that it can proceed, subject to a number of recommendations which are outlined in the assessment report. We must also comply with Aboriginal heritage legislation requirements, which require heritage survey work to be undertaken prior to the commencement of mining operations. All these recommendations/conditions may result in the occurrence of significant pre-production costs and may delay the production activity of the Mt. Todd gold project.

### Environmental Regulation

Our projects are subject to various federal, state and local laws and regulations governing protection of the environment. These laws are continually changing and, in general, are becoming more restrictive. Our policy is to conduct business in a way that safeguards public health and the environment. We believe that our operations are conducted in material compliance with applicable laws and regulations.

Changes to current local, state or federal laws and regulations in the jurisdictions where we operate could require additional capital expenditures and increased operating and/or reclamation costs. Although we are unable to predict what additional legislation, if any,

might be proposed or enacted, additional regulatory requirements could impact the economics of our projects.

During 2014, none of our project sites had any material non-compliance occurrences with any applicable environmental regulations.

## Competition

We compete with other mining companies in connection with the acquisition, exploration, financing and development of gold properties. There is competition for the limited number of gold acquisition and exploration opportunities, some of which is with other companies having substantially greater financial resources than we have. As a result, we may have difficulty acquiring attractive gold projects at reasonable prices. We use consultants and compete with other mining companies for the man hours of consulting time required to complete our studies. We also compete with other mining companies for mining engineers, geologists and other skilled personnel in the mining industry and for exploration and development equipment and services.

## Gold Price History

The price of gold is volatile and is affected by numerous factors, all of which are beyond our control, such as the sale or purchase of gold by various central banks and financial institutions, inflation, recession, fluctuation in the relative values of the U.S. dollar and foreign currencies, changes in global gold demand and political and economic conditions.

The following table presents the high, low and average afternoon fixed prices in U.S. dollars for an ounce of gold on the London Bullion Market over the past five years:

Year	High	Low	Average
2010	\$ 1,421	\$ 1,058	\$ 1,225
2011	1,895	1,319	1,571
2012	1,792	1,540	1,669
2013	1,694	1,192	1,411
2014	1,385	1,142	1,266
2015 (to February 16, 2015)	1,296	1,172	1,250

Data Source: [www.kitco.com](http://www.kitco.com)

### Seasonality

None of our properties are subject to material restrictions on our operations due to seasonality.

### Available Information

We make available, free of charge, on or through our Internet website, at [www.vistagold.com](http://www.vistagold.com), our annual report on Form 10-K, our quarterly reports on Form 10-Q and our current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the U.S. Securities Exchange Act of 1934. Our Internet website and the information contained therein or connected thereto are not intended to be, and are not incorporated into this annual report on Form 10-K.

### ITEM 1A. RISK FACTORS.

An investment in our securities involves a high degree of risk. The risks described below are not the only ones facing the Company or otherwise associated with an investment in our securities. Additional risks not presently known to us or which we currently consider immaterial may also adversely affect our business. If any of the following risks actually occur, our business, financial condition and operating results could be materially adversely affected.



## Operating Risks

We cannot be assured that our Mt Todd gold project is feasible or that a feasibility study will accurately forecast operating results.

The Mt Todd gold project is our principal asset. Our future profitability depends largely on the economic feasibility of the project. Before arranging financing for the Mt Todd gold project, we will have to complete a feasibility study. There can be no assurance that the results of the feasibility study will be positive or that such study will be completed when expected. If the Mt Todd gold project feasibility study is favorable, and if the project can be financed, there is no assurance that actual production rates, revenues, capital and operating costs at the Mt Todd gold project will not vary unfavorably from the estimates and assumptions included in the feasibility study.

Our Mt Todd gold project requires substantial capital investment and we may be unable to raise sufficient capital on favorable terms or at all.

The construction and operation of our Mt Todd gold project will require significant capital. Our ability to raise sufficient capital will depend on several factors, including a favorable feasibility study, acquisition of the requisite permits, macroeconomic conditions, and future gold prices. Uncontrollable factors such as lower gold prices, unanticipated operating or permitting challenges, illiquidity in the debt markets or a further dislocation in the gold mining equity markets as experienced in recent years, could prohibit our ability to finance the Mt Todd gold project on acceptable terms, if at all.

If we decide to construct the mine at our Mt Todd gold project, we will be assuming certain reclamation obligations resulting in a material financial obligation.

The Mt Todd gold project site was not reclaimed when the original mine closed. Although we are not currently responsible for the reclamation of these historical disturbances, we will accept full responsibility if and when we make a decision to finance and construct the mine. At that time, we will be required to provide a bond in a form satisfactory to the NT Government (in whose jurisdiction the Mt Todd gold project is located) that would cover the prospective expense of the reclamation of the property. In addition, the regulatory authorities may increase reclamation and bonding requirements from time to time. The satisfaction of these bonding requirements and continuing or future reclamation obligations will require a significant amount of capital.

We may not be able to get the required permits to begin construction at our Mt Todd gold project in a timely manner or at all.

Any delay in acquiring the requisite permits, or failure to receive required governmental approvals could delay or prevent the start of construction of our Mt Todd gold project. If we are unable to acquire permits to mine the property, then the project cannot be developed and operated; in addition it will have no reserves under SEC Industry Guide 7 and NI 43-101, which would result in an impairment of the carrying value of the project.

There may be other delays in the construction of our Mt Todd gold project.

Delays in commencement of construction could result from factors such as availability and performance of engineering and construction contractors, suppliers and consultants; availability of required equipment; and

availability of capital. Any delay in the performance of any one or more of the contractors, suppliers, consultants or other persons on which we depend, or lack of availability of required equipment, or delay or failure to receive required governmental approvals, or financing could delay or prevent commencement of construction at the Mt Todd gold project. There can be no assurance of whether or when construction at the Mt Todd gold project will start or that the necessary personnel, equipment or supplies will be available to the Company if and when construction is started.

Increased costs could impede our ability to become profitable.

In the past several years, costs associated with capital and operating expenditures have escalated on an industry-wide basis. Costs at any particular mining location frequently are subject to variation due to a number of factors, such as changing ore grade, changing metallurgy, and revisions to mine plans in response to the physical shape and location of the ore body. In addition, costs are affected by the price of commodities, fuel, electricity, operating supplies and labor. These costs are at times subject to volatile price movements, including increases that could make future production at our Mt Todd gold project less profitable or uneconomic. This could have a material adverse effect on our financial condition, cash flows and results of operations.

We cannot be assured that we will have an adequate water supply at our Mt Todd gold project.

Water at the Mt Todd gold project is expected to be provided from a fresh water reservoir which is fed by seasonal rains. Drought or drought-like conditions in the area feeding the reservoir could limit or extinguish this water supply, and all operations would have to stop until the water supply is replenished.

We could be subject to litigation or other legal claims.

Our assets or our business activities may be subject to disputes that may result in litigation or other legal claims. We may be required to respond to or defend against these claims which will divert resources away from our principal business. There can be no assurance that our defense of such claims would be successful, and we may be required to make material settlements. This could have a material adverse effect on our financial condition and cash flows, results of operations, and corporate reputation.

We rely on third parties to fulfill their obligations under agreements.

Our business strategy includes entering into agreements with third-parties (“Partners”) which may earn the right to obtain a majority interest in certain of our projects, in part by managing the respective project. Whether or not we hold a majority interest in a respective project, our Partner(s) may: (i) have economic or business interests or goals that are inconsistent with or opposed to ours; (ii) exercise veto rights to block actions that we believe to be in the best interests of the project; (iii) take action contrary to our policies or objectives; or (iv) as a result of financial or other difficulties, be unable or unwilling to fulfill their obligations under the respective joint venture, option, earn-in right or other agreement(s), such as contributing capital for the expansion or maintenance of projects. Any one or a combination of these could result in liabilities for us and/or could adversely affect the value of the related project(s) and, by association, damage our reputation and consequently our ability to acquire or advance other projects and/or attract future co-venturers.

Our exploration and development interests are subject to evolving environmental regulations.

Our property and royalty interests are subject to environmental regulation. Environmental legislation is becoming more restrictive in some countries or jurisdictions in a manner that will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect our interest. Currently, our property and royalty interests are subject to government environmental regulations in Australia, Bolivia, Indonesia, Mexico and the U.S.

We could be subject to environmental lawsuits.

Neighboring landowners and other third parties could file claims based on environmental statutes and common law for personal injury and property damage allegedly caused by the release of hazardous substances or other waste material into the environment on or around our properties. There can be no assurance that our defense of such claims would be successful. This could have a material adverse effect on our business prospects, financial condition, results of operation, and corporate reputation.

There may be challenges to our title to mineral properties.

There may be challenges to our title to our mineral properties. If there are title defects with respect to any of our properties, we may be required to compensate other persons or perhaps reduce our interest in the affected property. Also, in any such case, the investigation and resolution of title issues could divert Company resources from our core strategies.

Our property and royalty interests in Mexico, Bolivia and Indonesia are subject to risks from political and economic instability.

We have property and royalty interests in Bolivia, Mexico and Indonesia that may be affected by risks associated with political or economic instability in those countries. The risks include, but are not limited to, military repression, extreme fluctuations in currency exchange rates, labor instability or militancy, mineral title irregularities and high rates of inflation. In addition, changes in mining or investment policies or shifts in political attitude in these countries may adversely affect our business. We may be affected in varying degrees by government regulation with respect to restrictions on production, price controls, export controls, income taxes, expropriation of property, maintenance of claims, environmental legislation, land use, land claims of local people, water use and mine safety. The effect of these factors cannot be accurately predicted.

## Financial and Business Risks

A substantial or extended decline in gold prices would have a material adverse effect on the value of our assets, on our ability to raise capital and could result in lower than estimated economic returns.

The value of our assets, our ability to raise capital and our future economic returns are substantially dependent on the price of gold. The gold price fluctuates on a daily basis and is affected by numerous factors beyond our control.

Factors tending to influence gold prices include:

- gold sales or leasing by governments and central banks or changes in their monetary policy, including gold inventory management and reallocation of reserves;
- speculative short positions taken by significant investors or traders in gold;
- the relative strength of the U.S. dollar;
- expectations of the future rate of inflation;
- interest rates;
- changes to economic activity in the United States, China, India and other industrialized or developing countries;
- geopolitical conflicts;
- changes in jewelry, investment or industrial demand;
- changes in supply from production, disinvestment and scrap; and
- forward sales by producers in hedging or similar transactions.

A substantial or extended decline in the gold price could:

- negatively impact our ability to raise capital on favorable terms, or at all;
- jeopardize the development of our Mt Todd gold project;
- reduce our existing estimated mineral resources and reserves by removing ores from these estimates that could not be economically processed at the lower gold price;
- reduce the potential for future revenues from gold projects in which we have an interest;
- reduce funds available to us for exploration with the result that we may not be able to further advance any of our projects; and
- reduce the market value of our assets, including our investment in Midas Gold Shares and our royalty interests in projects in Bolivia and Indonesia.

We have a history of losses, and we do not expect to generate earnings from operations or pay dividends in the near term.

We are an Exploration Stage Enterprise. As such, we devote our efforts to exploration, analysis and, if warranted, development of our projects. We do not currently produce gold and do not currently generate operating earnings. We finance our business activities principally by issuing equity and/or debt and selling non-core assets.

We have incurred losses in all periods since 1998, except for the year ended December 31, 2011, during which we recorded non-cash net gains. We expect to continue this trend of incurring losses for the foreseeable future. We have no history of paying dividends and we do not expect to pay dividends or to make any similar distribution in the foreseeable future.

We may be unable to raise additional capital on favorable terms, if at all.

Our exploration and, if warranted, development activities and the construction and start-up of any mining operation require substantial amounts of capital. We will have to raise additional funds from external sources in order to maintain and advance our Mt Todd gold project, to more fully explore the exploration licenses contiguous to the Mt Todd mining licenses, and to acquire new gold projects. There can be no assurance that additional financing will be available at all or on acceptable terms, and, if additional financing is not available, we may have to substantially reduce or cease operations.

Our exploration and development activities or any acquisition activities may not be commercially successful.

Substantial expenditures are required to acquire gold properties, to establish mineral reserves through drilling and analysis, to develop metallurgical processes to extract metal from the ore and to develop the mining and processing facilities and infrastructure at any site chosen for mining. We cannot be assured that any mineral reserves or mineral resources acquired, established or discovered will be in sufficient quantities to justify commercial operations or that the funds invested in them will ever be recovered.

We face intense competition in the mining industry.

The mining industry is intensely competitive in all of its phases. Some of our competitors are much larger, established mining companies with greater financial and technical resources than ours. We compete with other mining companies for attractive mining

claims, for capital, for equipment and supplies, for outside services and for qualified managerial and technical employees. Competition for capital has reduced the amount of capital available and increased the associated cost of raising capital. If we are unable to raise sufficient capital, we will be unable to execute exploration and development programs or such programs may be reduced in scope, which is what we have done at our Mt Todd gold project, for example. Competition for equipment and supplies could result in shortage of necessary supplies and/or increased costs. Competition for outside services could result in increased costs, reduced quality of service and/or delays in completing services. If we cannot successfully retain or attract qualified employees, our ability to advance the development of the Mt Todd gold project, to attract necessary financing, to meet all of our environmental and regulatory responsibilities, or to take opportunities to improve our business, could be negatively affected. This could have a material adverse effect on our results of operations, cash flows, financial condition and corporate reputation.

The occurrence of events for which we are not insured may affect our cash flow and overall profitability.

We maintain insurance policies that mitigate certain risks related to our operations. This insurance is maintained in amounts that we believe to be reasonable based on the circumstances surrounding each identified risk. However, we may elect not to have insurance for certain risks because of the high premiums associated with insuring those risks or for various other reasons; in other cases, insurance may not be available for certain risks. We do not insure against political risk. Occurrence of events for which we are not insured could result in significant costs that could materially adversely affect our financial condition and our ability to fund our business. A significant loss or liability could force us to reduce or terminate operations on a specific project.

Our stock price may be volatile and your investment in our common stock could suffer a decline in value.

Broad market and industry factors may adversely affect the price of our common stock, regardless of our actual operating performance. Factors that could cause fluctuation in the price of our common stock may include, among other things:

- changes in financial estimates by us or by any securities analysts who might cover our stock;
- stock market price and volume fluctuations of other publicly traded companies and, in particular, those that are in the mining industry;
- speculation about our business in the press or the investment community;
- conditions or trends in our industry or the economy generally;
- changes in the prices of gold;
- announcements by us or our competitors of significant acquisitions, strategic partnerships or divestitures;
- additions or departures of key personnel; and
- sales of our common stock, including sales by our directors, officers or significant stockholders.

In the past, securities class action litigation has often been instituted against companies following periods of volatility in their stock price. This type of litigation could result in substantial costs to us and divert our management's attention and resources.

Currency fluctuations may adversely affect our costs.

We have property interests in Australia, Bolivia, Indonesia and Mexico. Most costs are incurred in the local currency. The appreciation of the local currencies against the U.S. dollar effectively increases the cost of doing business in these countries. This could have the effect of increasing the amount of capital required to continue to explore and develop any project, and/or reducing the pace at which certain projects can be developed.

The Company is likely a “passive foreign investment company,” which will likely have adverse U.S. federal income tax consequences for U.S. shareholders.

U.S. shareholders of our common shares should be aware that the Company believes it was classified as a PFIC during the taxable year ended December 31, 2014, and based on current business plans and financial projections, management believes there is a significant likelihood that the Company will be a PFIC during the current taxable year. If the Company is a PFIC for any year during a U.S. shareholder’s holding period, then such U.S. shareholder generally will be required to treat any gain realized upon a disposition of Common Shares, or any so-called “excess distribution” received on their Common Shares, as ordinary income, and to pay an interest charge on a portion of such gain or distributions, unless the shareholder makes a timely and effective “qualified electing fund” (“QEF Election”) or a “mark-to-market” election with respect to the Common Shares. A U.S. shareholder who makes a QEF Election generally must report on a current basis its share of the net capital gain and ordinary earnings for any year in which the Company is PFIC, whether or not the Company distributes any amounts to its shareholders. U.S. shareholders should be aware that there can be no assurance that the Company will satisfy record keeping requirements that apply to a QEF Election, or that the Company will supply U.S. shareholders with information that such U.S. shareholders require to report under the QEF Election rules, in event that the Company is a PFIC and a U.S. shareholder wishes to make a QEF Election. Thus, U.S. shareholders may not be able to make a QEF Election with respect to their Common Shares. A U.S. shareholder who makes the mark-to-market election generally must include as ordinary income each year the excess of the fair market value of the Common Shares over the taxpayer’s basis therein. This



paragraph is qualified in its entirety by the discussion below in Item 5 under the heading “Certain U.S. Federal Income Tax Considerations.” Each U.S. shareholder should consult his or her own tax advisor regarding the U.S. federal, U.S. state and local, and foreign tax consequences of the PFIC rules and the acquisition, ownership, and disposition of Common Shares.

## Industry Risks

Calculations of mineral reserves and mineral resources are estimates only and subject to uncertainty.

The estimating of mineral reserves and mineral resources is an imprecise process and the accuracy of such estimates is a function of the quantity and quality of available data, the assumptions used and judgments made in interpreting engineering and geological information and estimating future capital and operating costs. There is significant uncertainty in any reserve or resource estimate, and the economic results of mining an ore deposit may differ materially from the estimates.

Feasibility studies are estimates only and subject to uncertainty.

Feasibility studies are used to determine the economic viability of an ore deposit, as are pre-feasibility studies and preliminary economic assessments. Feasibility studies are the most detailed studies and reflect a higher level of confidence in the estimated production rates, and capital and operating costs. Generally accepted levels of confidence are plus or minus 15% for feasibility studies, plus or minus 25-30% for pre-feasibility studies and plus or minus 35-40% for preliminary economic assessments. These levels reflect the levels of confidence that exist at the time the study is completed. Subsequent changes to metal prices, foreign exchange rates (if applicable), reclamation requirements, operating and capital costs may differ materially from these estimates.

Mining companies are increasingly required to consider and provide benefits to the communities and countries in which they operate, and are subject to extensive environmental, health and safety laws and regulations.

As a result of public concern about the real or perceived detrimental effects of economic globalization and global climate impacts, businesses in general, and the mining industry in particular, face increasing public scrutiny of their activities. These businesses are under pressure to demonstrate that, as they seek to generate satisfactory returns on investment to shareholders, other stakeholders, including employees, governments, indigenous peoples, communities surrounding operations and the countries in which they operate, benefit and will continue to benefit from their commercial activities. The potential consequences of these pressures include reputational damage, legal suits, increased costs, increased social investment obligations and pressure to increase taxes and royalties payable to governments and communities.

Mining exploration, development and operating activities are inherently hazardous.

Mineral exploration involves many risks that even a combination of experience, knowledge and careful evaluation may not be able to overcome. Operations in which we have direct or indirect interests will be subject to all the hazards and risks normally incidental to exploration, development and production of gold and other metals, any of which could result in work stoppages, damage to property and possible environmental damage. The nature of these risks is such that liabilities might exceed any liability insurance policy limits. It is also possible that the liabilities and hazards might not be insurable, or, we could elect not to be insured against such liabilities due to high premium costs or other reasons, in which event, we could incur significant costs that could have a material adverse effect on our financial condition.

Regulations and pending legislation involving climate change could result in increased operating costs.

Gold production is energy intensive, resulting in a significant carbon footprint. A number of governments and/or governmental bodies have introduced or are contemplating regulatory changes in response to various climate change interest groups and the potential impact of climate change. This type of legislation and possible future legislation and increased regulation regarding climate change could impose significant costs related to increased energy requirements, capital equipment, environmental monitoring and reporting and other costs to comply with such regulations.

ITEM 1B. UNRESOLVED STAFF COMMENTS.

None.

ITEM 2. PROPERTIES.

The following scientific and technical disclosures about the Mt Todd gold project and the Guadalupe de los Reyes gold/silver project have been reviewed and approved by Mr. John W. Rozelle, Senior Vice President of Vista. Mr. Rozelle is a qualified person as defined by NI 43-101.

Cautionary Note to U.S. Investors: This section and other sections of this annual report on Form 10-K contain the terms “measured mineral resources,” “indicated mineral resources,” “inferred mineral resources,” “proven mineral reserves,” and “probable mineral reserves” as defined in accordance with NI 43-101. Please note the following regarding these terms:

- “Measured mineral resources” and “indicated mineral resources” – we advise U.S. investors that although these terms are recognized and required by Canadian regulations, these terms are not defined in SEC Industry Guide 7 and the SEC does not normally permit such terms to be used in reports and registration statements filed with the SEC. U.S. investors are cautioned not to assume that any part or all of the mineral deposits in these categories will ever be converted into reserves.
- “Inferred mineral resources” – we advise U.S. investors that although this term is recognized by Canadian regulations, the SEC does not recognize it. “Inferred mineral resources” have a great amount of uncertainty as to their existence, and great uncertainty as to their economic, technical and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian rules, estimates of inferred mineral resources may not form the basis of a feasibility study or pre-feasibility study, except in rare cases. The SEC normally only permits an issuer to report mineralization that does not constitute “reserves” as in-place tonnage and grade without reference to unit measures. U.S. investors are cautioned not to assume that any part or all of an inferred mineral resource exists or is economically or legally minable.
- “Proven mineral reserves” and “probable mineral reserves” – The definitions of proven and probable mineral reserves used in NI 43-101 differ from the definitions for “proven reserves” and “probable reserves” as found in SEC Industry Guide 7. Accordingly, our disclosures of mineral reserves herein may not be comparable to information from U.S. companies subject to reporting and disclosure requirements of the SEC.

Please see “Cautionary Note to U.S. Investors Regarding Estimates of Measured, Indicated and Inferred Resources and Proven and Probable Reserves” for further discussion on the differences between terms under NI 43-101 and SEC Industry Guide 7.

Cautionary Note To All Investors Concerning Economic Assessments That Include Mineral Resources: Mineral resources that are not mineral reserves have no demonstrated economic viability.

Units of measurement are reported by the qualified person in compiling reports on a project vary by country, Imperial units for properties in the U.S. and metric units for properties outside the U.S. We use the units of measurement as reported by the qualified persons in their respective reports, regardless of property location, in order to correspond to those units as reported by the qualified persons.

Mt Todd Gold Project, Northern Territory, Australia

#### Property Description and Location

In 2006, we acquired the concession rights to the Mt Todd gold project from the Deed Administrators for Pegasus Gold Australia Pty Ltd. (“Pegasus”), NT Government and the Jawoyn Association Aboriginal Corporation (“JAAC”). In 2014, the agreement was extended through the end of 2018. Mt Todd was an operating mine in the late 1990’s, but the project had been closed due to bankruptcy and was held by these organizations. The failure of the project was primarily a result of inefficiencies in the comminution circuit, poor gold recoveries and low gold prices. We hold the Mt Todd gold project through our wholly-owned subsidiary Vista Gold Australia Pty. Ltd. (“Vista Gold Australia”).

Gold mineralization in the Batman deposit at the project occurs in sheeted veins within silicified greywackes/shales/siltstones. The Batman deposit strikes north-northeast and dips steeply to the east. Higher grade zones of the deposit plunge to the south. The core zone is approximately 200-250 meters wide and 1.6 km long, with several hanging wall structures providing additional width to the orebody. Mineralization is open at depth as well as along strike, although the intensity of mineralization weakens to the north and south along strike.

The Mt Todd gold project is designed to be a conventional, large open-pit mining operation that will utilize large-scale mining equipment in a drill/blast/load/haul operation. Ore is planned to be processed in a large comminution circuit consisting of a gyratory crusher, two cone crushers, two High Pressure Grinding Roll (“HPGR”) crushers, and three ball mills as discussed in greater detail below. Vista plans to recover gold in a conventional carbon-in-leach (“CIL”) recovery circuit.

The Mt Todd gold project site was not reclaimed when the mine closed in the late 1990’s. Liability for the reclamation of the environmental conditions existing prior to Vista’s involvement with the project remains the responsibility of the NT Government until 30 days after we have provided notice to the NT Government that we intend to take over and assume the management operation and rehabilitation of the Mt Todd gold project. Vista will not give such notice until a production decision has been made, the project is fully permitted to construct the mine, and the necessary financing for construction has been arranged.

The Mt Todd gold project is located 56 kilometers by road northwest of Katherine, NT, Australia, and approximately 250 kilometers southeast of Darwin. Access is by existing paved public roads and approximately four kilometers of paved private road. We control and maintain the private paved road.

The area has a sub-tropical climate with a distinct wet season and dry season. The area receives most of its rainfall between the months of January and March. Temperatures are moderate, allowing for year-round mining operations. Topography is relatively flat. The tenements encompass a variety of habitats forming part of the northern Savannah woodland region, which is characterized by eucalypt woodland with tropical grass understories. Surface elevations are approximately 130 to 160 meters above sea level in the area of the previous and planned plant site and waste dump.

Total land holdings controlled by Vista Gold Australia are approximately 140,000 hectares. A map showing the location of the mineral licenses (“MLs”) and exploration licenses (“ELs”) and a table with a list of MLs and ELS and the holding requirements follows. Substantially all of the estimated mineral resources at Mt Todd are located in the Batman pit.



## Mt Todd Land Holdings of Vista Gold Australia

License Name	Surface Area (hectares)	Location Description (UTM)	Location Date/Grant Date	Expiration Date	Estimated Holding Requirements Admin Fee (thousands of A\$)	Annual Rent & (thousands of A\$)	Annual Work Requirement (thousands of A\$)	Annual Expenditure and Technical Reports Due
<b>Mineral Licenses</b>								
MLN 1070	3,982	Mining License Block centered at approximately 188555E, 435665N	March 5, 1993	March 4, 2018	76	(due March 4)	N/A	May 3
MLN 1071	1,327	approximately 188555E, 435665N	March 5, 1993	March 4, 2018	25	(due March 4)	N/A	May 3
MLN 1127	80		March 5, 1993	March 4, 2018	2	(due March 4)	N/A	May 3
Subtotals	5,389				103		0	
<b>Exploration Licenses</b>								
EL 28321	198	Centered at approximately 806729E, 8429210N	May 3, 2011	May 2, 2017	5	(due May 2)	29	June 1
EL29882	556	Centered at approximately 189100E, 8452000N	September 16, 2013	September 15, 2019	35	(due September 15)	185	May 14
EL29886	596	Centered at approximately 200300E, 8452000N	September 16, 2013	September 15, 2019	40	(due September 15)	200	May 14
Subtotals	1,350				80		414	
Totals A\$					183		414	
Totals US\$ (exchange rate of A\$1.00 = \$0.78 on February 16, 2015)					142		321	

The surface land in the area of the contiguous MLs and ELs (excluding EL28321) is freehold land owned by the JAAC. Because the JAAC have title to the land, such land is not part of the lands classified by the government as indigenous lands, and as a result such lands are not subject to an Indigenous Land Use Agreement. Vista has a private agreement with the JAAC for the use of and access to the land.

In the terms of our agreement with the JAAC, we must offer the JAAC the opportunity to establish a joint venture with Vista holding 90% and the JAAC holding a 10% participating interest in the Mt Todd gold project. In addition, the JAAC will be entitled to an annual cash payment, or payment in kind, equal to 1% of the value of the annual gold production from the current MLs, and a 1% NSR royalty on other metals, subject to a minimum payment of A\$50 per year.

We are required annually to submit a Mine Management Plan that details work to be done on the property. We have received approval for all work done on the project to date. Further permitting will be required to continue exploration and development, and an environmental impact statement will be required before mine development can start. The related permitting processes are relatively straight-forward and are not expected to impede to a material extent our exploration and future development plans. Any future mining will require an approved closure plan and sufficient surety bonding to fund that closure.

Following the bankruptcy of the previous operator in the 1990's, most of the processing equipment and facilities were removed from the site; but some basic infrastructure which may not be of any use in the proposed project is still in place, including project access control point, a small shop and office, the flotation plant building, and various concrete slabs and floors, as well as a fully functioning tailings impoundment facility that has capacity to store additional mill tailings, and a fresh water storage reservoir. In addition, a medium voltage power line supplies the site with electrical power, and a natural gas pipeline, used for power generation by the former operators, is still in place. The Mt Todd gold project is located sufficiently close to the city of Katherine and the town of Pine Creek to allow for an easy commute for workers.

Because the Mt Todd gold project site was not reclaimed when the mine closed, the dumps and heap leach pad require ongoing care and maintenance, which we provide. Precipitation on the waste dumps and heap leach pad have resulted in acid rock drainage which



is controlled to the extent possible through collection in retention ponds, storage, pH adjustment and controlled release of acidic or treated water into the Edith River when water levels are high enough, in accordance with the waste discharge license.

#### Water Treatment

We completed the installation of a lime silo and slaker for water treatment in 2009. The treated water was initially stored in the existing tailings impoundment facility, but the above average rainfall experienced in the 2010-2011 wet season raised the level of water in the tailings impoundment facility which resulted in the suspension of water treatment. In 2011, we started pumping water from the tailings impoundment facility into the Batman pit. Following extensive chemical and toxicological testwork, in 2012 we received authorization from the NT Government to in situ treat the water stored in the Batman Pit to neutralize the acidity and to precipitate the contained metals. In February 2013, we received a waste discharge license from the NT Government that authorizes the release of treated water from the Mt Todd gold project site during the wet season. We will have to dewater substantially all of the pit before mining operations can be started.

The NT Government has committed to non-recourse funding for the first year of a proposed multi-year program with the objective of reducing the inventory of acidic metalliferous water at the Mt Todd site by 70%. The scope of the initial program to be funded by the NT Government between December 2014 and approximately the end of July 2015 includes additional water treatment followed by the discharge of remediated water in accordance with the applicable permits and evaluations designed to aid in the definition of the scope of work for subsequent years' programs.

#### Geology, Mineralization, and Exploration

The Mt Todd gold project is situated within the southeastern portion of the Early Proterozoic Pine Creek Geosyncline. Meta-sediments, granitoids, basic intrusives, acid and intermediate volcanic rocks occur within this geological province. Within the Mt Todd region, the oldest outcropping rocks are assigned to the Burrell Creek Formation. These rocks consist primarily of interbedded greywackes, siltstones, and shales of turbidite affinity, which are interspersed with the minor volcanics. The Burrell Creek Formation is overlain by interbedded greywackes, mudstones, tuffs, minor conglomerates, mafic to intermediate volcanics and banded ironstone of the Tollis Formation. The Burrell Creek Formation and Tollis Formation comprise the Finnis River Group. The Finnis River Group strata have been folded about northerly trending F1 fold axes. The folds are closed to open style and have moderately westerly dipping axial planes with some sections being overturned. A later north-south compression event resulted in east-west trending open style upright D2 folds. The Finnis River Group has been regionally metamorphosed to lower green schist facies. Late and Post Orogenic granite intrusions of the Cullen Batholith occurred from 1789 Ma to 1730 Ma, and brought about local contact metamorphism to hornblende hornfels facies.

The Batman pit geology consists of a sequence of hornfelsed interbedded greywackes and shales with minor thin beds of felsic tuff. Bedding consistently strikes at 325 degrees, dipping 40 degrees to 60 degrees to the southwest. Northerly trending sheeted quartz sulfide veins and joints striking at 0 degrees to 20 degrees and dipping 60 degrees to the east are the major controls for mineralization in the Batman pit. The veins are 1 to 100 millimeters in thickness with an average thickness of around 8 to 10 millimeters and occur in sheets with up to 20 veins per horizontal meter. These sheeted veins are the main source of gold mineralization in the Batman pit. In general, the Batman pit extends 2,200 meters in length by 365 to 450 meters in true width and has been drill tested to a depth of 800 meters down-dip. The deposit is open along strike and at depth.

The mineralization within the Batman pit is directly related to the intensity of the north-south trending quartz sulfide veining. The lithological units impact on the orientation and intensity of mineralization. Sulfide minerals associated with the gold mineralization are pyrite, pyrrhotite and lesser amounts of chalcopyrite, bismuthinite and arsenopyrite. Galena and sphalerite are also present, but appear to be post-gold mineralization, and are related to calcite veining in the bedding plains and the east-west trending faults and joints. Two main styles of mineralization have been identified in the Batman pit. These are the north-south trending vein mineralization and bedding parallel mineralization.

Based on our review of the historic project files, we believe that approximately 24.6 million tonnes grading 1.06 grams gold per tonne and containing 826,000 ounces of gold were extracted between 1996 and the termination of mining in 2000. Processing was by a combination of heap leach production from oxide ore and cyanidation of sulfide ore. The remaining mineralization consists of sulfide mineralization lying below and along strike of the existing open pit, and in hanging wall structures parallel to the main zone in the existing open pit.

#### Preliminary Feasibility Study, May 2013

In May 2013, we completed a pre-feasibility study (the "PFS") at our Mt Todd gold project in NT, Australia pursuant to NI 43-101. The technical report was filed on SEDAR on June 28, 2013, and furnished on EDGAR on July 5, 2013, and is entitled "NI 43-101 Technical Report - Mt Todd Gold Project 50,000 tpd Preliminary Feasibility Study – Northern Territory, Australia" and was issued on June 28, 2013 with an effective date of May 29, 2013.

The PFS evaluates two development scenarios including a 50,000 tpd project that develops more of the Mt Todd resource (the “Base Case”) and generates a larger Net Present Value (“NPV”) and a smaller and higher-grade 33,000 tpd project that focuses on maximizing return and operating margins (the “Alternate Case”).

Highlights of the 50,000 tpd Base Case include:

- estimated measured and indicated categories of 7.40 million ounces of gold (280 million tons at 0.82 g Au/t) and estimated proven and probable reserves of 5.90 million ounces of gold (223 million tonnes at 0.82 g Au/t) at a cut-off grade of 0.40 g Au/t (1);
- average annual production of 369,850 ounces of gold per year over the mine life, including average annual production of 481,316 ounces of gold per year during the first five years of operations;
- life of mine average cash costs of \$773 per ounce, including average cash costs of \$662 per ounce during the first five years of operations;
- a 13 year operating life;
- after-tax NPV<sub>5%</sub> of \$591.3 million and internal rate of return of 15.9% at \$1,450 per ounce gold prices, increasing to \$876.6 million and 21.1%, respectively, at \$1,600 per ounce gold prices; and
- initial capital requirements of \$1,046 million.

Highlights of the 33,000 tpd Alternate Case include:

- estimated proven and probable reserves of 3.56 million ounces of gold (124 million tonnes at 0.90 g Au/t) at a cut-off grade of 0.45 g Au/t(1);
- average annual production of 262,826 ounces of gold per year over the mine life, including average annual production of 294,502 ounces of gold per year during the first five years of operations;
- life of mine average cash costs of \$684 per ounce, including average cash costs of \$676 per ounce during the first five years of operations;
- an 11 year operating life;
- after-tax NPV<sub>5%</sub> of \$440.2 million and internal rate of return of 16.9% at \$1,450 per ounce gold prices, increasing to \$615.6 million and 21.4%, respectively, at \$1,600 per ounce gold prices; and
- Initial capital requirements of \$761 million.

(1) Cautionary note to U.S. investors: Proven and probable reserves are estimated in accordance with NI 43-101 and do not constitute SEC Industry Guide 7 compliant reserves see the section heading “Cautionary Note to United States Investors Regarding Estimates of Measured, Indicated and Inferred Resources and Proven and Probable Reserves” above.

Base Case Scenario Presented in PFS

Highlights of the PFS Base Case scenario are presented in the table below:

Base Case (50,000 tpd) @ \$1,450/oz Au	Years 1-5		Life of Mine (13 years)	
	Annual Average	Total	Annual Average	Total
Average Milled Grade (g Au/t)	1.03		0.82	
Payable Gold (000's ozs)	481	2,407	370	4,808
Gold Recovery	82.0%		81.5%	

Edgar Filing: VISTA GOLD CORP - Form 10-K

Cash Costs (\$/oz)	\$662	\$773
Strip Ratio (waste:ore)	2.5	2.7
Initial Capital (\$ millions)		\$1,046
Pre-tax NPV <sub>5%</sub> (\$ millions)		\$1,094
After-tax NPV <sub>5%</sub> (\$ millions)		\$591
IRR (Pre-tax/After-tax)		21.8% / 15.9%
After-tax Payback (Production Years)		3.5

Note: Economics presented using \$1,450/oz gold and a flat \$1.00 USD : \$1.00 AUD exchange rate and assumes deferral of certain Territory tax obligations as well as realization of equipment salvage values at the end of the mine life.

The following table provides additional details of the Mt Todd gold project's Base Case economics at variable gold price and Australian dollar assumptions:

After-Tax NPV <sub>5%</sub> , in Millions ForEx USD/AUD	Base Case (50,000 tpd) Gold Price per Ounce							
	\$1,200	\$1,300	\$1,400	\$1,450	\$1,500	\$1,600	\$1,700	\$1,800
USD\$1.10	(\$51.4)	\$155.9	\$352.1	\$448.4	\$543.8	\$734.5	\$924.9	\$1,114.1
USD\$1.00	\$108.1	\$304.5	\$496.1	\$591.3	\$686.6	\$876.6	\$1,065.6	\$1,255.1
USD\$0.90	\$258.5	\$448.3	\$638.8	\$733.6	\$828.3	\$1,017.2	\$1,206.5	\$1,395.9
USD\$0.80	\$400.6	\$591.0	\$780.0	\$874.4	\$968.9	\$1,157.9	\$1,347.2	\$1,536.1

Note: Changes in Foreign Exchange rates are only applied to operating costs and not applied to either initial or sustaining capital costs.

Base Case key capital expenditures for initial and sustaining capital requirements are identified in the following table:

Capital Expenditures (\$ Millions)	Initial	Sustaining
Base Case (50,000) tpd)	Capital	Capital
Capitalized Stripping & Dewatering	\$57	\$40
Mobile Equipment	\$139	\$151
Process Facility	\$410	-
Tailings	\$20	\$184
Power Plant	\$91	-
Water Supply & Treatment	\$19	-
Owners Cost	\$203	(\$10)
Sub-Total	\$938	\$366
Contingency	\$107	\$23
Salvage Value		(\$124)
Mine Closure	\$1	\$94
Total Capital	\$1,046	\$359
Total Capital per payable ounce gold	\$218	\$75

Note: Amounts may not add due to rounding. The negative value in the sustaining capital category of the owners' cost line is the recapture of the cash component of the project's cash reclamation bond, which is spend as cash under the Mine Closure category.

The following table presents a breakdown of Base Case operating costs. The project includes a 76MW gas-fired power plant in the initial capital. The Base Case project consumes all power generated during the operating life. Self-generated power creates significant savings in operating costs compared to a grid-sourced power solution. During the four years of reclamation and closure, the PFS assumes we will continue to generate power and will sell that power into the NT electrical grid, for which there is a known market and indicative purchase rates have been provided by the government-owned utility.

Operating Cost - Base Case (50,000 tpd)	First 5 Years		Life of Mine Cost	
	Per tonne processed	Per ounce	Per tonne processed	Per ounce
Mining	\$8.18	\$302.30	\$6.95	\$321.88
Processing	\$8.71	\$321.47	\$8.78	\$406.86
Site General and Administrative	\$0.49	\$18.27	\$0.50	\$22.94

Edgar Filing: VISTA GOLD CORP - Form 10-K

Jawoyn Royalty	\$0.39	\$14.50	\$0.31	\$14.50
Water Treatment	\$0.07	\$2.60	\$0.10	\$3.39
Refining Costs	\$0.09	\$3.19	\$0.07	\$3.19
Power Credit	-	-	-	-
Total Cash Costs	\$17.93	\$662.06	\$16.70	\$772.76

Note: Jawoyn Royalty and Refining Costs calculated at \$1,450 per ounce of gold. Amounts may not add due to rounding.

The 50,000 tpd Base Case mine plan contains plan contains 209.5 million tonnes of material mined from the Batman open pit plus 13.4 million tonnes of material from the existing heap leach pad that is processed through the mill at the end of the mine life. Together, 222.8 million tonnes of material containing 5.901 million ounces of gold at an average grade of 0.82 g Au/t are processed over the 13 year operating life. Total gold recovered is expected to be 4.808 million ounces. Average annual gold production over the life of mine is 369,850 ounces, averaging 481,316 ounces during the first five years of operations, with 580,472 ounces produced in the first year of operations. Commercial production would begin following two years of construction and commissioning.

The following table highlights the Base Case production schedule:

Edgar Filing: VISTA GOLD CORP - Form 10-K

Years	Ore Mined (kt)	Waste mined (kt)	Strip Ratio (W:O)	Milled Ore (kt)	Milled Grade (g Au/t)	Contained Ounces (kozs)	Mill Production (kozs)
(1)	11,764	24,761	2.1	-	-	-	-
1	28,101	33,803	1.2	17,799	1.24	708	580
2	20,983	55,290	2.6	17,750	0.92	525	430
3	23,941	78,227	3.3	17,750	1.07	613	502
4	18,285	71,608	3.9	17,750	0.82	471	386
5	29,066	58,329	2.0	17,799	1.08	620	508
6	7,561	71,279	9.4	17,750	0.71	408	334
7	4,777	54,405	11.4	17,750	0.55	312	256
8	7,078	45,482	6.4	17,750	0.53	301	247
9	10,700	38,710	3.6	17,799	0.57	325	266
10	24,331	27,864	1.1	17,750	0.83	473	388
11	22,861	2,592	0.1	17,750	1.14	653	535
12	-	-	-	17,750	0.57	324	258
13	-	-	-	9,659	0.54	168	117
Total	209,451	562,349	2.7	222,805	0.82	5,901	4,808

Note: Amounts may not add due to rounding. Total milled ore includes material from the heap leach pad that is processed at the end of the mine life.

The table below illustrates the updated reserve and resource estimate for the Project. The effective date of the Batman deposit resource estimate is March 18, 2013. The effective date of the heap leach resource estimate is May 29, 2013.

Mt. Todd Gold Project Reserves, Base Case (50,000 tpd) 0.40 g Au/t cut-off. Reserves calculated at \$1,360 per ounce of gold

	Batman Deposit		Heap Leach Pad		Quigleys Deposit			Total	
	Tonnes (000s)	Grade (g Au/t) Contained Ounces	Tonnes (000s)	Grade (g Au/t) Contained Ounces	Tonnes (000s)	Grade (g/t)	Contained Ounces	Tonnes (000s)	Grade (g Au/t) Contained Ounces
Proven	72,495	0.882,057	-	-	-	-	-	72,495	0.882,057
Probable	136,955	0.823,612	13,354	0.54232	-	-	-	150,309	0.803,844
Total	209,451	0.845,669	13,354	0.54232	-	-	-	222,805	0.825,901

Mt. Todd Gold Project Resources Base Case (50,000 tpd)

	Batman Deposit		Heap Leach Pad		Quigleys Deposit			Total	
	Tonnes (000s)	Grade (g Au/t) Contained Ounces	Tonnes (000s)	Grade (g Au/t) Contained Ounces	Tonnes (000s)	Grade (g Au/t)	Contained Ounces	Tonnes (000s)	Grade (g Au/t) Contained Ounces
Measured	77,793	0.882,193	-	-	571	0.98	18	78,364	0.882,211
Indicated	201,792	0.805,209	13,354	0.54232	6,868	1	181	222,014	0.795,622
Total	279,585	0.827,401	13,354	0.54232	7,439	0.83	199	300,378	0.817,832
Inferred	72,458	0.741,729	-	-	11,767	0.85	320	84,225	0.762,049

Note: Measured and indicated resources include proven and probable reserves. Batman and Quigleys resources are estimated at a 0.40g Au/t cut-off grade. Heap leach resources are the average grade of the heap, no cut-off applied. Economic analysis conducted on proven and probable reserves.

Cautionary note to U.S. investors: Proven and probable reserves are estimated in accordance with NI 43-101 and do not constitute SEC Industry Guide 7 compliant reserves see the section heading “Cautionary Note to United States Investors Regarding Estimates of Measured, Indicated and Inferred Resources and Proven and Probable Reserves” above.



Alternative Case Scenario Presented in PFS

The key differences between the Base Case and the alternative case include:

- a 33,000 tpd processing facility versus a 50,000 tpd facility in the Base Case with associated lower mining rates and a smaller fleet; and
- an ultimate pit design based on a reserve pit shell of \$925/oz versus \$1,360/oz in the Base Case and the application of a higher cut-off grade (0.45g Au/t versus 0.40g Au/t).

Highlights of the PFS alternative case scenario are presented in the table below:

Alternate Case (33,000 tpd) @ \$1,450/oz Au	Years 1-5		Life of Mine (11 years)	
	Annual Average	Total	Annual Average	Total
Average Milled Grade (g Au/t)	0.95		0.90	
Payable Gold (000's ozs)	295	1,473	263	2,891
Gold Recovery	82.0%		81.2%	
Cash Costs (\$/oz)	\$676		\$684	
Strip Ratio (waste:ore)	2.1		2	
Initial Capital (\$ millions)			\$761	
Pre-tax NPV <sub>5%</sub> (\$ millions)			\$777	
After-tax NPV <sub>5%</sub> (\$ millions)			\$440	
IRR (Pre-tax/After-tax)			22.1% / 16.9%	
After-tax Payback (Production Years)			3.2	

Note: Economics presented using \$1,450/oz gold and a flat \$1.00 USD : \$1.00 AUD exchange rate and assumes deferral of certain Territory tax obligations as well as realization of equipment salvage values at the end of the mine life.

The following table provides additional details of the project's alternative case economics at variable gold price and Australian dollar assumptions:

After-Tax NPV <sub>5%</sub> , in Millions ForEx USD/AUD	Base Case (50,000 tpd) Gold Price per Ounce							
	\$1,200	\$1,300	\$1,400	\$1,450	\$1,500	\$1,600	\$1,700	\$1,800
USD\$1.10	\$58.5	\$187.2	\$305.1	\$363.2	\$421.5	\$538.2	\$655.5	\$773.2
USD\$1.00	\$146.4	\$265.6	\$381.9	\$440.2	\$498.5	\$615.6	\$733.2	\$850.9
USD\$0.90	\$225.6	\$342.4	\$458.8	\$517.1	\$575.8	\$693.2	\$810.9	\$928.6
USD\$0.80	\$303.3	\$419.3	\$535.9	\$594.6	\$653.2	\$770.9	\$888.6	\$1,006.3

Note: Changes in Foreign Exchange rates are only applied to operating costs and not applied to either initial or sustaining capital costs.

Alternate Case key capital expenditures for initial and sustaining capital requirement are identified in the table below:

Capital Expenditures (\$ Millions)	Initial Capital	Sustaining Capital
Alternate Case (33,000 tpd)		

Edgar Filing: VISTA GOLD CORP - Form 10-K

Capitalized Stripping & Dewatering	\$24	\$38
Mobile Equipment	\$77	\$73
Process Facility	\$310	-
Tailings	\$19	\$86
Power Plant	\$64	-
Water Supply & Treatment	\$11	-
Owners Cost	\$75	(\$14)
Sub-Total	\$680	\$183
Contingency	\$80	\$11
Salvage Value	-	(\$77)
Mine Closure	\$1	\$94
Total Capital	\$761	\$211
Total Capital per payable ounce gold	\$263	\$73

25

---

## Note:

Amounts may not add due to rounding. The negative value in the sustaining capital category of the owners' cost line is the recapture of the cash component of the project's cash reclamation bond, which is spend as cash under the Mine Closure category.

The following table presents a breakdown of Alternate Case operating costs. The Alternate Case project includes a 58MW gas-fired power plant in initial capital. During the operating life, the power plant generates excess power and Vista has assumed a power credit against operating costs. Additionally, during the four years of reclamation and closure, Vista intends to generate and sell power into the NT electrical grid, for which there is a known market and indicative purchase rates have been provided by the government-owned utility.

Operating Cost - Alternate Case (33,000 tpd)	First 5 Years		Life of Mine Cost	
	Per tonne processed	Per ounce	Per tonne processed	Per ounce
Mining	\$6.55	\$260.99	\$5.49	\$234.75
Processing	\$9.37	\$373.32	\$9.51	\$406.86
Site General and Administrative	\$0.74	\$29.42	\$0.74	\$31.63
Jawoyn Royalty	\$0.36	\$14.50	\$0.34	\$4.50
Water Treatment	\$0.08	\$3.17	\$0.11	\$3.55
Refining Costs	\$0.08	\$3.19	\$0.07	\$3.19
Power Credit	(\$0.23)	(\$15.99)	(\$0.23)	(\$10.05)
Total Cash Costs	\$16.97	\$675.61	\$15.99	\$684.43

Note: Jawoyn Royalty and Refining Costs calculated at \$1,450 per ounce of gold. Amounts may not add due to rounding.

The 33,000 tpd Alternate Case mine plan contains 110.4 million tonnes of material mined from the Batman open pit plus 13.4 million tonnes of material from the existing heap leach pad that is processed through the mill at the end of the mine life. Together, 123.7 million tonnes of material containing 3.562 million ounces of gold at an average grade of 0.90 g Au/t are processed over the 11 year operating life. Total gold recovered is expected to be 2.891 million ounces. Average annual gold production over the life of mine is 262,826 ounces, averaging 294,502 ounces during the first five years of operations, with 417,166 ounces produced in the first year of operations. Commercial production would begin following two years of construction and commissioning.

The table below highlights the Alternate Case production schedule:

Years	Ore Mined (kt)	Waste mined (kt)	Strip Ratio (W:O)	Milled Ore (kt)	Milled Grade (g Au/t)	Contained Ounces (kozs)	Mill Production (kozs)
(1)	3,407	8,483	2.5	-	-	-	-
1	16,872	23,714	1.4	11,747	1.35	509	417
2	12,013	23,611	2.0	11,715	0.86	323	265
3	17,775	22,960	1.3	11,715	1.16	438	359
4	4,921	35,191	7.2	11,715	0.63	237	194
5	10,331	24,062	2.3	11,747	0.77	289	237
6	17,311	23,934	1.4	11,715	1.17	442	361
7	2,681	31,629	11.8	11,715	0.65	245	201
8	8,501	22,889	2.7	11,715	0.73	277	227
9	12,597	6,209	0.5	11,747	0.99	375	308
10	3,964	49	-	11,715	0.83	314	244
11	-	-	-	6,482	0.54	113	79
Total	110,374	222,732	2.0	123,728	0.90	3,562	2,891

Note: Amounts may not add due to rounding. Total milled ore includes material from the heap leach pad that is processed at the end of the mine life.

Metallurgy, Processing and Infrastructure

Our metallurgic test work programs support: (1) ore hardness estimates at the Batman deposit that are consistent and do not change at depth; (2) the selection of HPGR technology as part of the comminution circuit; (3) estimated gold recovery rates based on optimized

grind size and leach conditions; and (4) the processing of material from the historic heap leach pad at the end of the proposed mine life.

#### Ore Hardness

Samples used for the test work program were sourced from eight holes from the Company's 2010 and 2011 drilling program that were oriented to intersect the main Batman deposit beneath the existing pit and are believed to be representative of the material within the limits of the preliminary feasibility pit.

Twenty of the samples were subjected to Bond ball mill work index ("BWi") tests, the SMC Test (drop-weight and specific gravity tests) as well as Compressive Strength Tests and Crushing Work Index tests. The results of the BWi tests show an average BWi value of 26.2 kWh/t with a maximum value of 28.2 kWh/t and a minimum value of 23.6 kWh/t.

The results of this test work support two main conclusions: (1) that the hardness of ore at the Batman deposit is relatively constant; and (2) that ore at the Batman deposit does not change at depth.

This test work validates the Company's prior test work and supports Vista's comminution circuit design, which is designed to crush and grind material with an average BWi of 27.4 kWh/t, a 5% factor of safety above the average BWi and closer to the 75th percentile of BWi test results.

#### HPGR Selection

Our proposed comminution circuit incorporates the use of a large gyratory crusher and two large cone crushers for the primary and secondary stages, respectively, and contemplates the use of HPGRs as the third-stage of the crushing circuit. Much of our test work has focused on evaluating and confirming the use of HPGRs.

Initially, we ran a series of parallel tests comparing a semi-autogenous grinding ("SAG")/ball mill circuit with an HPGR crushing and ball mill circuit. Based on the test work completed, HPGR technology was selected. Industry experience has shown HPGRs to produce micro-fracturing in particles that reduce the overall particle strength and generate a greater distribution of fine material in the ball mill feed, reducing downstream ball mill energy requirements. The material at the Batman deposit consists of silicified greywackes/shales/siltstones and test work has shown the HPGRs tend to fracture material at the Batman deposit along the bedding planes more than micro-fracturing. The result, however, is consistent with other industry HPGR applications in that the HPGR product produces a lower BWi feed for the ball mills. The test results indicate the SAG mill circuit produced a product with an average BWi of 26.4 kWh/t compared to the HPGR crushed product with an average BWi of 24.8 kWh/t, a reduction of over 6%.

Additionally, material crushed in the HPGR test resulted in approximately 10% of the HPGR product being fine enough to by-pass the ball mills entirely and proceed straight to the leach circuit. Vista has incorporated this HPGR advantage in its comminution circuit design.

The test work also assessed the difference in power requirements between a primary/SAG/ball mill circuit, a conventional 3-stage crush/ball mill circuit, and a 3-stage HPGR/ball mill circuit to generate a 90 µm P80 product. The assessment concluded that the 3-stage HPGR/ball mill circuit has a significantly lower specific energy requirement than the primary/SAG/ball mill option and that a finer grind size can be achieved with the HPGR crushed material compared to conventionally crushed material ground for the same period of time.

This test work also confirms our prior test work and supports our comminution circuit design. The use of HPGRs is anticipated to (a) produce a product that can be ground more efficiently (lower BWi) in the ball mills; and (b) reduce energy requirements when compared to a SAG mill design.

#### Gold Recoveries

Our focus was to solve the high reagent consumption, poor gold recovery and copper leaching issues encountered by previous operators. Historic core samples indicated the presence of cyanide soluble secondary copper mineralization (chalcocite and bornite) in material at the Batman deposit, and as such, our initial focus was to develop a flowsheet that incorporated the production of a copper concentrate.

However our drill programs from 2007–2012 indicated a significant change in the mineralogy of material at the Batman deposit with depth with copper mineralogy changing from cyanide soluble secondary copper to non-cyanide soluble primary copper mineralization (chalcopyrite). The change in mineralogy occurs at approximately 40 meters below the existing surface and the majority of the ore containing cyanide soluble secondary copper was mined by previous operators. As a result, more than 96% of material at the Batman deposit contains low-to-non-cyanide soluble primary copper mineralization. Therefore, our recovery circuit has been simplified and focuses only on recovering gold from material at the Batman deposit through a conventional Carbon in Leach (“CIL”) circuit.

The remainder of our test work relating to gold recovery focused on optimal grind size, pre-conditioning of ore with lime (to reduce cyanide consumption), the identification of a reagent to suppress copper leaching (lead nitrate was selected), and optimal cyanide concentration.

After determining the optimal leach conditions, 99 samples covering a range of head grades from throughout the Batman deposit were subjected to leach tests resulting in gold extraction between 75% and 85%, with an average of 81.7%, net of solution losses. Cyanide consumption was estimated at 0.77kg/t and lime consumption was estimated at 0.91kg/t.

This test work validates our prior recovery estimates (82%), indicates minimal gold recovery variability throughout the Batman deposit, and supports Vista's recovery plant design utilizing a conventional, industry-proven, CIL circuit.

#### Existing Heap Leach Pad

In addition to analysis of freshly-mined material from the Batman deposit, Vista has analyzed the potential to incorporate nearly 13.4 million tonnes of material on the existing heap leach pad into the Mt Todd gold project. The original Mt Todd gold project started as a heap leach operation with historic records indicating that the average grade of material placed on the pad was 0.96 g Au/t. Although the material was partially leached in the mid-1990s, Vista has drilled 24 air-rotary holes into the heap leach pad and assayed 361 samples, and created a 3D resource model that has an average grade of 0.54 g Au/t.

Initial evaluation efforts focused on re-starting the heap leach pad. Bottle roll and column tests were completed, both of which supported the leachability of the material with gold recovery rates around 35%. However, poor in situ permeability rates caused Vista to ultimately abandon plans to re-start the heap.

We subsequently submitted two heap leach variability composites and two drill hole composites from the leach pad for CIL cyanidation leach test work. The samples were ground to P80 passing 90 µm and pre-treated with lime and 100g/t of lead nitrate to suppress copper leaching. The material was then leached for 24 hours. These results support recovery rates of 70% for this material when processed through the CIL plant.

#### Infrastructure

Because the Mt Todd gold project was an operating mine, infrastructure exists that reduces initial capital expenditure and significantly reduces capital risk related to infrastructure construction, which has been a major source of capital overruns in the mining industry over the last decade. Existing mining infrastructure items include:

- an existing tailings storage facility that will receive two raises and is expected to contain the initial 62 million tonnes of material processed;
- an existing fresh water storage reservoir that will receive a two-meter dam raise and will harvest stormwater sufficient to provide process water for year-round operations for a 50,000 tpd operation;
-

a natural gas pipeline at site that can supply sufficient natural gas to meet the project's energy requirements and would save considerably on project operating costs compared to grid-supplied power;

- a paved road to site;
- current electrical connection to the NT electric grid; and
- reduced earthworks costs due to the process plant location being the same as the previous process plant, which has already been cleared and graded.

Other benefits of the Mt Todd gold project's NT location include:

- the Stuart highway – the main North / South highway in the NT is less than 15km from the project site;
- rail line parallel to the Stuart highway; and



- the regional center of Katherine (population approximately 12,000) less than 60 km from site and the NT capital of Darwin less than 300 km from the project site, which has port access.

#### Permitting

In June 2013, we completed and submitted an initial EIS to the NTEPA for review. This submission started concurrent agency review and public consultation periods, the latter of which completed during August 2013. Following closure of the public consultation and agency review periods, the NTEPA provided a consolidated set of comments to us, which we responded to in a final EIS which was submitted for approval during November 2013. During September 2014, the EIS was approved. In its formal notification to us (the "Assessment Report"), the NTEPA has advised that it has assessed the environmental impacts of the Mt Todd gold mine and concluded that it can proceed, subject to a number of recommendations which are outlined in the Assessment Report.

We have started planning for the submission of the documents for the authorization required under the Environmental Protection and Biodiversity Conservation Act 1999 ("EPBC Act") and for the approval of the mine operating permit (known as the Mine Management Plan or "MMP"). The NTEPA Assessment Report includes 28 recommendations which are to be addressed as part of the MMP. Included in these recommendations are four that relate directly to the Gouldian Finch. We estimate that authorization under the EPBC Act will require 3-4 months from the submission of documents and that approval of the MMP will require approximately 6 months from the submission of the plan. At this time, we intend to undertake studies in the second quarter of 2015 for the EPBC Act authorization. Preparation of the MMP will continue internally and we plan to have it ready to submit when there are signs of a sustained recovery in the gold market.

#### Exploration Potential

Based on airborne geophysical survey data, we have identified five magnetic targets within our controlled land holdings surrounding the Batman pit. The targets are distinct magnetic highs located within sedimentary rocks that should have a low magnetic signature. These features are similar to those at Mt Todd, which, as a result of the included pyrrhotite, exhibits a strong magnetic high.

Mineralization at the Quigleys deposit is interpreted to occur within a series of mineralized shears that strike north northwest and dip 30 to 35 degrees to the west. The main shear extends for nearly one kilometer along the strike and has been drilled to a vertical depth of 230 meters. The mineral resource estimate has been defined by 632 drill holes drilled by Pegasus and Billiton Australia Gold Pty. Ltd. in the late 1980s through the mid-1990s. Tetra Tech reviewed the integrity of the drill-hole database and developed a computer model to estimate and classify the estimated mineral resources. The model reflected Tetra Tech's geological interpretation of the deposit, which constrained the mineralization to the shear zones using geological information and assays from 49,178 samples obtained from the drilling. Lower grade, erratic mineralization in the hanging wall of the shears has not been included in the mineral resource estimate.

Sampling and assaying was done under the supervision of prior operators in conjunction with evaluation of the Batman pit and are discussed in the PFS, as part of the overall project sampling and assaying methodology.

Based on Tetra Tech's resource analysis, at a cut-off grade of 0.50 g Au/t, under SEC Industry Guide 7 guidelines, mineralized material for the Quigleys deposit is estimated at 6,076,000 tonnes grading 0.92 g Au/t.

Under CIM Definition Standards, at the same cut-off grade of 0.50 g Au/t, measured mineral resources are estimated at 511,000 tonnes grading 1.04 g Au/t, indicated mineral resources are estimated at 5,565,000 tonnes grading 0.91 g Au/t and inferred mineral resources are estimated at 9,416,000 tonnes grading 0.95 g Au/t. Cautionary Note to U.S. Investors: see the section heading "Cautionary Note to United States Investors Regarding Estimates of Measured, Indicated and Inferred Resources and Proven and Probable Reserves" above.

#### 2015 Project Plans

The focus of our activities at the Mt Todd gold project in 2015 will be principally on identifying and evaluating project optimization opportunities and care and maintenance activities related to the MLs and ELs. The current gold price does not justify the development of the project at this time, nor the completion of the feasibility study.

No exploration is planned on the MLs and only minimal field mapping is planned for the ELs. Additional programs within these areas may be considered subject to available funding,

We remain positioned, subject to a sustained improvement in gold prices, to move forward quickly with the completion of the Mt Todd gold project feasibility study. We estimate that the feasibility study could be completed within four to six months and at a cost of approximately \$2,500.

The Mt Todd gold project is without known mineral reserves under SEC Industry Guide 7 and the proposed program at Mt Todd is exploratory in nature.

#### Guadalupe de los Reyes Gold/Silver Project, Sinaloa, Mexico

During January 2014, we announced that we signed a non-binding letter of intent (the "LOI") to option our interest in the Guadalupe de los Reyes gold/silver project in Sinaloa, Mexico (the "Guadalupe de los Reyes gold/silver project") to Cangold Limited ("Cangold").

The LOI provided that a non-refundable \$50 payment be made during January 2014 to Vista for which Cangold was given a 90 day period of exclusivity (the "Exclusivity Period") to complete due diligence and negotiate and enter into a definitive option agreement with Vista (the "Option Agreement").

During April 2014, Minera Gold Stake S.A. de C.V. ("MGS"), Vista's wholly-owned subsidiary, entered into the Option Agreement to option its interest in the Guadalupe de los Reyes gold/silver project to Cangold.

Pursuant to the terms of the Option Agreement, Vista has granted Cangold the right to earn a 70% interest in the Guadalupe de los Reyes gold/silver project by:

- making payments totaling \$5,000 in five payments over a three-year period, with payments totaling \$1,000 in the first year (comprised of \$500 received in 2014 and \$500 received in February 2015 (postponed from January 2015)), \$1,500 in the second year and \$2,500 in the third year;
- operating the Guadalupe de los Reyes gold/silver project maintaining the concessions comprising the Guadalupe de los Reyes gold/silver project in good standing; and
- fulfilling all of the obligations of MGS to the Ejido La Tasajera (the "Ejido") as set out in the temporary occupation contract between MGS and the Ejido.

The Option Agreement provides that all cash payments are non-refundable and optional to Cangold, and in the event Cangold fails to pay any of the required amounts on the scheduled dates or fails to comply with its other obligations, the Option Agreement will terminate and Cangold will have no interest in the Guadalupe de los Reyes gold/silver project. Provided it is not in breach of the Option Agreement, Cangold may at its discretion advance the above payment schedule and exercise the initial option for a 70% interest in the Guadalupe de los Reyes gold/silver project

any time during the three-year period.

Subject to Cangold earning a 70% interest in the Guadalupe de los Reyes gold/silver project, MGS has granted Cangold the option to earn the remaining 30% interest in the Guadalupe de los Reyes gold/silver project, by notifying MGS of a production decision no later than the tenth anniversary of exercising the first option and by making a cash payment to Vista of \$3,000 plus an additional cash payment based on a formula that includes the growth, if any, in estimated NI 43-101 compliant Measured and Indicated mineral resources of the Guadalupe de los Reyes gold/silver project, and the then prevailing spot gold price (“Escalator Payment”).

Should Cangold determine not to put the Guadalupe de los Reyes gold/silver project into production, the Option Agreement provides MGS with the right to buy back Cangold’s 70% interest in the Guadalupe de los Reyes gold/silver project for a cash payment of \$5,000 plus the Escalator Payment described above. If MGS does not exercise its buyback option, MGS will still retain a right of first refusal should Cangold elect to sell its 70% interest in the Guadalupe de los Reyes gold/silver project to a third party.

#### Property Description and Location

The Guadalupe de los Reyes gold/silver project is located in the State of Sinaloa, near the village of Guadalupe de los Reyes in western Mexico, approximately halfway between the cities of Mazatlan and Culiacan. The project area is accessed by a 30-kilometer dirt road from Cosala, a city of approximately 17,000 inhabitants. The city of Cosala is connected to the cities of Mazatlan and Culiacan by a 55-kilometer paved highway plus 100 kilometers of toll freeway or by small aircraft from a local airstrip to international airports of Durango, Mazatlan and Culiacan.

The project is located in the western foothills of the Sierra Madre Occidental at elevations that vary from approximately 300 meters to 1,000 meters. The topography is moderate to rugged. Climate in this area is arid to semi-arid with an average temperature of 22 to 26 degrees Celsius. The average rainfall of approximately 1,000 millimeters occurs mostly during the period of June to September in strong storm events that cause flooding along the river beds and frequent interruptions of the road to Cosala. Moderate to dense vegetation of bushes and shrubs covers the hill slopes within the project area, in a transition zone that changes from the tropical

vegetation towards the lower elevations to that of evergreens and other types of trees at higher topography. Sporadic underground mining of veins in the district occurred from the 1770's until the 1950's, resulting in a reported accumulated extraction of approximately 1.1 million tonnes of ore with an average grade of 9.20 gold grams per tonne and 430 silver grams per tonne from the various deposits located within the district. Old, abandoned underground mine workings and relatively small mine-waste dumps exist in the area; no tailings ponds are present, and there are no known environmental liabilities on the project.

The property is held through 37 federal mining concessions totaling about 6,310.9 hectares through our wholly-owned subsidiary MGS. A location map and table of mining concessions follows.

## Mining Concessions at Guadalupe de los Reyes

	Serial Number	Surface Area (hectares)	Location date	Expiration date	Annual fees in Mexican Pesos ("MP")	
	CONCESSION NAME					
	DIEZ DE MAYO	223401	0.1842	12/10/2004	10/12/2054	28
	PROLONGACION DEL RECUERDO	210497	91.4591	10/8/1999	7/10/2049	23,642
GAYTAN	PROLONGACION DEL RECUERDO DOS	209397	26.6798	4/9/1999	8/4/2049	6,898
	ARCELIA ISABEL	193499	60.3723	12/19/1991	12/18/2041	15,606
	DOLORES	180909	222.0385	8/6/1987	5/8/2037	57,394
	LA VICTORIA	210803	199.8708	11/30/1999	11/29/2049	51,664
	LOS REYES 2	214131	17.3662	8/10/2001	9/8/2051	4,490
	LOS REYES 3	214302	197.0000	9/6/2001	9/5/2051	50,922
	LOS REYES 4	217757	11.1640	8/13/2002	12/8/2052	2,886
	LOS REYES 5	216632	319.9852	5/17/2002	05/16/2052	82,710
DESARROLLOS	LOS REYES 6	225122	427.6609	7/22/2005	07/21/2055	62,816
MINEROS	LOS REYES 7	225123	4.8206	7/22/2005	07/21/2055	710
SAN LUIS	LOS REYES 8	226037	9.0000	11/15/2005	11/14/2055	1,322
	LOS REYES FRACCION OESTE	210703	476.9373	11/18/1999	11/17/2049	123,280
	LOS REYES FRACCION SUR	212758	598.0985	11/22/2000	7/10/2049	154,598
	LOS REYES FRACCION NORTE	212757	1334.4710	11/22/2000	7/10/2049	344,936
	NORMA	177858	150.0000	4/29/1986	04/28/2036	38,774
	NUEVA ESPERANZA	184912	33.0000	12/6/1989	5/12/2039	8,530
	SAN MIGUEL	185761	11.7455	12/14/1989	12/13/2039	3,036
	SAN MANUEL	188187	55.7681	11/22/1990	11/21/2040	14,416
	EL PADRE SANTO	196148	50.0000	7/16/1993	07/15/2043	12,926
REINA ISABEL	EL FAISAN	211471	2.6113	5/31/2000	03/30/2050	676
	SANTO NIÑO	211513	44.0549	5/31/2000	03/30/2050	11,388
	SAN PABLO	212752	11.1980	11/22/2000	11/21/2050	2,896
	SAN PEDRO	212753	9.0000	11/22/2000	11/21/2050	2,328
	PATRICIA	212775	26.2182	1/31/2001	01/30/2051	6,778
	MARTHA	213234	46.6801	4/10/2001	9/4/2051	12,066
	ELOTA	237661	947.6449	4/20/2011	04/19/2061	16,736

Edgar Filing: VISTA GOLD CORP - Form 10-K

ELOTA	ELOTA FRACCION 1	237662	905.5592	4/20/2011	04/19/2061	15,994
	ELOTA FRACCION 2	237663	3.2803	4/20/2011	04/19/2061	58
	ELOTA FRACCION 3	237664	2.7052	4/20/2011	04/19/2061	48
	ELOTA FRACCION 4	237665	8.1142	4/20/2011	04/19/2061	144
	ELOTA FRACCION 5	237666	4.1698	4/20/2011	04/19/2061	74
	ELOTA FRACCION 6	237667	0.4779	4/20/2011	04/19/2061	10
	ELOTA FRACCION 7	237668	0.1535	4/20/2011	04/19/2061	4
	ELOTA FRACCION 8	237669	0.6546	4/20/2011	04/19/2061	12
	ELOTA FRACCION 9	237670	0.9503	4/20/2011	04/19/2061	18
	TOTAL AMOUNT MP					1,130,814
	TOTAL AMOUNT US\$ (exchange rate of MP1.00 = \$07 as of February 16, 2015					75,936

To operate within the laws and regulations of Mexico, we must negotiate the use of the land rights before initiating development of any considerable mining operations in the project area. An important consideration is the traditional use of land, which recognizes that mining is the preferred use of the land in and around old mine workings. Most of the surface rights to the Guadalupe de Los Reyes gold/silver project are held by the Ejido.

## History

From the middle of the 1950s to the 1980s there was limited activity within the Guadalupe area that included exploration reconnaissance studies and mining concessions promotions. In the early 1990's, Northern Crown Mines Ltd. ("NCM") completed a total of 36,278 meters of reverse circulation drilling on the concessions. In 2001, Meridian Gold, Incorporated optioned the project from NCM and completed a due-diligence investigation including sample checks and drilling of 23 additional confirmatory holes totaling 2,732 meters. Meridian dropped the option with NCM in 2002 and NCM subsequently returned all mineral rights to the original concessionaires.

In 2003, we acquired a 100% interest in the Guadalupe de los Reyes gold/silver project and a data package associated with the project and general area. In 2008, we acquired several concessions adjacent to our Guadalupe de los Reyes gold/silver project. In 2011, we acquired several open fractions within our concession group. This consolidated our ownership of the known mineralization within the Guadalupe de los Reyes district. The Guadalupe de los Reyes gold/silver project is subject to NSR royalties ranging from 0-5%.

## Infrastructure

Electrical power is available in the village of Guadalupe de los Reyes, but there may not be sufficient capacity to support a mining operation. A trade-off study between on-site power generation and power capacity upgrades will be part of a future feasibility study. It is anticipated that ground-water wells would supply water for any future mine development. Operations personnel would be sourced from surrounding villages. Transportation of personnel will be addressed in future feasibility studies.

## Geology and Mineralization

The Guadalupe de los Reyes district is a low sulfidation epithermal gold/silver system composed of quartz/chalcedony veins, vein stockworks, and breccias hosted within the lower volcanic sequence ("LVS") of the Sierra Madre Occidental. The LVS is a differentiated section of basalt flows and tuffs that grade upward into andesite tuff. The andesites are overlain by a complex of dacite to rhyodacite flows and tuffs with related dikes, small stocks and flow domes.



The LVS rests unconformable on a Cretaceous granite batholith and is unconformably overlain by the upper volcanic sequence (“UVS”). The UVS is characterized by thick, tabular, rhyolitic ash flow tuffs that form topographic highs and prominent cliffs.

Within the area, there are four major northwesterly and west-northwesterly dilational quartz-filled fault structures with an aggregate strike length of 13.7 kilometers. These structures have displaced the LVS stratigraphy and have been subsequently silicified and infilled with low sulfidation style epithermal gold and silver mineralization. The vein/fault structures have good strike continuity and typically dip from 50 to 70 degrees. Vein widths vary from 2 to 50 meters depending upon the degree of dilation of the fault structure and intensity of silica injection and mineralization. The mineralogy is dominated by several varieties and periods of silicification with attendant calcite and adularia.

Native gold, electrum and acanthite are the primary economic minerals. Sulfide content is very low and typical gold pathfinder elements are only weakly elevated.

Most of the historical underground operations in the district were concentrated along the footwall of the veins where the higher-grade gold and silver values most often occurred. However, the more extensive-brecciated hanging wall sections of these veins that usually host lower grade, dominantly gold-bearing mineralization, were largely ignored. These hanging wall sections in topographically favorable locations are favorable sites to develop bulk tonnage gold/silver deposits.

#### Preliminary Economic Assessment

In March 2013, we announced the completion of a preliminary economic assessment (“PEA”) for the Guadalupe de los Reyes gold/silver project which evaluated the viability of a 1,500 tpd (540,000 tonne per annum) processing facility with positive results.

The PEA was completed by TetraTech MM, Inc. of Golden, Colorado, pursuant to NI 43-101. The PEA was completed by or under the supervision of Edwin C. Lips P.E., Dr. Rex Bryan, Vicki Scharnhorst P.E. and Erik Spiller, each independent Qualified Persons (as defined in NI 43-101). Mr. Lips, Dr. Bryan and Mr. Spiller have reviewed and approved the technical and scientific information contained in the PEA. Previous technical reports contain extensive geologic and technical information related to the deposit, on which

this estimate relies. The last technical report was filed on SEDAR on November 29, 2012 and furnished on EDGAR on December 11, 2012, and is entitled "Technical Report Resource of Guadalupe de los Reyes Gold/Silver Project – Sinaloa, Mexico" and was issued on November 5, 2012.

The PEA is intended to provide only an initial review of the Guadalupe de los Reyes gold/silver project's potential and is preliminary in nature. The PEA includes inferred resources that are considered to be too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the economic results described in the PEA will be realized.

### Project Economics

The following table provides details on the Project's economics at variable gold price assumptions.

Financials @ 8% discount rate	Units	Gold/Silver Price Assumptions				
		\$1,184/	\$1,332/	\$1,480/ \$28	(Base	\$1,628/
		\$22.40	\$25.20	Case)	\$30.80	\$33.60
Average Gold Cash						
Costs	US\$/oz	631	631	631	631	631
After-Tax NPV	US\$M	10.9	34.1	57.3	80.3	103.3
IRR (After-Tax)	%	11	16	21	25	29
Payback (After-Tax)	Years	6.0	4.0	3.6	3.4	3.2

### Project Concept

The Guadalupe de los Reyes gold/silver project, as currently envisioned, consists of five small open pits within the Guadalupe de los Reyes system, all located within approximately 2.5 km of each other. Conventional open pit methods are recommended for mining the five deposits.

The deposits are typical of a low sulfidation epithermal system with mineralization occurring in westward dipping structural zones that range from a few meters to tens of meters in thickness. The gold occurs as microscopic-sized, free to quartz-encapsulated electrum associated with silver sulfides. Historic metallurgic testwork focused on heap leach recovery methods; however Vista believes that finer grind size through milling could lead to better recoveries. Vista's testwork has focused on gold extraction under a conventional mill and CIL circuit and has resulted in an

estimated average gold recovery of 93% and a range of silver recoveries, dependent on the specific deposit tested.

Mill throughput is assumed to be 1,500 tonnes per day or 540,000 tonnes per year. With this assumed production rate, the mine life would be approximately 11 years, with 5.5 million tonnes of material processed. The mine would have an overall strip ratio of 11.7 tonnes of waste rock per tonne of economic mineralized rock. Gold accounts for approximately 80% of the value of the payable metals with silver accounting for the balance.

#### Mineral Resources

The mineral resource estimates utilized in this PEA are summarized in the table below.

Resource Classification	Metric Tonnes	Gold Grade (grams Au/t)	Silver Grade (grams Ag/t)	Contained Gold Ounces	Contained Silver Ounces
Indicated (1)	6,842,238	1.73	28.71	380,323	6,315,407
Inferred (1)	3,246,320	1.49	34.87	155,209	3,639,163

(1) Cautionary Note to U.S. Investors: see the section heading “Cautionary Note to United States Investors Regarding Estimates of Measured, Indicated and Inferred Resources and Proven and Probable Reserves” above.

Capital Costs

Capital costs estimates are summarized in the table below.

Area	Detail	Pre-Production (in millions of dollars)	Sustaining	Total
Direct Costs	Mine	8.2	6.7	14.8
	Mill	36.7	-	36.7
	Tailings	6.5	15.5	22.0
	Infrastructure	12.3	-	12.3
Mine Closure		-	5.0	5.0
Owner Costs		4.8	-	4.8
Contingency (30% applied to all)		20.5	8.2	28.7
Total Capex Estimate with Contingency		88.9	35.4	124.3
Capex Without Contingency		68.4	27.2	95.6

Amounts may not add due to rounding.

Operating Costs

Operating cost estimates are summarized in the table below.

Unit Cost Estimate		
\$/oz Mined	\$/t Milled	Cash Costs \$/Au Ounce Payable
Mining	16.61	223
Processing	23.48	315
General and Administrative	.50	20
Environmental	0.50	7
Total (without silver credits)	42.06	564

Amounts  
may  
not  
add  
due  
to  
rounding.

## Annual Production

Year	Ore Mined (kt)	Gold Grade (g Au/t)	Contained Gold (kcozs)	Silver Grade (g Ag/t)	Contained Silver (kcozs)	Waste (kt)	Strip Ratio
(1)	2	1.69	0.11	16.79	1.08	895	447.5
1	540	1.89	32.79	12.35	214.42	2,698	5.0
2	540	1.89	32.79	12.35	214.42	2,698	5.0
3	540	1.89	32.79	12.35	214.42	2,698	5.0
4	540	3.51	60.93	34.20	593.84	3,592	6.7
5	540	1.69	29.35	16.79	291.51	4,058	7.5
6	540	1.69	29.35	16.79	291.51	4,058	7.5
7	540	1.69	29.35	16.79	291.51	4,058	7.5
8	540	1.48	25.67	26.31	456.83	46,935	8.6
9	540	1.57	27.22	38.43	667.19	7,479	13.9
10	540	2.54	44.08	99.51	1,727.57	15,444	28.6
11	104	2.54	8.49	99.51	332.72	12,215	117.5
Total/Avg	5,506	1.99	352.92	29.92	5,297.02	64,561	11.7

The Guadalupe de los Reyes gold/silver project is considered an immaterial project to the Company at this time. The Guadalupe de los Reyes gold/silver project is without known mineral reserves under SEC Industry Guide 7 and the Guadalupe de los Reyes gold/silver project is exploratory in nature.

### Los Cardones Gold Project

During October 2013, we sold our 100% debt and equity participation in the Los Cardones gold project located in Baja California Sur, Mexico to Investure Group, S.A. de C.V. (“Investure”) and RPG Structrued Finance S.a.R.L. (together, the “Purchasers”) for a total of \$13,000 (\$7,000 of which was paid in October 2013 and \$6,000 was payable January 2014 (the “Subsequent Payment”) subject to the Purchasers’ option to elect to not make the Subsequent Payment). If the Purchasers elect to not make the Subsequent Payment, we would retain all payments already received and 100% of the Los Cardones gold project would be returned to us. In January 2014, the due date for the Subsequent Payment was extended to July 31, 2014 (the “First Extension”) for additional consideration of \$250 payable on July 31, 2014. As a result of permitting delays, we and the Purchasers agreed to an additional extension of the due date of the Subsequent Payment to January 30, 2015 (the “Second Extension”) for additional consideration of \$250. The Company received a cash payment of \$500 comprising the aggregate consideration for the grant of the First Extension and the Second Extension during August 2014. In October 2014, Investure announced that the Los Cardones gold project, had been suspended because the conditions for its development were not favorable at that time. Since making this announcement, there have been no apparent significant favorable changes to incentivize Investure to lift the suspension. In January 2015, we agreed to amend the payment terms (the “Amendment”) of the acquisition of the Los Cardones gold project. Under the Amendment, the Company received a payment of \$3,000 cash from the Purchasers as full and final payment for 100% of the Company’s interest in the project.

### Long Valley Gold Project, California

We acquired the Long Valley gold project in January 2003. The property consists of 95 contiguous, unpatented mining claims that cover an area of approximately 1,963 acres. The surface rights covering the area of the claims are owned by the U.S. government, and are subject to a surface grazing lease. The project is subject to a 1% NSR royalty.

Because of other priorities, we have no immediate plans for developing the Long Valley gold project, and it is considered an immaterial project to the Company at this time. The Long Valley gold project is without known mineral reserves under SEC Industry Guide 7.

### ITEM 3. LEGAL PROCEEDINGS.

We are not aware of any material pending or threatened litigation or of any proceedings known to be contemplated by governmental authorities that are, or would be, likely to have a material adverse effect upon us or our operations, taken as a whole. There are no known material proceedings pursuant to which any of our directors, officers or affiliates or any owner of record or beneficial owner of more than 5% of our securities or any associate of any such director, officer or security holder is a party adverse to us or has a material interest adverse to us.

We are not aware of any material legal proceedings to which any of our officers or any associate of any of our officers is a party adverse to us or any of our subsidiaries or has a material interest adverse to us or any of our subsidiaries.

We are not aware of any of our officers being involved in any legal proceedings in the past ten years relating to any matters in bankruptcy, insolvency, criminal proceedings (other than traffic and other minor offenses) or being subject to any of the items set forth under Item 401 of Regulation S-K.

#### ITEM 4. MINE SAFETY DISCLOSURES.

We consider health, safety and environmental stewardship to be a core value for the Company.

Pursuant to Section 1503(a) of the United States Dodd-Frank Wall Street Reform and Consumer Protection Act of 2011 (the “Dodd-Frank Act”), issuers that are operators, or that have a subsidiary that is an operator, of a coal or other mine in the United States are required to disclose in their periodic reports filed with the SEC information regarding specified health and safety violations, orders and citations, related assessments and legal actions, and mining-related fatalities under the regulation of the Federal Mine Safety and Health Administration (“MSHA”) under the United States Federal Mine Safety and Health Act of 1977 (the “Mine Act”). During the fiscal year ended December 31, 2014, our U.S. exploration properties were not subject to regulation by the MSHA under the Mine Act and consequently no disclosure is required under Section 1503(a) of the Dodd-Frank Act.

## PART II

## ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

## Price Range of Common Shares

The common shares of Vista Gold are listed on the NYSE MKT. The following table sets out the reported high and low sale prices on the NYSE MKT for the periods indicated as reported by the exchange.

		NYSE MKT	
		High	Low
2013	1st quarter	\$ 2.79	\$ 1.60
	2nd quarter	2.19	0.95
	3rd quarter	1.15	0.45
	4th quarter	0.50	0.33
2014	1st quarter	0.78	0.40
	2nd quarter	0.59	0.37
	3rd quarter	0.54	0.41
	4th quarter	0.45	0.25

On February 13, 2015, the last reported sale price of the common shares of Vista Gold on the NYSE MKT was \$0.37, there were 82,390,217 Common Shares issued and outstanding, and we had approximately 722 registered shareholders of record.

## Dividends

We have never paid dividends. The declaration and payment of future dividends, if any, will be determined by our Board and will depend on our earnings, financial condition, future cash requirements and other relevant factors.

## Securities Authorized for Issuance under Equity Compensation Plans



See “Item 11. Executive Compensation” for information relating to our equity compensation plan.

### Stock Performance Graph

The following graph compares the yearly percentage change in the Corporation's cumulative total shareholder return on its Common Shares with the cumulative total return of the S&P/TSX Composite Index and the S&P/TSX Global Gold Index for the last five financial years. This performance chart assumes that \$100 was invested on December 31, 2009, in (i) the Corporation's Common Shares at the closing price of the Common Shares on December 31, 2009; (ii) the S&P/TSX Composite Index; and (iii) the S&P/TSX Global Gold Index.

	12/31/2009	12/31/2010	12/31/2011	12/31/2012	12/31/2013	12/31/2014
Vista Gold Corp.	\$ 100.00	\$ 97.55	\$ 125.31	\$ 110.20	\$ 15.51	\$ 11.43
S&P/TSX	\$ 100.00	\$ 114.45	\$ 101.78	\$ 105.85	\$ 108.41	\$ 107.12
S&P/TSX Global Gold	\$ 100.00	\$ 126.03	\$ 108.16	\$ 91.65	\$ 44.31	\$ 38.05

#### Exchange Controls

There are no governmental laws, decrees or regulations in Canada that restrict the export or import of capital, including foreign exchange controls, or that affect the remittance of dividends, interest or other payments to non-resident holders of the securities of Vista Gold, other than Canadian withholding tax. See “Certain Canadian Federal Income Tax Considerations for U.S. Residents” below.

#### Certain Canadian Federal Income Tax Considerations for U.S. Residents

The following summarizes certain Canadian federal income tax consequences generally applicable under the Income Tax Act (Canada) and the regulations enacted thereunder (collectively, the “Canadian Tax Act”) and the Canada-United States Income Tax Convention (1980) (the “Convention”) to the holding and disposition of Common Shares.

Comment is restricted to holders of Common Shares each of whom, at all material times for the purposes of the Canadian Tax Act and the Convention, (i) is resident solely in the United States, (ii) is entitled to the benefits of the Convention, (iii) holds all Common Shares as capital property, (iii) holds no Common Shares that are “taxable Canadian property” (as defined in the Canadian Tax Act) of the holder, (iv) deals at arm’s length with and is not affiliated with Vista Gold, (v) does not and is not deemed to use or hold any Common Shares in a business carried on in Canada, and (vi) is not an insurer that carries on business in Canada and elsewhere (each such holder, a “U.S. Resident Holder”).

Certain U.S.-resident entities that are fiscally transparent for United States federal income tax purposes (including limited liability companies) may not in all circumstances be regarded by the Canada Revenue Agency (the “CRA”) as entitled to the benefits of the Convention. Members of or holders of an interest in such an entity that holds Common Shares should consult their own tax advisers regarding the extent, if any, to which the CRA will extend the benefits of the Convention to the entity in respect of its Common Shares.

Generally, a holder’s Common Shares will be considered to be capital property of the holder provided that the holder is not a trader or dealer in securities, did not acquire, hold or dispose of the Common Shares in one or more transactions considered to be an adventure or concern in the nature of trade (i.e. speculation), and does not hold the Common Shares as inventory in the course of carrying on a business.

Generally, a holder’s Common Shares will not constitute “taxable Canadian property” of the holder at a particular time at which the Common Shares are listed on a “designated stock exchange” (which currently includes the TSX) unless both of the following

conditions are true:

(i) the holder or any one or more persons with whom the holder does not deal at arm's length owned, alone or in any combination, 25% or more of the issued shares of any class of the capital stock of Vista Gold at any time in the 60 months preceding the particular time; and

(ii) more than 50% of the fair market value of the Common Shares was derived directly or indirectly from, or from any combination of, real or immovable property situated in Canada, "Canadian resource properties" (as defined in the Canadian Tax Act), "timber resource properties" (as so defined), or options or interests therein, at any time in the 60 months preceding the particular time.

This summary is based on the current provisions of the Canadian Tax Act and the Convention in effect on the date hereof, all specific proposals to amend the Canadian Tax Act and Convention publicly announced by or on behalf of the Minister of Finance (Canada) on or before the date hereof, and the current published administrative and assessing policies of the CRA. It is assumed that all such amendments will be enacted as currently proposed, and that there will be no other material change to any applicable law or administrative or assessing practice, although no assurance can be given in these respects. Except as otherwise expressly provided, this summary does not take into account any provincial, territorial or foreign tax considerations, which may differ materially from those set out herein.

This summary is of a general nature only, is not exhaustive of all possible Canadian federal income tax considerations, and is not intended to be and should not be construed as legal or tax advice to any particular U.S. Resident Holder. U.S. Resident Holders are urged to consult their own tax advisers for advice with respect to their particular circumstances. The discussion below is qualified accordingly.

A U.S. Resident Holder who disposes or is deemed to dispose of one or more Common Shares generally should not thereby incur any liability for Canadian federal income tax in respect of any capital gain arising as a consequence of the disposition.

A U.S. Resident Holder to whom Vista Gold pays or is deemed to pay a dividend on the holder's Common Shares will be subject to Canadian withholding tax, and Vista Gold will be required to withhold the tax from the dividend and remit it to the CRA for the holder's account. The rate of withholding tax under the Canadian Tax Act is 25% of the gross amount of the dividend, but should generally be reduced under the Convention to 15% (or, if the U.S. Resident Holder owns at least 10% of the voting stock of Vista Gold, 5%) of the gross amount of the dividend.

Certain United States Federal Income Tax Considerations for U.S. Residents

There may be material tax consequences to U.S. Residents in relation to an acquisition or disposition of Common Shares or other securities of the Company. U.S. Residents should consult their own legal, accounting and tax advisors regarding such tax consequences under United States, state, local or foreign tax law regarding the acquisition or disposition of our Common Shares or other securities, in particular, the tax consequences of the Company likely being a "passive foreign investment company" (commonly known as a "PFIC") within the meaning of Section 1297 of the United States Internal Revenue Code. See the section "Item 1A. – Risk Factors - The Company is likely a "passive foreign investment company", which will likely have adverse U.S. federal income tax consequences for U.S. shareholders" above.

#### Unregistered Sales of Equity Securities

None.

#### Repurchase of Securities

During 2014, neither Vista nor any affiliate of Vista repurchased Common Shares of Vista registered under Section 12 of the Exchange Act.

## ITEM 6. SELECTED FINANCIAL DATA.

The selected financial data in the table below has been selected in part, from our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The selected financial data should be read in conjunction with those financial statements and the notes thereto.

	Years Ended December 31,				
	2014	2013	2012	2011	2010
Results of operations					
Net income/(loss)	\$ (18,926)	\$ (59,488)	\$ (70,656)	\$ 51,546	\$ (20,020)
Basic income/(loss) per share	(0.23)	(0.73)	(0.95)	0.75	(0.42)
Diluted income/(loss) per share	(0.23)	(0.73)	(0.95)	0.74	(0.42)
Financial position					
Working capital	8,619	8,622	60,342	16,947	17,995
Total assets	28,026	53,094	133,065	180,603	82,972
Long-term debt and non-current liabilities	-	8,859	635	36,157	-
Shareholders' equity	25,283	43,013	101,343	141,223	58,342

## ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The following discussion and analysis should be read in conjunction with our consolidated financial statements for the three years ended December 31, 2014, and the related notes thereto, which have been prepared in accordance with generally accepted accounting principles in the United States ("U.S. GAAP"). This discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of many factors, including, but not limited to, those set forth under the section heading "Item 1A. Risk Factors" above and elsewhere in this annual report on Form 10-K. See section heading "Note Regarding Forward-Looking Statements" above.

All dollar amounts stated herein are in U.S. dollars in thousands, except per share amounts, per warrant amounts, per ounce amounts, gold price per ounce amounts, and exchange rates unless specified otherwise. References to C\$ refer to Canadian currency, A\$ to Australian currency and \$ to United States currency.

Overview

Vista Gold Corp. and its subsidiaries (collectively, “Vista,” the “Company,” “we,” “our,” or “us”) are engaged in the gold mining industry. We are focused on the evaluation, acquisition, exploration and advancement of gold exploration and potential development projects, which may lead to gold production or value adding strategic transactions such as earn-in right agreements, option agreements, leases to third parties, joint venture arrangements with other mining companies, or outright sales of assets for cash and/or other consideration. We look for opportunities to improve the value of our gold projects through exploration drilling and/or technical studies focused on optimizing previous engineering work.

Vista’s principal asset is its flagship Mt Todd gold project in Northern Territory, Australia. We also hold 11.2% (reduced to 5.5% in March 2015) of the outstanding common shares of Midas Gold Corp. (“Midas Gold Shares”), non-core projects in Mexico and the United States and royalty interests in projects in Bolivia and Indonesia

## Outlook

We do not currently generate operating cash flows. Our sources of financing in the past have been the issuance of our common shares, debt financing, sale of Midas Gold Shares, and the sale of non-core assets. The prices for gold equities, particularly those with early stage projects, have decreased steadily during the past few years, and capital raising has become more difficult for mining companies which do not have producing assets. Consequently, raising sufficient amounts of capital on reasonable terms has become increasingly difficult. These conditions are expected to continue for the foreseeable future, and could affect our ability to raise sufficient capital on reasonable terms, if at all. We are committed to ensuring that the Company remains liquid through careful cost management and timely financing with priority given to non-dilutive sources such as the sale of our used mill equipment and monetization of other non-core assets. However, there can be no assurance that we will be able to timely monetize our non-core assets at values acceptable to us or at all.

## Results from Operations

### Summary

For the year ended December 31, 2014, we focused principally on water management and related activities and on advancing the permitting process at our Mt Todd gold project in NT, Australia. In September 2014, we achieved a significant milestone with the successful completion of the Environmental Impact Statement (“EIS”) approval process for the Mt Todd gold project. In addition to completing a pre-feasibility study and submitting a final EIS in the first half of 2013, in the second half of 2013 we introduced a range of cost cutting measures including the elimination of discretionary spending, downsizing the Company and voluntary reductions to cash compensation for senior management and for directors of the Company.

Consolidated net loss for the years ended December 31, 2014, 2013 and 2012 was \$18,926, \$59,488 and \$70,656 or \$0.23, \$0.73 and \$0.95 per basic share, respectively. The principal components of these year-over-year changes are discussed below.

### Exploration, property evaluation and holding costs

Exploration, property evaluation and holding costs were \$3,991, \$15,600 and \$27,536 during the years ended December 31, 2014, 2013 and 2012, respectively. The steady downward trend in these costs is due to cost reductions introduced through 2013 and the completion in 2013 of several capital intensive activities which had started in 2012. This includes the Mt Todd gold project pre-feasibility study and related activities, permitting, and the September 2012 start of water treatment in the existing open pit. We also completed a drilling program at our Guadalupe de los Reyes gold/silver project in early 2012.

### Corporate administration

Corporate administration costs were \$3,798, \$5,528 and \$8,096 during the years ended December 31, 2014, 2013, and 2012, respectively. The steady downward trend in these costs is due to cost cutting initiatives introduced through 2013. The decrease in 2013 was primarily attributable to several cost cutting initiatives including staff reductions and voluntary compensation reductions.

### Gain on disposal of mineral property



Pursuant to a joint venture agreement and an additional option agreement with Awak Mas Holdings Pty. Ltd. (“AM Holdings”) a subsidiary of One Asia, whereby AM Holdings had the right to earn an 80% interest in our Awak Mas gold project in Indonesia, in 2012 we received certain cash payments in excess of the carrying value of the project, which resulted in a realized gain of \$2,934 during the year ended December 31, 2012. There were no similar transactions in 2013 or 2014.

#### Write-down of Amayapampa interest

In December 2014, the owner of the Amayapampa gold project completed the sale of 100% of the project to a private investor. Accordingly, we evaluated the carrying value of our interest in Amayapampa. Given the frequency of ownership changes over the past several years, the conditions in the gold market, and the political climate in Bolivia, we concluded that there is no more than a remote possibility that the Amayapampa project will be successfully developed and operated within the foreseeable future; and an impairment amount equal to the \$4,813 carrying value has been included in our Consolidated Statements of Income/(Loss) and Comprehensive Income/(Loss) for the year ended December 31, 2014. There were no such charges for the years ended December 31, 2013 or 2012.

#### Write-down of mineral properties

During 2014, we completed a review of the permitting process and probable impediments to developing the Long Valley gold project, and concluded that the permitting process would consume an inordinate amount of our limited resources and time. Accordingly, we will not attempt to advance this project in the foreseeable future. As a result, an impairment amount equal to the \$750 carrying value has been taken for the year ended December 31, 2014.

During 2008, we entered into an option agreement to purchase land near the Los Cardones gold project. Under the terms of the agreement, we had the option to pay \$50 each year from 2008 through 2012 and \$2,000 in 2013. During 2012, we terminated the option agreement. As a result, we recorded a write-down on mineral properties of \$250 related to the option payments made in 2008 through 2012.

There were no similar charges in 2013.

#### Non-operating income and expenses

##### Unrealized Loss on Other Investments

Unrealized loss on other investments was \$4,267, \$48,499 and \$50,363 for the years ended December 31, 2014, 2013 and 2012, respectively. These amounts are substantially the result of changes in fair value of our Midas Gold Shares. The Company also holds approximately half the number of Midas Gold Shares in 2014 compared to the number of shares held in 2013 due to the sale of Midas Gold Shares in February of 2014.

##### Write-down of property, plant and equipment

Impairment charges of \$3,500 and \$7,117 for the years ended December 31, 2013 and 2012, respectively, were primarily due to the write-down of the carrying value of the mill equipment to its estimated fair value, net of costs to sell and commissions, of \$6,500 and \$10,000, respectively, based on an independent assessment from a third party who has been contracted to sell the mill equipment on our behalf. There were no such charges during the year ended December 31, 2014.

##### Deferred Income Tax Benefit/(Expense)

Fluctuations in the fair value of our Midas Gold Shares result in fluctuations in the deferred income tax benefit/(expense). The 2014 deferred tax benefit was offset by a valuation allowance. The 2013 and 2012 deferred income tax benefit of \$15,373 and \$20,147, respectively, is principally related to the unrealized loss arising from the change in fair value of our Midas Gold Shares.

#### Financial Position, Liquidity and Capital Resources

##### Operating Activities

Net cash used in operating activities was \$7,058, \$24,509 and \$30,155 for the years ended December 31, 2014, 2013 and 2012, respectively. The decrease is primarily the result of changes in operating expenses as discussed in "Results of Operations," above.

## Investing Activities

Net cash provided by investing activities of \$11,641 for the year ended December 31, 2014 was primarily due to the sale of 16,000,000 Midas Gold Shares for net proceeds of \$10,560 and \$1,028 received from the Los Cardones sale and the Guadalupe de los Reyes Option Agreement. Net cash provided by investing activities of \$5,039 for the year ended December 31, 2013 was primarily due to receipt of \$7,000 related to the sale of the Los Cardones project, offset by additions to plant and equipment of \$2,199 at the Mt Todd gold project. Net cash provided by investing activities of \$3,839 for the year ended December 31, 2012 was primarily due to receipt of \$5,500 from agreements related to Awak Mas and Los Cardones projects, offset by additions to plant and equipment of \$2,066, mainly at our Mt Todd gold project.

## Financing Activities

Net cash used in financing activities was \$6,344 for the year ended December 31, 2014 was a result of the repayment of the loan facility entered into in 2013 (the "2013 Facility").

Net cash provided by financing activities was \$6,664 for the year ended December 31, 2013 due to the 2013 Facility draw-down, net of repayments.

Net cash provided by financing activities was \$26,724 for the year ended December 31, 2012. We raised a net total of \$24,472 from the July 2012 Offering and the December 2012 Offering (each as defined below). In addition, we received a total of \$2,252 from the exercise of warrants, compensation options and stock options.

During July 2012, we closed a private placement of 5,000,000 units (the "July 2012 Units") for gross proceeds of \$15,000 (the "July 2012 Offering"). Each July 2012 Unit consisted of one common share in the capital of the Company and one-half of one common share purchase warrant (each full warrant, a "July 2012 Warrant"). Each July 2012 Warrant entitled the holder thereof to purchase one common share at a price of \$3.60 per share (subject to adjustment in certain circumstances) and was exercisable for a period of 24 months from the closing of the July 2012 Offering. In connection with the July 2012 Offering, we incurred \$770 in commissions and other costs and issued a total of 166,667 compensation warrants to finders that provided services in respect of subscriptions for 3,333,334 July 2012 Units. Each compensation warrant entitled the holder thereof to purchase one common share at a price of \$3.18 per share (subject to adjustment in certain circumstances) for a period of 24 months from the closing of the July 2012 Offering. On September 29, 2012, we filed a registration statement on Form S-3 related to the resale by the purchasers of the July 2012 Units of the Common Shares issued as part of the Units and Common Shares issuable upon exercise of the July 2012 Warrants and compensation



warrants. All of the July 2012 Warrants expired, unexercised, in July 2014.

During December 2012, we closed a public offering of 4,182,550 units (the “December 2012 Units”), which included 545,550 December 2012 Units issued pursuant to the full exercise of the underwriters’ over-allotment option, for gross proceeds of \$11,500 (the “December 2012 Offering”). Each December 2012 Unit consisted of one common share in the capital of the Company and one-half of one common share purchase warrant (each full warrant, a “December 2012 Warrant”). Each December 2012 Warrant entitled the holder thereof to purchase one common share at a price of \$3.30 per share (subject to adjustment in certain circumstances) and was exercisable for a period of 24 months from the closing of the December 2012 Offering. In connection with the December 2012 Offering, the Company incurred approximately \$1,258 in commissions and other costs. All of the December 2012 Warrants expired, unexercised, in December 2014.

### Liquidity and Capital Resources

At December 31, 2014, we had working capital of \$8,619 which approximated our working capital of \$8,622 at December 31, 2013. Included in the December 31, 2014, \$8,619 working capital amount is \$3,714 of cash and cash equivalents. Included in the December 31, 2013, \$8,622 working capital amount is \$5,475 of cash and cash equivalents.

During February 2014, we completed the sale of 16,000,000 Midas Gold shares held by our subsidiary Vista Gold U.S. Inc. for net proceeds of \$10,560. Vista repaid the remaining balance of the 2013 Facility during 2014 from the proceeds received from the sale of the Midas Gold Shares.

During October 2014, Invecture announced that the Los Cardones gold project had been suspended, stating that conditions for its development were not favorable at that time. Since making this announcement, there have been no apparent significant favorable changes to incentivize Invecture to lift the suspension. During January 2015 we agreed to amend the payment terms (the “Amendment”) of the acquisition of the Los Cardones gold project. Under the Amendment, the Company received a payment of \$3,000 cash from Invecture as full and final payment for 100% of the Company’s interest in the project.

Since late 2012, capital raising through the issuance of common shares has become more difficult for junior mining companies which do not have producing assets, and these conditions are expected to continue for the foreseeable future. During this period, the Company cut costs significantly and successfully financed itself through the use of debt, which was subsequently fully repaid, the optioning and sale of non-core assets, and the sale of approximately 50% of our position in Midas Gold Corp. Going forward, management remains committed to maintaining similar efforts to manage costs and ensure liquidity.

The Company's cash requirements have been dramatically reduced since 2013 (\$7,058 vs \$24,509) for the year ended December 31, 2014 and 2013, respectively) as several cash intensive programs at the Mt Todd gold project such as water treatment, preparation and submission of the final EIS, and preparation of the preliminary feasibility study have been completed. In addition, in 2013 several significant cost cutting measures were introduced, including a reduction of management positions, reductions in cash compensation for executives, senior management and the Company's board of directors, and the delay or elimination of discretionary programs, including exploration activities. The Company remains committed to continued cost reduction efforts where appropriate, taking into consideration our safety, regulatory and environmental responsibilities; however, the magnitude of future cost cuts is expected to diminish from 2014 levels.

We expect our Company-wide cash requirements to average \$1,500 to \$1,750 per quarter through 2015, assuming no material discretionary programs and a normal 2014-2015 wet season in the NT. We believe our cash position as of December 31, 2014, together with the \$3,000 payment received from Invecture in January 2015, the approximately \$2,800 net proceeds receivable from the February 2015 sale of 8,000,000 Midas Gold Shares, and the \$500 Guadalupe de los Reyes option payment received in February 2015, will be sufficient to fund the Company through most of 2016.

Potential future sources of financing include the \$1,500 option payment which we expect to receive in 2016 pursuant to the Guadalupe de los Reyes option agreement. In addition, we will continue to seek additional financing with priority given to non-dilutive sources such as the sale of our used mill equipment, other non-core assets, and our remaining Midas Gold Shares. There can be no assurance that we will receive the Guadalupe de los Reyes option payment from Cangold Limited or be able to timely monetize our mill equipment, other non-core assets, or our Midas Gold Shares at a value acceptable to us or at all.

The Government of the Northern Territory of Australia (the "NT Government") has committed to non-recourse funding for the first year of a proposed multi-year program with the objective of reducing the inventory of acidic metalliferous water at the Mt Todd site by 70%. The scope of the initial program to be funded by the NT Government between December 2014 and approximately the end of July 2015 includes additional water treatment followed by the discharge of remediated water in accordance with the applicable permits, subsequent environmental monitoring, analysis and reporting, and evaluations designed to aid in the definition of the scope of work for subsequent years' programs. The NT Government's funding mitigates the Company's risk of incurring material unexpected environmental expenditures through 2015.

The continuing viability of the Company is dependent upon our ability to secure sufficient funding and ultimately to generate future profits from operations. The underlying value and recoverability of the amounts shown as mineral properties, plant and equipment, assets held for sale, investments and other property interests in our condensed consolidated balance sheets are dependent on our ability to fund exploration and development activities that could lead to profitable production or proceeds from the disposition of these assets. There can be no assurance that we will be successful in disposing of these assets or securing additional funding on terms acceptable to us or at all or developing profitable operations in the future. Our consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded assets or liabilities which might be necessary should we not be able to continue as a going concern.

### Fair Value Accounting

The following table sets forth the Company's assets measured on a recurring basis at fair value by level within the fair value hierarchy (see Note 3 (Financial Instruments) to the consolidated financial statements). As required by accounting guidance, assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

	Fair value at December 31, 2014		
	Total	Level 1	Level 3
Assets:			
Marketable securities	\$ 137	\$ 137	\$ -
Other Investments (Midas Gold Shares)	6,163	6,163	-
Mill Equipment	6,500	-	6,500
	Fair value at December 31, 2013		
	Total	Level 1	Level 3
Assets:			
Cash equivalents	\$ 3,000	\$ 3,000	\$ -
Marketable securities	176	176	-
Other Investments (Midas Gold Shares)	20,990	20,990	-
Amayapampa interest (Note 7)	4,813	-	4,813
Mill Equipment	6,500	-	6,500

Our cash equivalent instruments, marketable securities and investment in Midas Gold Shares are classified as Level 1 of the fair value hierarchy as they are valued at quoted market prices in an active market.

The Company incurred a Level 3 impairment loss on certain mill equipment (see Note 6 to the consolidated financial statements) for the years ended December 31, 2013 and 2012. This equipment was valued at \$6,500 and \$10,000, at December 31, 2013 and 2012, respectively, based on a third party assessment of the projected sale value, net of commissions and other costs to sell, given full consideration to current market conditions and an orderly sale process. This valuation was used to determine the Level 3 impairment charge taken in 2013 and 2012. The mill equipment is categorized as assets held for sale on the Consolidated Balance Sheets. There was no change in the fair value of the mill equipment for the year ended December 31, 2014.

During 2014, the Company wrote-off the Level 3 non-recurring carrying values of the Amayapampa interest (see Note 7 to the consolidated financial statements) and the Long Valley gold project (see Note 6 to the consolidated financial statements).

At December 31, 2014, the assets classified within Level 3 of the fair value hierarchy represent 51% of the total assets measured at fair value. There were no transfers between levels nor were there any changes in valuation methods in 2014.

#### Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements required to be disclosed in this annual report on Form 10-K.



## Contractual Obligations

At December 31, 2013, our material contractual obligation consisted of our 2013 Facility, discussed above, and such obligation is recorded in our Consolidated Balance Sheets as of December 31, 2013. The 2013 Facility was fully repaid in 2014. We have no material contractual obligations as of December 31, 2014.

## Summary of Quarterly Results

	4th quarter	3rd quarter	2nd quarter	1st quarter
2014				
Revenue	\$ -	\$ -	\$ -	\$ -
Net income/(loss)	(9,959)	(4,908)	(2,919)	(1,140)
Basic income/(loss) per share	(0.12)	(0.06)	(0.04)	(0.01)
2013				
Revenue	-	-	-	-
Net income/(loss)	(8,040)	(3,027)	(21,015)	(27,406)
Basic income/(loss) per share	(0.09)	(0.04)	(0.26)	(0.34)

## Transactions with Related Parties

## Agreement with Sierra Partners LLC

On April 1, 2009, we entered into an agreement with Sierra Partners LLC (“Sierra”) pursuant to which Sierra provided us with support for and analysis of our general corporate finance and strategy efforts. A founder and partner of Sierra is also one of our directors. As compensation for these services, we paid Sierra a monthly retainer fee of \$10 for the duration of the agreement, which was terminated on August 31, 2013. We paid to Sierra \$80 and \$120 during the years ended December 31, 2013 and 2012, respectively.

## Critical Accounting Policies and Recent Accounting Pronouncements

### Critical accounting policies

#### Use of Estimates

The Company's Consolidated Financial Statements have been prepared in accordance with generally accepted accounting principles in the United States ("U.S. GAAP"). The preparation of the Company's Consolidated Financial Statements requires the Company to make estimates and assumptions that affect the reported amounts of assets and disclosure of contingent liabilities at the date of the consolidated financial statements and the reported amounts of expenses during the reporting period. The more significant areas requiring the use of management estimates and assumptions relating to capital costs of projects; mine closure and reclamation obligations; useful lives for asset depreciation purposes; valuation allowances for deferred tax assets; the fair value and accounting treatment of financial instruments including marketable securities and stock-based compensation; and asset impairments (including impairments long-lived assets and investments). The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. Accordingly, actual results will differ from these amounts estimated in these financial statements.

#### Foreign Currency Translation

Gains and losses resulting from foreign currency transactions denominated in currency other than the functional currency are recorded at the approximate rate of exchange at the transaction date in other expense, net. For each of the years ended December 31, 2014, 2013 and 2012, we recorded insignificant net foreign currency losses.

#### Mineral Properties

Mineral property acquisition costs, including directly related costs, are capitalized when incurred, and mineral property exploration costs are expensed as incurred. When we determine that a mineral property can be economically developed in accordance with U.S. GAAP, the costs then incurred to develop such property will be capitalized. Capitalized costs will be depleted using the units-of-production method over the estimated life of the proven and probable reserves. If mineral properties are subsequently abandoned or impaired, any undepleted costs will be charged to loss in that period.

The recoverability of the carrying values of our mineral properties is dependent upon economic reserves being discovered or



developed on the properties, permitting, financing, start-up, and commercial production from, or the sale/lease of, or other strategic transactions related to these properties. Development and/or start-up of any of these projects will depend on, among other things, management's ability to raise additional capital for these purposes.

We assess the carrying cost of our mineral properties for impairment whenever information or circumstances indicate the potential for impairment. This would include events and circumstances such as our inability to obtain all the necessary permits, changes in the legal status of our mineral properties, government actions, the results of exploration activities and technical evaluations and changes in economic conditions, including the price of gold and other commodities or input prices. Such evaluations compare estimated future net cash flows with our carrying costs and future obligations on an undiscounted basis. If it is determined that the estimated future undiscounted cash flows are less than the carrying value of the property, a write-down to the estimated fair value will then be reported in our Consolidated Statement of Income/(Loss) for the period. Where estimates of future net cash flows are not determinable and where other conditions indicate the potential for impairment, management uses its judgment to assess if the carrying value can be recovered and to estimate fair value.

#### Impairment

Carrying values of royalty interests and other long-lived assets, other than mineral properties, are evaluated for impairment at such time that information becomes available indicating that the carrying value may not be recoverable. If it is determined that the fair value is less than the carrying value an impairment charge equal to the difference between the fair value and the carrying value will be recorded in our Consolidated Statements of Income/(Loss) and Comprehensive Income/(Loss).

#### Assets held for sale

Plant and equipment is classified as held for sale when the following conditions are met: (i) assets (or group of assets) are actively marketed for a price which reasonably approximates the fair value at the time of sale; (ii) management has committed to a plan to sell the assets (or group of assets); (iii) the assets (or group of assets) are available for sale in current condition; and (iv) sale is probable within the next 12 months.

#### Warrants and Compensation Options

Warrants and compensation options issued are recorded at fair value using the Black-Scholes option pricing model.

## Stock-Based Compensation

Under our stock option and long-term equity incentive plans, stock incentive options and restricted stock units may be granted to executives, employees, consultants and non-employee directors. Compensation expense for such grants is recorded in the Consolidated Statements of Income/(Loss) and Comprehensive Income/(Loss) as a component of Exploration, property evaluation and holding costs and Corporate administration, with a corresponding increase to Additional paid-in capital in the Consolidated Balance Sheets. The fair values of the options are calculated using the Black-Scholes option pricing model and forfeiture rates based on historic trends. The expense is based on the fair values of the grant on the grant date and is recognized over the vesting period specified for each grant.

## Financial Instruments

Accounting Standards Codification Topic 820, Fair Value Measurements and Disclosures (“ASC 820”) of the Financial Accounting Standards Board (“FASB”) requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. ASC 820 establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument’s categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. ASC 820 prioritizes the inputs into three levels that may be used to measure fair value:

- Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
- Level 2 – Observable inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, including quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data by correlation or other means.

- Level 3 – Prices or valuation techniques requiring inputs that are both significant to the fair value measurement and unobservable.

Our financial instruments include cash and cash equivalents, marketable securities, short- and long-term investments, accounts payable and certain other current assets and liabilities. Due to the short-term nature of our cash and cash equivalents, accounts payable and certain other current assets and liabilities, we believe that their carrying amounts approximate fair value. Our marketable securities are classified as available-for-sale. Accordingly, these securities are carried at fair value, which is based upon quoted market prices in an active market and included in Level 1 of the fair value hierarchy. Our other investments, comprised of Midas Gold shares, is accounted for using the fair value option based on quoted market prices in an active market and is included in Level 1 of the fair value hierarchy.

#### Recent accounting pronouncements

##### Elimination of Certain Financial Reporting Requirements, Including an Amendment to Variable Interest Entities Guidance in Topic 810, Consolidation

In June 2014, the FASB issued guidance related to financial statement presentation for development stage enterprises. The standard removes the definition of a development stage entity from the Master Glossary of the Accounting Standards Codification, thereby removing the financial reporting distinction between development stage entities and other reporting entities from U.S. GAAP. In addition, the standard eliminates the requirements for development stage entities to (1) present inception-to-date information in the statements of income, cash flows, and shareholder equity, (2) label the financial statements as those of a development stage entity, (3) disclose a description of the development stage activities in which the entity is engaged, and (4) disclose in the first year in which the entity is no longer a development stage entity that in prior years it had been in the development stage. The standard is effective for annual reporting periods beginning after December 15, 2014, and interim periods therein, with early adoption permitted. As a result, we adopted this standard as of June 30, 2014 and eliminated since inception information from our financial statements.

##### Presentation of Financial Statements - Going Concern (Subtopic 205-40)

In August 2014, the FASB issued guidance related to financial statement presentation regarding disclosures about an entity's ability to continue as a going concern. The new guidance addresses management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern and to provide related footnote disclosures. Management's evaluation should be based on relevant conditions and events that are known and reasonably knowable at the date that the financial statements are issued. The standard is effective for the first interim period within annual reporting periods beginning after December 15, 2016, with early adoption permitted. We do not expect to early adopt this guidance and do not believe that the adoption of this guidance will have a material impact on our financial statements.

ITEM 7A QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

We are engaged in the acquisition of gold projects and related activities, including exploration, engineering, permitting and the preparation of feasibility studies. The value of our properties, as well as our marketable securities and our investment in Midas Gold shares, is related to the price of gold, and changes in the price of gold could affect the value of, and/or our ability to generate revenue from, our portfolio of gold projects.

Gold prices may fluctuate widely from time to time and are affected by numerous factors, including: expectations with respect to the rate of inflation, exchange rates, interest rates, global and regional political and economic circumstances and governmental policies, including those with respect to gold holdings by central banks. The demand for and supply of gold affect gold prices, but not necessarily in the same manner as demand and supply affect the prices of other commodities. The supply of gold consists of a combination of new mine production and existing stocks of bullion and fabricated gold held by governments, public and private financial institutions, industrial organizations and private individuals. The demand for gold primarily consists of jewelry and investments. Additionally, hedging activities by producers, consumers, financial institutions and individuals can affect gold supply and demand. The market value for gold cannot be predicted for any particular time.

Because we have exploration operations in Mexico and Australia, we are subject to foreign currency fluctuations. We do not engage in currency hedging to offset any risk of currency fluctuations.

ITEM 8. FINANCIAL STATEMENTS.

Management's Report on Internal Control Over Financial Reporting

The management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed by, or under the supervision of, the Company's principal executive and principal financial officers and effected by the Company's board of directors (the "Board"), management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Company's management assessed the effectiveness of the Company's internal control over financial reporting at December 31, 2014. In making this assessment, the Company's management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in 2013 Internal Control-Integrated Framework. Based upon its assessment, management concluded that, at December 31, 2014, the Company's internal control over financial reporting was effective.

The effectiveness of the Company's assessment of internal control over financial reporting at December 31, 2014 has been audited by EKS&H LLLP, an independent registered public accounting firm, as stated in their report which appears herein.



Report of Independent Registered Public Accounting Firm

Board of Directors and Shareholders

Vista Gold Corp.

Littleton, Colorado

We have audited the accompanying consolidated balance sheet of Vista Gold Corp. and subsidiaries (the “Company”) as of December 31, 2014, and the related consolidated statements of income/(loss) and comprehensive income/(loss), shareholders’ equity, and cash flows for the year then ended. We also have audited the Company’s internal control over financial reporting as of December 31, 2014, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company’s management is responsible for these financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on these financial statements and an opinion on the Company’s internal control over financial reporting based on our audit. The consolidated financial statements of the Company for the year ended December 31, 2013, were audited by other auditors whose report, dated March 17, 2014, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audit of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those

policies and procedures that 1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; 2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and 3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Vista Gold Corp. and subsidiaries as of December 31, 2014, and the results of their operations and their cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2014, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

EKS&H LLLP

March 3, 2015

Denver, Colorado

---

Report of Independent Registered Public Accounting Firm

To the Shareholders of Vista Gold Corp.:

In our opinion, the consolidated balance sheet as of December 31, 2013 and the related consolidated statements of income/(loss) and comprehensive income/(loss), shareholders' equity and cash flows for each of two years in the period ended December 31, 2013 present fairly, in all material respects, the financial position of Vista Gold Corp. and its subsidiaries at December 31, 2013, and the results of their operations and their cash flows for each of the two years in the period ended December 31, 2013, in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 2 "Liquidity" to the consolidated financial statements, the ability of the Company to implement its current business plan is dependent upon the Company successfully completing the various financing transactions it is currently pursuing.

/s/ PricewaterhouseCoopers LLP

Denver, Colorado

March 17, 2014 except for Note 2, as to which the date is June 3, 2014



## VISTA GOLD CORP.

## CONSOLIDATED BALANCE SHEETS

(Dollar amounts in U.S. dollars and in thousands, except shares)

	December 31,	
	2014	2013
Assets:		
Current assets:		
Cash and cash equivalents	\$ 3,714	\$ 5,475
Marketable securities, at fair value	137	176
Other investments, at fair value (Note 4)	6,163	-
Current deferred tax asset	-	2,353
Other current assets	1,348	1,840
Total current assets	11,362	9,844
Non-current assets:		
Mineral properties (Note 5)	5,406	7,184
Plant and equipment, net (Note 6)	2,842	3,698
Assets held for sale (Note 6)	6,500	6,500
Amayapampa interest (Note 7)	-	4,813
Long-term investments (Note 4)	-	21,055
Long-term deferred tax asset	1,916	-
Total non-current assets	16,664	43,250
 Total assets	 \$ 28,026	 \$ 53,094
Liabilities and Shareholders' Equity:		
Current liabilities:		
Accounts payable	\$ 457	\$ 705
Accrued liabilities and other	370	517
Current deferred tax liability	1,916	-
Total current liabilities	2,743	1,222
Non-current liabilities:		
Debt (Note 8)	-	6,506
Long-term deferred tax liability	-	2,353
Total non-current liabilities	-	8,859
 Total liabilities	 2,743	 10,081
Commitments and contingencies – (Note 13)		

Edgar Filing: VISTA GOLD CORP - Form 10-K

Shareholders' equity:

Common shares, no par value - unlimited shares authorized; shares outstanding: 2014 - 82,390,217 and 2013 - 82,275,217 (Note 9)	404,912	404,470
Additional paid-in capital (Note 10)	33,171	32,487
Accumulated other comprehensive income/(loss) (Note 11)	11	(59)
Accumulated deficit	(412,811)	(393,885)
Total shareholders' equity	25,283	43,013
Total liabilities and shareholders' equity	\$ 28,026	\$ 53,094

Approved by the Board of Directors

Racy A. S

/s/ John M. Clark

/s/ Tracy A. Stevenson

John M. Clark

Tracy A. Stevenson

Director

Director

The accompanying notes are an integral part of these consolidated financial statements.

---

## VISTA GOLD CORP.

## CONSOLIDATED STATEMENTS OF INCOME/(LOSS) AND COMPREHENSIVE INCOME/(LOSS)

(Dollar amounts in U.S. dollars and in thousands, except share and per share data)

	Years Ended December 31,		
	2014	2013	2012
Operating income and (expenses):			
Exploration, property evaluation and holding costs	\$ (3,991)	\$ (15,600)	\$ (27,536)
Corporate administration	(3,798)	(5,528)	(8,096)
Depreciation and amortization	(863)	(1,021)	(589)
Gain on disposal of mineral property, net	-	-	2,934
Write-down of Amayapampa interest (Note 7)	(4,813)	-	-
Write-down of mineral property (Note 5)	(750)	-	(250)
Total operating expense	(14,215)	(22,149)	(33,537)
Non-operating income and (expenses):			
Gain/(loss) on sale of marketable securities	24	(54)	192
Unrealized loss on other investments (Note 4)	(4,267)	(48,499)	(50,363)
Realized gain on other investments (Note 4)	155	-	-
Write-down of marketable securities and long-term investments	(138)	(275)	(39)
Write-down of plant and equipment (Note 6)	-	(3,500)	(7,117)
Interest income	10	36	45
Interest expense	(78)	(547)	-
Other income/(expense)	(417)	127	16
Total non-operating expense	(4,711)	(52,712)	(57,266)
Loss from continuing operations before income taxes	(18,926)	(74,861)	(90,803)
Deferred income tax benefit	-	15,373	20,147
Net loss	\$ (18,926)	\$ (59,488)	\$ (70,656)
Other comprehensive income/(loss):			
Unrealized fair value increase/(decrease) on available-for-sale securities	70	(61)	(173)
Comprehensive loss	\$ (18,856)	\$ (59,549)	\$ (70,829)
Basic:			
Weighted average number of shares outstanding	82,294,331	81,813,386	74,351,065
Net loss per share	\$ (0.23)	\$ (0.73)	\$ (0.95)
Diluted:			
Weighted average number of shares outstanding	82,294,331	81,813,386	74,351,065
Net loss per share	\$ (0.23)	\$ (0.73)	\$ (0.95)

The accompanying notes are an integral part of these consolidated financial statements.

---



## VISTA GOLD CORP.

## CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(Dollar amounts in U.S. dollars and in thousands, except share amounts)

	Common Shares	Common Shares Amount	Additional paid-in capital	Accumulated Deficit	Accumulated other comprehensive income/(loss)	Total shareholders' equity
Balance at December 31, 2011	71,503,883	\$ 380,119	\$ 24,670	\$ (263,741)	\$ 175	\$ 141,223
Shares issued, net of transaction costs	10,059,615	23,464	-	-	-	23,464
Warrants and options	-	-	7,485	-	-	7,485
Other comprehensive loss	-	-	-	-	(173)	(173)
Net income	-	-	-	(70,656)	-	(70,656)
Balance at December 31, 2012	81,563,498	\$ 403,583	\$ 32,155	\$ (334,397)	\$ 2	\$ 101,343
Shares issued, net of transaction costs	711,719	477	-	-	-	477
Warrants and options	-	410	332	-	-	742
Other comprehensive loss	-	-	-	-	(61)	(61)
Net loss	-	-	-	(59,488)	-	(59,488)
Balance at December 31, 2013	82,275,217	\$ 404,470	\$ 32,487	\$ (393,885)	\$ (59)	\$ 43,013
Shares issued	115,000	-	-	-	-	-
Warrants and options	-	442	684	-	-	1,126
	-	-	-	-	70	70

Other comprehensive income						
Net loss	-	-	-	(18,926)	-	(18,926)
Balance at December 31, 2014	82,390,217	\$ 404,912	\$ 33,171	\$ (412,811)	\$ 11	\$ 25,283

The accompanying notes are an integral part of these consolidated financial statements.

## VISTA GOLD CORP.

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollar amounts in U.S. dollars and in thousands)

	Years ended December 31,		
	2014	2013	2012
Cash flows from operating activities:			
Net loss for the period	\$ (18,926)	\$ (59,488)	\$ (70,656)
Adjustments to reconcile net loss for the period to net cash used in operations:			
Depreciation and amortization	863	1,021	589
Stock-based compensation	1,126	742	4,225
(Gain)/loss on disposal of marketable securities	(24)	54	(192)
Write-down of marketable securities and long-term investments	138	275	39
Gain on disposal of mineral property	-	-	(2,934)
Write-down of non-current assets	5,563	3,500	7,367
Unrealized (gain)/loss on other investments	4,267	48,499	50,363
Deferred tax (benefit)/expense	-	(15,373)	(20,147)
Other non-cash items	(162)	(298)	-
Change in working capital account items:			
Other current assets	492	1,572	(1,786)
Accounts payable, accrued liabilities and other	(395)	(5,013)	2,977
Net cash used in operating activities	(7,058)	(24,509)	(30,155)
Cash flows from investing activities:			
Proceeds from sale of marketable securities	60	168	494
Purchases of marketable securities	-	-	(153)
Proceeds from sale of other investments, net	10,560	-	-
Additions to plant and equipment	(7)	(2,199)	(2,066)
Proceeds from non-current asset disposals	1,028	-	5,500
Change in restricted cash	-	70	64
Proceeds from sale of mineral properties and plant and equipment	-	7,000	-
Net cash provided by investing activities	11,641	5,039	3,839
Cash flows from financing activities:			
Net proceeds from equity financings	-	(13)	24,472
Net proceeds from debt issuances	0	9,637	-
Repayment of debt	(6,344)	(2,960)	-
Proceeds from exercise of warrants	-	-	1,425
Proceeds from exercise of compensation options	-	-	733
Proceeds from exercise of stock options	-	-	94
Net cash (used in)/provided by financing activities	(6,344)	6,664	26,724
Increase/(decrease) in cash and cash equivalents	(1,761)	(12,806)	408
Cash and cash equivalents, beginning of period	5,475	18,281	17,873

Cash and cash equivalents, end of period	\$ 3,714	\$ 5,475	\$ 18,281
--	----------	----------	-----------

Supplemental cash flow information – Note 15

The accompanying notes are an integral part of these consolidated financial statements.

---

VISTA GOLD CORP.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(All dollar amounts in U.S dollars and in thousands, except per share, per option, per warrant and per ounce amounts unless otherwise noted)

### 1. Nature of Operations

Vista Gold Corp. and its subsidiaries (collectively, “Vista,” the “Company,” “we,” “our,” or “us”) operate in the gold mining industry. We are focused on the evaluation, acquisition, exploration and advancement of gold exploration and potential development projects, which may lead to gold production or value adding strategic transactions such as earn-in right agreements, option agreements, leases to third parties, joint venture arrangements with other mining companies, or outright sales of assets for cash and/or other consideration. We look for opportunities to improve the value of our gold projects through exploration drilling and/or technical studies focused on optimizing previous engineering work.

Our principal asset is our flagship Mt Todd gold project in Northern Territory (“NT”), Australia. We also hold 11.2% (reduced to 5.5% during March 2015, Note 19) of the outstanding common shares of Midas Gold Corp. (“Midas Gold Shares”), non-core projects in Mexico and the United States and royalty interests in projects in Bolivia and Indonesia.

### 2. Liquidity

These audited consolidated financial statements have been prepared on a going concern basis under which an entity is considered to be able to realize its assets and satisfy its liabilities in the normal course of business. The continuing viability of the Company is dependent upon our ability to secure sufficient funding and ultimately to generate future profits from operations. The underlying value and recoverability of the amounts shown as mineral properties, plant and equipment, assets held for sale, investments and other property interests in the condensed consolidated balance sheets are also dependent on our ability to continue to fund exploration and development activities that could lead to profitable production or proceeds from the disposition of these assets. There can be no assurance that we will be successful in disposing of these assets, securing additional funding on terms acceptable to us or at all, or developing profitable operations in the future. These consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded assets or liabilities which might be necessary should we not be able to continue as a going concern.

The long-term viability of the Company is dependent upon our ability to secure sufficient funding and ultimately to generate future profits from operations. The underlying value and recoverability of the amounts shown as mineral properties, plant and equipment, assets held for sale, investments and other property interests in our condensed

consolidated balance sheets are dependent on our ability to fund exploration and development activities that could lead to profitable production or proceeds from the disposition of these assets. There can be no assurance that we will be successful in disposing of these assets or securing additional funding on terms acceptable to us or at all or developing profitable operations in the future.

### 3. Significant Accounting Policies

#### Principles of Consolidation

The Consolidated Financial Statements include the accounts of Vista Gold Corp. and more-than-50%-owned subsidiaries that it controls and entities over which control is achieved through means other than voting rights. All significant intercompany balances and transactions have been eliminated.

#### Use of Estimates

The Company's Consolidated Financial Statements have been prepared in accordance with generally accepted accounting principles in the United States ("U.S. GAAP"). The preparation of the Company's Consolidated Financial Statements requires the Company to make estimates and assumptions that affect the reported amounts of assets and disclosure of contingent liabilities at the date of the consolidated financial statements and the reported amounts of expenses during the reporting period. The more significant areas requiring the use of management estimates and assumptions relating to capital costs of projects; mine closure and reclamation obligations; useful lives for asset depreciation purposes; valuation allowances for deferred tax assets; the fair value and accounting treatment of financial instruments including marketable securities and stock-based compensation; and asset impairments (including impairments long-lived assets and investments). The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. Accordingly, actual results will differ from these amounts estimated in these financial statements.

VISTA GOLD CORP.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(All dollar amounts in U.S dollars and in thousands, except per share, per option, per warrant and per ounce amounts unless otherwise noted)

### Foreign Currency Translation

Gains and losses resulting from foreign currency transactions denominated in currency other than the functional currency are recorded at the approximate rate of exchange at the transaction date in other expense, net. For each of the years ended December 31, 2014, 2013 and 2012, we recorded insignificant net foreign currency losses.

### Mineral Properties

Mineral property acquisition costs, including directly related costs, are capitalized when incurred, and mineral property exploration costs are expensed as incurred. When we determine that a mineral property can be economically developed in accordance with U.S. GAAP, the costs then incurred to develop such property will be capitalized. Capitalized costs will be depleted using the units-of-production method over the estimated life of the proven and probable reserves. If mineral properties are subsequently abandoned or impaired, any undepleted costs will be charged to loss in that period.

The recoverability of the carrying values of our mineral properties is dependent upon economic reserves being discovered or developed on the properties, permitting, financing, start-up, and commercial production from, or the sale/lease of, or other strategic transactions related to these properties. Development and/or start-up of any of these projects will depend on, among other things, management's ability to raise additional capital for these purposes.

We assess the carrying cost of our mineral properties for impairment whenever information or circumstances indicate the potential for impairment. This would include events and circumstances such as our inability to obtain all the necessary permits, changes in the legal status of our mineral properties, government actions, the results of exploration activities and technical evaluations and changes in economic conditions, including the price of gold and other commodities or input prices. Such evaluations compare estimated future net cash flows with our carrying costs and future obligations on an undiscounted basis. If it is determined that the estimated future undiscounted cash flows are less than the carrying value of the property, a write-down to the estimated fair value will then be reported in our Consolidated Statement of Income/(Loss) for the period. Where estimates of future net cash flows are not determinable and where other conditions indicate the potential for impairment, management uses its judgment to assess if the carrying value can be recovered and to estimate fair value.

## Impairment

Carrying values of royalty interests and other long-lived assets, other than mineral properties, are evaluated for impairment at such time that information becomes available indicating that the carrying value may not be recoverable. If it is determined that the fair value is less than the carrying value an impairment charge equal to the difference between the fair value and the carrying value will be recorded in our Consolidated Statements of Income/(Loss) and Comprehensive Income/(Loss).

## Assets held for sale

Plant and equipment is classified as held for sale when the following conditions are met: (i) assets (or group of assets) are actively marketed for a price reasonable to the fair value at the time of sale; (ii) management has committed to a plan to sell the assets (or group of assets); (iii) the assets (or group of assets) are available for sale in current condition; and (iv) sale is probable within the next 12 months.

## Warrants and Compensation Options

Warrants and compensation options issued are recorded at grant date fair value using the Black-Scholes option pricing model.

## Stock-Based Compensation

Under our stock option and long-term incentive plans, common share options and restricted stock units (“RSU”) may be granted to executives, employees, consultants and non-employee directors. Compensation expense for such grants is recorded in the Consolidated Statements of Income/(Loss) and Comprehensive Income/(Loss) as a component of Exploration, property evaluation and holding costs and Corporate administration, with a corresponding increase to Additional paid-in capital in the Consolidated Balance Sheets. The fair values of the options are calculated using the Black-Scholes option pricing model and forfeiture rates based on historic trends. The expense is based on the fair values of the grant on the grant date and is recognized over the vesting period specified for each grant.



VISTA GOLD CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(All dollar amounts in U.S dollars and in thousands, except per share, per option, per warrant and per ounce amounts unless otherwise noted)

Financial Instruments

Accounting Standards Codification Topic 820, Fair Value Measurements and Disclosures (“ASC 820”) of the Financial Accounting Standards Board (“FASB”) requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. ASC 820 establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument’s categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. ASC 820 prioritizes the inputs into three levels that may be used to measure fair value:

- Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
- Level 2 – Observable inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, including quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data by correlation or other means.
- Level 3 – Prices or valuation techniques requiring inputs that are both significant to the fair value measurement and unobservable.

Our financial instruments include cash and cash equivalents, marketable securities, short- and long-term investments, accounts payable and certain other current assets and liabilities. Due to the short-term nature of our cash and cash equivalents, accounts payable and certain other current assets and liabilities, we believe that their carrying amounts approximate fair value. Our marketable securities are classified as available-for-sale. Accordingly, these securities are carried at fair value, which is based upon quoted market prices in an active market and included in Level 1 of the fair value hierarchy. Our other investments, comprised of Midas Gold Shares, is accounted for using the fair value option based on quoted market prices in an active market and is included in Level 1 of the fair value hierarchy.

Recent accounting pronouncements

Elimination of Certain Financial Reporting Requirements, Including an Amendment to Variable Interest Entities  
Guidance in Topic 810, Consolidation

In June 2014, the FASB issued guidance related to financial statement presentation for development stage enterprises. The standard removes the definition of a development stage entity from the Master Glossary of the Accounting Standards Codification, thereby removing the financial reporting distinction between development stage entities and other reporting entities from U.S. GAAP. In addition, the standard eliminates the requirements for development stage entities to (1) present inception-to-date information in the statements of income, cash flows, and shareholder equity, (2) label the financial statements as those of a development stage entity, (3) disclose a description of the development stage activities in which the entity is engaged, and (4) disclose in the first year in which the entity is no longer a development stage entity that in prior years it had been in the development stage. The standard is effective for annual reporting periods beginning after December 15, 2014, and interim periods therein, with early adoption permitted. As a result, we adopted this standard as of June 30, 2014 and eliminated since inception information from our financial statements.

Presentation of Financial Statements - Going Concern (Subtopic 205-40)

In August 2014, the FASB issued guidance related to financial statement presentation regarding disclosures about an entity's ability to continue as a going concern. The new guidance addresses management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern and to provide related footnote disclosures. Management's evaluation should be based on relevant conditions and events that are known and reasonably knowable at the date that the financial statements are issued. The standard is effective for the first interim period within annual reporting periods beginning after December 15, 2016, with early adoption permitted. We do not expect to early adopt this guidance and do not believe that the adoption of this guidance will have a material impact on our financial statements.

VISTA GOLD CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(All dollar amounts in U.S dollars and in thousands, except per share, per option, per warrant and per ounce amounts unless otherwise noted)

4. Other Investments

Midas Gold Corp. Combination

In April 2011, Vista completed a combination with Midas Gold, Inc. (the "Combination"), creating Midas Gold Corp., whereby Vista was issued 30,402,615 Midas Gold Shares. Concurrently with the Combination, we purchased 1,400,000 Midas Gold Shares for an aggregate purchase price of \$3,632 as part of a private placement. Following completion of these transactions, Vista held a total of 31,802,615 Midas Gold Shares representing 24.9% of the Midas Gold Shares outstanding as of December 31, 2013.

During February 2014, we sold 16,000,000 Midas Gold Shares at a price of C\$0.80 (\$0.73) per Midas Gold share for net proceeds of \$10,560 reducing the total of our Midas Gold Shares to 15,802,615 or approximately 11.2% (reduced to 5.5% in March 2015, Note 19) of the outstanding Midas Gold Shares outstanding, on a non-dilutive basis, as of September 30, 2014.

In addition, during February 2014, we entered into a lockup agreement whereby agreed not to sell any of the Midas Gold Shares we hold for a period of 12 months. As the lockup period expires in February 2015, we have reclassified our investment in Midas Gold Shares from non-current assets as of December 31, 2013 to current assets as of December 31, 2014.

Upon initial recognition of its investment in the Midas Gold Shares, Vista elected to apply the fair value option, and as such, the investment is recorded at fair value in the Consolidated Balance Sheets. Subsequent changes in fair value are recorded in the Consolidated Statements of Income/(Loss) and Comprehensive Income/(Loss) in the period in which they occur.

The following table summarizes our investment in Midas Gold Shares as at December 31, 2014 and 2013.

	Years Ended December 31,	
	2014	2013
Fair value at beginning of period	\$ 20,990	\$ 69,489
Sale of Midas Gold Shares, net of costs to sell	(10,560)	-
Unrealized gain/(loss) based on the fair value at the end of the period	(4,267)	(48,499)
Fair value at end of period	\$ 6,163	\$ 20,990
Estimated tax benefit/(expense) for the period	\$ 1,478	\$ 17,915
Midas Gold shares held at the end of the period	15,802,615	31,802,615

The change in the presentation of the Company's current and non-current deferred tax balances during 2014 is primarily attributable to the re-classification, from non-current to current, of U.S. deferred tax liabilities associated with our investment in Midas Gold Shares. The classification of the deferred tax balances was also impacted by the sale of a portion of our Midas Gold Shares, as discussed above. Our sale of Midas Gold Shares in February 2014 resulted in a reduction of current deferred tax assets for U.S. net operating loss carry forwards and of non-current U.S. deferred tax liabilities associated with our Midas Gold Shares investment.

As we elected the fair value option to account for our investment in Midas Gold Shares, we are required to provide summarized information for the period in which we held a greater than 20% interest in the outstanding Midas Gold Shares. As a result, summarized financial information for Midas Gold Corp. as of December 31, 2013 and 2012 and for the years ended December 31, 2013 and 2012, which are prepared in accordance with International Financial Reporting Standards and filed on March 14, 2014, is as follows.

	December 31, 2013	December 31, 2012
Total current assets	\$ 14,742	\$ 19,864
Total non-current assets	186,673	175,957
Total current liabilities	2,432	5,108
Total non-current liabilities	919	380
Total equity	198,064	190,333

VISTA GOLD CORP.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(All dollar amounts in U.S dollars and in thousands, except per share, per option, per warrant and per ounce amounts unless otherwise noted)

	Year ended December 31,	
	2013	2012
Operating expense	\$ 3,908	\$ 7,813
Net loss	3,796	7,180

## 5. Mineral Properties

	At December 31, 2014	At December 31, 2013
Mt. Todd, Australia	\$ 2,146	\$ 2,146
Guadalupe de los Reyes, Mexico	2,224	2,752
Los Cardones, Mexico	1,036	1,536
Long Valley, United States	-	750
	\$ 5,406	\$ 7,184

## Guadalupe de los Reyes

During January 2014, we announced that we signed a non-binding letter of intent (the "LOI") to option our interest in the Guadalupe de los Reyes gold/silver project in Sinaloa, Mexico (the "Guadalupe de los Reyes gold/silver project") to

Cangold Limited (“Cangold”).

The LOI provided that a non-refundable \$50 payment be made during January 2014 to Vista for which Cangold was given a 90 day period of exclusivity (the “Exclusivity Period”) to complete due diligence and negotiate and enter into a definitive option agreement with Vista (the “Option Agreement”).

During April 2014, Minera Gold Stake S.A. de C.V. (“MGS”), Vista’s wholly-owned subsidiary, entered into the Option Agreement to option its interest in the Guadalupe de los Reyes gold/silver project to Cangold.

Pursuant to the terms of the Option Agreement, Vista has granted Cangold the right to earn a 70% interest in the Guadalupe de los Reyes gold/silver project by:

- making payments totaling \$5,000 in five payments over a three-year period, with payments totaling \$1,000 in the first year (comprised of \$500 received in 2014 and \$500 received in February 2015 (postponed from January 2015)), \$1,500 in the second year and \$2,500 in the third year;
- operating the Guadalupe de los Reyes gold/silver project maintaining the concessions comprising the Guadalupe de los Reyes gold/silver project in good standing; and
- fulfilling all of the obligations of MGS to the Ejido La Tasajera (the “Ejido”) as set out in the temporary occupation contract between MGS and the Ejido.

The Option Agreement provides that all cash payments are non-refundable and optional to Cangold, and in the event Cangold fails to pay any of the required amounts on the scheduled dates or fails to comply with its other obligations, the Option Agreement will terminate and Cangold will have no interest in the Guadalupe de los Reyes gold/silver project. Provided it is not in breach of the Option Agreement, Cangold may at its discretion advance the above payment schedule and exercise the initial option for a 70% interest in the Guadalupe de los Reyes gold/silver project any time during the three-year period.

Subject to Cangold earning a 70% interest in the Guadalupe de los Reyes gold/silver project, MGS has granted Cangold the option to earn the remaining 30% interest in the Guadalupe de los Reyes gold/silver project, by notifying MGS of a production decision no later than the tenth anniversary of exercising the first option and by making a cash payment to Vista of \$3,000 plus an additional cash payment based on a formula that includes the growth, if any, in estimated National Instrument 43-101 – Standards of Disclosure for Mineral Projects compliant Measured and Indicated mineral resources of the Guadalupe de los Reyes gold/silver project, and the then prevailing spot gold price (“Escalator Payment”).

VISTA GOLD CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(All dollar amounts in U.S dollars and in thousands, except per share, per option, per warrant and per ounce amounts unless otherwise noted)

Should Cangold determine not to put the Guadalupe de los Reyes gold/silver project into production, the Option Agreement provides MGS with the right to buy back Cangold's 70% interest in the Guadalupe de los Reyes gold/silver project for a cash payment of \$5,000 plus the Escalator Payment described above. If MGS does not exercise its buyback option, MGS will still retain a right of first refusal should Cangold elect to sell its 70% interest in the Guadalupe de los Reyes gold/silver project to a third party.

Los Cardones

During October 2013, we sold our 100% debt and equity participation in the Los Cardones gold project located in Baja California Sur, Mexico ("Los Cardones Sale") to Investure and RPG Structrued Finance S.a.R.L. (the "Purchasers") for a total of \$13,000 (\$7,000 of which was paid in October 2013 and \$6,000 was payable January 2014 (the "Subsequent Payment") subject to the Purchasers' option to elect to not make the Subsequent Payment). If the Purchasers elect to not make the Subsequent Payment, we would retain all payments already received and 100% of the Los Cardones gold project would be returned to us. In January 2014, the due date for the Subsequent Payment was extended to July 31, 2014 (the "First Extension") for additional consideration of \$250 payable on July 31, 2014. As a result of permitting delays, we and the Purchasers agreed to an additional extension of the due date of the Subsequent Payment to January 30, 2015 (the "Second Extension") for additional consideration of \$250. The Company received a cash payment of \$500 comprising the aggregate consideration for the grant of the First Extension and the Second Extension during August 2014. In October 2014, Investure announced that the Los Cardones gold project, had been suspended because the conditions for its development were not favorable at that time. Since making this announcement, there have been no apparent significant favorable changes to incentivize Investure to lift the suspension. In January 2015 we agreed to amend the payment terms (the "Amendment") of the acquisition of the Los Cardones gold project. Under the Amendment, the Company received a payment of \$3,000 cash from the Purchasers as full and final payment for 100% of the Company's interest in the project. This will result in a realized gain of approximately \$2,000 during 2015.

Long Valley

We acquired the Long Valley gold project in 2003. During 2014, we completed a review of the permitting process and probable impediments to developing the project, and concluded that the permitting process would consume an inordinate amount of our limited resources and time. Accordingly, we will not attempt to advance this project in the foreseeable future. As a result, an impairment amount equal to the \$750 carrying value has been included in our

Edgar Filing: VISTA GOLD CORP - Form 10-K

Consolidated Statements of Income/(Loss) and Comprehensive Income/(Loss) for the year ended December 31, 2014.

6. Plant and Equipment

	December 31, 2014			December 31, 2013		
	Cost	Accumulated depreciation	Net	Cost	Accumulated depreciation	Net
Mt Todd, Australia	\$ 5,483	\$ 2,756	\$ 2,727	\$ 5,476	\$ 1,993	\$ 3,483
Guadalupe de los Reyes, Mexico	17	8	9	17	5	12
Corporate, United States	403	297	106	780	577	203
Plant and equipment	\$ 5,903	\$ 3,061	\$ 2,842	\$ 6,273	\$ 2,575	\$ 3,698
	December 31, 2014			December 31, 2013		
	Book value beginning of period	Write-downs during the period	Book value end of period	Book value beginning of period	Write-downs during the period	Book value end of period
Assets held for sale	\$ 6,500	\$ -	\$ 6,500	\$ 10,000	\$ 3,500	\$ 6,500

During the year ended December 31, 2013, given the relatively weak market conditions in the gold mining sector, based on an updated independent assessment from a third party, we recorded a Level 3 (Note 14) impairment charge of \$3,500 to write down the value of the mill equipment which is held for sale. The impairment charge is based on an estimated sale value of \$7,300, net of commissions and other costs to sell of approximately \$800 and has been included in our Consolidated Statements of Income/(Loss) and



VISTA GOLD CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(All dollar amounts in U.S dollars and in thousands, except per share, per option, per warrant and per ounce amounts unless otherwise noted)

Comprehensive Income/(Loss) for the year ended December 31, 2013. There was no such charge for the year ended December 31, 2014.

7. Amayapampa Interest

As of December 31, 2014, the Company owned an interest in the Amayapampa gold project in Bolivia, comprised of a right to receive an NSR royalty on future gold production, if any, plus certain additional cash payments if the project successfully starts commercial production. The fair value of the Amayapampa interest had been estimated at \$4,813.

In December 2014, the owner of the Amayapampa gold project completed the sale of 100% of the project to a private investor. Accordingly, we evaluated the carrying value of our interest in Amayapampa. Given the frequency of ownership changes over the past several years, the conditions in gold market, and the political climate in Bolivia, we concluded that there is no more than a remote possibility that the Amayapampa project will be successfully developed and operated within the foreseeable future, and an impairment amount equal to the \$4,813 carrying value has been included in our Consolidated Statements of Income/(Loss) and Comprehensive Income/(Loss) for the year ended December 31, 2014.

8. Debt

During March 2013, the Company entered into a credit agreement with Sprott Resources Lending Partnership (the "Lender") for purposes of establishing a C\$10,000 loan facility (the "2013 Facility") (\$9,637 proceeds net of transaction costs). The 2013 Facility bore an interest rate of 8% per annum, payable monthly and originally matured March 2014, with early repayment of the 2013 Facility allowed, at the Company's option, provided that at least four months interest had been paid. In September 2013, the Company and the Lender agreed to extend the maturity date of the 2013 Facility to March 2015.

In addition to interest, the 2013 Facility provided the Lender total fees of 3.5% of the 2013 Facility amount, including C\$100 (\$99) in cash and the issuance of 125,798 Vista common shares. As consideration for the extended maturity date, we paid the Lender an extension fee comprised of 486,382 Vista common shares.

The 2013 Facility was secured by a general security agreement with certain exclusions. As additional security, the Company pledged all the Company's Midas Gold Shares (Note 4).

During October 2013, in accordance with the terms of the 2013 Facility, the Company repaid approximately \$2,960 towards the 2013 Facility principal outstanding using proceeds from the Los Cardones sale (Note 5).

During February 2014, in accordance with the terms of the 2013 Facility, the Company repaid approximately \$5,000 towards the 2013 Facility principal then outstanding using proceeds from the sale of Midas Gold Shares (Note 4). During March 2014, we repaid the outstanding principal balance of \$1,344 in full.

## 9. Capital Stock

### Private Placement, July 2012

During July 2012, we closed a private placement of 5,000,000 units (the "July 2012 Units") for gross proceeds of \$15,000 (the "July 2012 Offering"). Each July 2012 Unit consisted of one common share in the capital of the Company and one-half of one common share purchase warrant (each full warrant, a "July 2012 Warrant"). Each July 2012 Warrant entitled the holder thereof to purchase one common share at a price of \$3.60 per share (subject to adjustment in certain circumstances) and was exercisable for a period of 24 months from the closing of the July 2012 Offering. In connection with the July 2012 Offering, we incurred \$770 in commissions and other costs and issued a total of 166,667 compensation warrants to finders that provided services in respect of subscriptions for 3,333,334 July 2012 Units. Each compensation warrant entitled the holder thereof to purchase one common share at a price of \$3.18 per share (subject to adjustment in certain circumstances) for a period of 24 months from the closing of the July 2012 Offering. On September 29, 2012, we filed a registration statement on Form S-3 related to the resale by the purchasers of the July 2012 Units of the Common Shares issued as part of the Units and Common Shares issuable upon exercise of the July 2012 Warrants and compensation warrants. All of the July 2012 Warrants expired, unexercised, in July 2014.

VISTA GOLD CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(All dollar amounts in U.S dollars and in thousands, except per share, per option, per warrant and per ounce amounts unless otherwise noted)

Public Offering, December 2012

During December 2012, we closed a public offering of 4,182,550 units (the “December 2012 Units”), which included 545,550 December 2012 Units issued pursuant to the full exercise of the underwriters’ over-allotment option, for gross proceeds of \$11,500 (the “December 2012 Offering”). Each December 2012 Unit consisted of one common share in the capital of the Company and one-half of one common share purchase warrant (each full warrant, a “December 2012 Warrant”). Each December 2012 Warrant entitled the holder thereof to purchase one common share at a price of \$3.30 per share (subject to adjustment in certain circumstances) and was exercisable for a period of 24 months from the closing of the December 2012 Offering. In connection with the December 2012 Offering, the Company incurred approximately \$1,258 in commissions and other costs. All of the December 2012 Warrants expired, unexercised, in December 2014.

Other issuances

During the year ended December 31, 2014, we issued 115,000 common shares in connection with the vesting of RSUs.

During the year ended December 31, 2013, we issued 99,539 common shares in connection with the vesting of RSUs and 612,180 common shares as part of the 2013 Facility (Note 8) which had a fair value of \$490 at the time of issuance.

On March 13, 2012, the Company received \$733 in proceeds from the issuance of 225,000 common shares resulting from the exercise of 225,000 compensation options issued in April 2011. On April 18, 2012, the Company received \$1,100 in proceeds from the issue of 478,261 common shares resulting from the exercise of 478,261 compensation warrants issued in October 2010. On August 10, 2012, the Company received \$265 in proceeds from the issuance of 115,217 common shares resulting from an exercise of 115,217 compensation warrants issued in October 2010.

10. Additional Paid-in Capital

## Warrants

Warrant activity is summarized in the following table:

	Warrants outstanding	Weighted average exercise price per share	Weighted average remaining life (yrs.)	Intrinsic value
As of December 31, 2012	19,977,743	\$ 4.25	2.6	\$ -
As of December 31, 2013	19,977,743	\$ 4.63	1.6	\$ -
Expired	(4,757,941)			
As of December 31, 2014	15,219,802	\$ 5.00	0.8	\$ -

The 15,219,802 outstanding warrants expire in October 2015. The exercise price for the 15,219,802 warrants is \$5.00 per common share.

## Compensation Options

	Compensation options outstanding	Weighted average exercise price per share	Expiry date	Weighted average remaining life (yrs.)
As of December 31, 2012	225,000	\$ 3.30	April 2013	0.3
Exercised	(225,000)			
As of December 31, 2013	-			
As of December 31, 2014	-			

## Stock-Based Compensation

Under our Stock Option Plan (the "Plan") and our Long-Term Equity Incentive Plan (the "LTIP"), we may grant options and/or RSUs



VISTA GOLD CORP.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(All dollar amounts in U.S dollars and in thousands, except per share, per option, per warrant and per ounce amounts unless otherwise noted)

or restricted stock awards to our directors, officers, employees and consultants. The combined maximum number of our Common Shares that may be reserved for issuance under the Plan and the LTIP is a variable number equal to 10% of the issued and outstanding Common Shares on a non-diluted basis. Options and RSUs under the Plan and LTIP, respectively, are granted from time to time at the discretion of the Board, with vesting periods and other terms as determined by the Board. Stock-based compensation expense for the years ended December 31, 2014, 2013 and 2012 is as follows:

	Year ended December 31,		
	2014	2013	2012
Stock options	\$ 160	\$ 370	\$ 1,081
Restricted stock units	966	372	3,144
	\$ 1,126	\$ 742	\$ 4,225

As of December 31, 2014, stock options and RSUs had unrecognized compensation expense of \$26 and \$879, respectively, which is expected to be recognized over a weighted average period of 3.99 and 1.36 years, respectively.

## Stock Options

A summary of option activity under the Plan as of December 31, 2014 and 2013 and changes during the period then ended is set forth in the following table:

Number of options	Weighted average exercise price per option	Weighted average remaining contractual term	Aggregate intrinsic value
----------------------	---	---	------------------------------

Edgar Filing: VISTA GOLD CORP - Form 10-K

Outstanding - December				
31, 2012	3,102,500	\$ 2.80	2.68	\$ 637
Granted	985,000	0.36		
Cancelled/Forfeited	(450,000)	3.07		
Expired	(755,000)	3.32		
Outstanding - December				
31, 2013	2,882,500	1.79	3.07	54
Granted	175,000	0.52		
Cancelled/Forfeited	(125,000)	3.16		
Expired	(675,000)	1.85		
Outstanding - December				
31, 2014	2,257,500	\$ 1.60	3.02	\$ -
Exercisable - December				
31, 2014	2,011,250	\$ 1.75	2.90	\$ -

A summary of our unvested stock options as of December 31, 2014 and 2013 and changes during the period then ended is set forth in the following table:

	Number of options	Weighted average grant-date fair value per option	Weighted average remaining amortization period (Years)
Unvested - December			
31, 2012	300,000	\$ 1.47	
Granted	985,000	0.22	
Vested	(546,250)	0.90	
Unvested - December			
31, 2013	738,750	0.22	
Granted	175,000	0.30	
Vested	(667,500)	0.24	
Unvested - December			
31, 2014	246,250	\$ 0.22	3.99

The fair value of stock options granted to employees, directors and consultants was estimated at the grant date using the Black-Scholes option pricing model using the following assumptions:

## VISTA GOLD CORP.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(All dollar amounts in U.S dollars and in thousands, except per share, per option, per warrant and per ounce amounts unless otherwise noted)

	Years ended December 31,		
	2014	2013	2012
Expected volatility	69.17%	72.26%	81.69% - 83.67%
Risk-free interest rate	1.75%	1.70%	0.77% - 0.88%
Expected life (years)	5	5	5
Dividend yield	N/A	N/A	N/A
Forfeiture rate	10%	15%	15%

Option pricing models require the input of highly subjective assumptions, including the expected price volatility. Expected price volatility is based on the historical volatility of our common shares. Changes in the subjective input assumptions can materially affect the fair value estimate. The expected term of the options granted represents the period of time that the options granted are expected to be outstanding. The risk-free rate for the periods within the contractual term of the option is based on the U.S. Treasury yield curve in effect at the date of grant.

## Restricted Stock Units

The following table summarizes the RSU activity under the LTIP as of December 31, 2014 and 2013 and changes during the years then ended:

	Number of units	Weighted average grant-date fair value per RSU
Unvested - December 31, 2012	1,994,507	\$ 3.50
Cancelled	(1,133,592)	2.58
Vested	(116,875)	3.51
Granted	1,850,424	0.82
Unvested - December 31, 2013	2,594,464	2.00
Cancelled	(865,635)	3.42
Vested	(115,000)	3.84
Granted	2,079,000	0.46
Unvested - December 31, 2014	3,692,829	\$ 0.74



A portion of the RSU awards vest on a fixed future date provided the recipient continues to be affiliated with Vista on that date. Other RSU awards vest subject to certain performance and market criteria, including the accomplishment of certain corporate objectives and the Company's share price performance. The vesting period for RSUs is at least one year. The average forfeiture is approximately 29%, based on historical market conditions.

## 11. Accumulated Other Comprehensive Income/(Loss)

	Accumulated other comprehensive income/(loss)	Accumulated other comprehensive income, net of tax
As of December 31, 2012	\$ 2	\$ 2
Other comprehensive gain/(loss) due to change in fair market value of marketable securities during period before reclassifications	268	228
Reclassifications due to realization of gain/(loss) on sale of marketable securities (1)	(54)	(46)
Reclassifications due to write-down of marketable securities (2)	(275)	(234)
As of December 31, 2013	(59)	(50)
Other comprehensive gain/(loss) due to change in fair market value of marketable securities during period before reclassifications	21	18
Reclassifications due to realization of gain/(loss) on sale of marketable securities (1)	(24)	(20)
Reclassifications due to write-down of marketable securities (2)	73	62
As of December 31, 2014	\$ 11	\$ 10

VISTA GOLD CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(All dollar amounts in U.S dollars and in thousands, except per share, per option, per warrant and per ounce amounts unless otherwise noted)

- (1) Reclassified to gain/(loss) on sale of marketable securities on the Consolidated Statement of Income/(Loss) and Comprehensive Income/(Loss).
- (2) Reclassified to write-down of marketable securities on the Consolidated Statement of Income/(Loss) and Comprehensive Income/(Loss).

## 12. Weighted Average Common Shares

	At December 31,	
	2014	2013
Basic common shares	82,294,331	81,813,386
Diluted common shares	82,294,331	81,813,386

Stock options to purchase 2,257,500 and 2,882,500 common shares, unvested RSUs representing 3,692,829 and 2,594,464 common shares, and warrants to purchase 15,219,802 and 19,977,743 common shares were outstanding at December 31, 2014 and 2013, respectively, but were not included in the computation of diluted weighted average common shares outstanding because their effect would have been anti-dilutive.

## 13. Commitments and Contingencies

Our exploration and development activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and are generally becoming more restrictive. As such, the future expenditures that may be required for compliance with these laws and regulations cannot be predicted. We conduct our operations to minimize effects on the environment and believe our operations are in compliance with applicable laws and regulations in all material respects. The Company has accrued \$250 with respect to loss contingencies related to a contract dispute that has not yet been resolved. It is possible that the final settlement may vary from this amount; however, an estimate of the final settlement cannot reasonably be determined at this time.

Under our agreement with the Jawoyn Association Aboriginal Corporation (the "JAAC"), we must offer the JAAC the opportunity to establish a joint venture with Vista holding 90% and the JAAC holding a 10% participating interest in the Mt Todd gold project. In addition, the JAAC will be entitled to an annual cash payment, or payment in kind, equal to 1% of the value of the annual gold production from the current mining licenses, and a 1% NSR royalty on other metals, subject to a minimum payment of A\$50 per year.



## VISTA GOLD CORP.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(All dollar amounts in U.S dollars and in thousands, except per share, per option, per warrant and per ounce amounts unless otherwise noted)

## 14. Fair Value Accounting

The following table sets forth the Company's assets measured at fair value by level within the fair value hierarchy. As required by accounting guidance, assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

	Fair value at December 31, 2014		
	Total	Level 1	Level 3
Assets:			
Marketable securities	\$ 137	\$ 137	\$ -
Other Investments (Midas Gold Shares)	6,163	6,163	-
Mill Equipment	6,500	-	6,500
	Fair value at December 31, 2013		
	Total	Level 1	Level 3

Assets:			
Cash equivalents	\$ 3,000	\$ 3,000	\$ -
Marketable securities	176	176	-
Other Investments (Midas Gold Shares)	20,990	20,990	-
Amayapampa interest (Note 7)	4,813	-	4,813
Mill Equipment	6,500	-	6,500

Our cash equivalent instruments, marketable securities and investment in Midas Gold Shares are classified as Level 1 of the fair value hierarchy as they are valued at quoted market prices in an active market.

The Company incurred a Level 3 impairment loss on certain mill equipment (Note 6) for the year ended December 31, 2013. This equipment was valued at \$6,500 at December 31, 2014 and 2013 based on a third party assessment of the projected sale value, net of commissions and other costs to sell, giving full consideration to current market conditions and an orderly sale process. This valuation was used to determine the Level 3 impairment charge taken in 2013. The mill equipment is categorized as assets held for sale on the Consolidated Balance Sheets.

During 2014, the Company wrote-off the Level 3 non-recurring carrying values of the Amayapampa interest (Note 7) and the Long Valley gold project (Note 5).

At December 31, 2014, the assets classified within Level 3 of the fair value hierarchy represent 51% of the total assets measured at fair value. There were no transfers between levels nor were there any changes in valuation methods in 2014.

#### 15. Supplemental Cash Flow Information and Material Non-Cash Transactions

As of December 31, 2014 and 2013, all of our cash was held in liquid bank deposits and/or treasury bills.

There were no significant non-cash transactions for the year ended December 31, 2014.

Significant non-cash transactions during the year ended December 31, 2013 included the issuance of 612,180 common shares in connection with the 2013 Facility (Note 8). In addition, during December 2013, we entered into a share purchase agreement (the "Purchase Agreement") to convert our interest in the Awak Mas gold project into a net smelter return royalty ("Royalty") on the project. The Purchase Agreement provides for the termination of the JV Agreement and additional option agreements and the acquisition of 100% of the outstanding shares of Vista Gold (Barbados) Corp, the entity that indirectly holds the Awak Mas gold project. In exchange, (a) Awak Mas Holdings Pty. Ltd. ("AM Holdings") agreed to forego certain cash payments due to have been paid by Vista as AM Holdings completed the earn-in of its interest in the project and (b) Vista will receive a Royalty of 2% on the first 1.25 million ounces of gold production and 2.5% on the next 1.25 million ounces of gold production from the Awak Mas gold project.

Significant non-cash transactions during the year ended December 31, 2012 included the issuance of 166,667 warrants as compensation to the finders that provided services in connection with our July 2012 Offering (Note 9).

VISTA GOLD CORP.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(All dollar amounts in U.S dollars and in thousands, except per share, per option, per warrant and per ounce amounts unless otherwise noted)

During the years ended December 31, 2014 and 2013, we paid interest associated with the 2013 Facility of \$78 and \$551, respectively. No interest was incurred during 2012.

## 16. Income Taxes

The Company's provision for income taxes for the year ended December 31, 2014, 2013 and 2012, consists of a deferred tax benefit of \$nil, and \$15,373 and \$20,147, respectively. The Company has not recognized a current income tax expense or benefit due to overall loss positions. The deferred income tax benefit being recognized at December 31, 2013 and 2012 relates primarily to the unrealized loss and underlying basis difference in the Company's investment in Midas Gold Shares (Note 4).

## Tax Expense

Income tax expense consists of the following:

	Years ended December 31,		
	2014	2013	2012
Deferred income tax benefit			
U.S.	\$ -	\$ (15,373)	\$ (20,147)
Canada	-	-	-
Other Foreign	-	-	-
Total tax benefit	\$ -	\$ (15,373)	\$ (20,147)

## Source of Loss

The Company's U.S. and foreign source loss is as follows:

	Years ended December 31,		
	2014	2013	2012
U.S.	\$ (6,705)	\$ (49,124)	\$ (52,448)
Canada	(7,750)	(9,540)	(11,962)
Other Foreign	(4,471)	(16,197)	(26,393)
	\$ (18,926)	\$ (74,861)	\$ (90,803)



## VISTA GOLD CORP.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(All dollar amounts in U.S dollars and in thousands, except per share, per option, per warrant and per ounce amounts unless otherwise noted)

## Rate Reconciliation

A reconciliation of the combined income taxes at the statutory rates and the Company's effective income tax benefit is as follows:

	Years ended December 31,		
	2014	2013	2012
Income taxed at statutory rates	\$ (7,314)	\$ (28,916)	\$ (34,860)
Increase (decrease) in taxes from:			
Stock-based compensation	41	13	147
Meals and entertainment	3	9	3
Loss related to Mexico	-	(2,632)	-
Other adjustments	-	(9)	6
Adjustment due to capital transactions	-	(60)	(733)
Imputed interest	3	3	24
Realized fx gain (loss) on intercompany balances	-	(3)	(3)
Prior year provision to actual adjustments	(4,511)	9,961	(40)
Differences in tax rates	541	3,451	3,905
Effect of foreign exchange	276	-	(340)
Change in effective tax rate	(1)	(407)	(333)
Expiration of NOLs	189	437	70
Change in valuation allowance	10,773	2,780	12,007
Income tax (benefit)/expense	\$ -	\$ (15,373)	\$ (20,147)

## Deferred Taxes

Deferred income taxes reflect the net effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The significant components of our deferred tax assets and liabilities as at December 31 are as follows:

December 31,

Edgar Filing: VISTA GOLD CORP - Form 10-K

	2014	2013	2012
Deferred income tax assets			
Excess tax basis over book basis of property, plant and equipment	\$ 7,893	\$ 7,496	\$ 8,001
Marketable securities	798	661	62
Operating loss carryforwards	35,001	36,367	37,635
Capital loss carryforwards	10,212	5,474	2,630
Other	2,891	1,541	3,219
Unrealized foreign exchange on loans	-	79	217
Total future tax assets	56,795	51,618	51,764
Valuation allowance for future tax assets	(54,397)	(43,955)	(41,817)
	2,398	7,663	9,947
Deferred income tax liabilities			
Other investments	1,916	7,181	24,839
Amayapampa disposal consideration	482	482	482
	2,398	7,663	25,321
Total Deferred Taxes	\$ -	\$ -	\$ (15,374)

Valuation Allowance on Canadian and Foreign Tax Assets

We establish a valuation allowance against the future income tax assets if, based on available information, it is more likely than not

## VISTA GOLD CORP.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(All dollar amounts in U.S dollars and in thousands, except per share, per option, per warrant and per ounce amounts unless otherwise noted)

that all of the assets will not be realized. The valuation allowance of \$54,397, \$43,955 and \$41,817 at December 31, 2014, 2013 and 2012, respectively, relates mainly to net operating loss carryforwards, in Canada and other foreign tax jurisdictions, where the utilization of such attributes is not more likely than not. The Company continually assesses both positive and negative evidence to determine whether it is more likely than not that deferred tax assets can be realized prior to their expiration.

## Loss Carryforwards

The Company has available income tax losses of \$59,062, which may be carried forward and applied against future taxable income when earned.

The losses expire as follows:

	Noncapital Canada (1)	U.S.	Mexico	Barbados	Total
2014	\$ -	\$ -	\$ -	\$ -	\$ -
2015	(889)	-	-	(2)	(891)
2016	-	-	-	(1)	(1)
2017	-	-	-	(6)	(6)
2018	-	-	-	(20)	(20)
2019	-	-	-	(42)	(42)
2020	-	-	-	(20)	(20)
2021	-	-	-	(31)	(31)
2022	-	-	(6)	(23)	(29)
2023	-	-	(397)	-	(397)
2024	-	-	(140)	-	(140)
2025	-	-	-	-	-
2026	(1,027)	(1,166)	-	-	(2,193)
2027	(847)	(1,700)	-	-	(2,547)
2028	(5,245)	(1,719)	-	-	(6,964)
2029	(4,022)	(1,970)	-	-	(5,992)
2030	(5,032)	(1,827)	-	-	(6,859)

Edgar Filing: VISTA GOLD CORP - Form 10-K

2031	(3,806)	(3,407)	-	-	(7,213)
2032	(6,397)	(2,323)	-	-	(8,720)
2033	(9,576)	(3,098)	-	-	(12,674)
2034	(4,323)	-			(4,323)
	\$ (41,164)	\$ (17,210)	\$ (543)	\$ (146)	\$ (59,062)

(1) Canadian capital loss carryforwards of \$36,524 and Australian NOLs of \$67,064, which do not expire and are therefore not included above.

Of the total Canadian net operating loss, \$18,628 relates to an equity component for share-issuance cost deduction for which no tax benefit for financial reporting purposes in the income statement will be recognized.

#### Accounting for uncertainty in taxes

Accounting Standards Codification Topic 740 guidance requires that the Company evaluate all income tax positions taken, and recognize a liability for any uncertain tax positions that are not more likely than not to be sustained by the tax authorities. As of December 31, 2014, the Company believes it has no liability for unrecognized tax positions. If the Company were to determine there were any uncertain tax positions, the Company would recognize the liability and related interest and penalties within income tax expense.

#### Tax statute of limitations

The Company files income tax returns in Canada, U.S. federal and state jurisdictions and other foreign jurisdictions. There are

VISTA GOLD CORP.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(All dollar amounts in U.S dollars and in thousands, except per share, per option, per warrant and per ounce amounts unless otherwise noted)

currently no tax examinations underway for these jurisdictions. Furthermore, the Company is no longer subject to Canadian tax examinations by the Canadian Revenue Authority for years ended on or before December 31, 2003 or U.S. federal income tax examinations by the Internal Revenue Service for years ended on or before December 31, 2011. Some U.S. state and other foreign jurisdictions are still subject for tax examination for years ended on or before December 31, 2010.

Although certain tax years are closed under the statute of limitations, tax authorities can still adjust losses being carried forward into open years.

### 17. Geographic and Segment information

The Company has one reportable operating segment, consisting of evaluation, acquisition, and exploration activities. We evaluate, acquire, explore and advance gold exploration and potential development projects, which may lead to gold production or value adding strategic transactions. These activities are focused principally in Australia and North America. We reported no revenues during the years ended December 31, 2014, 2013 and 2012. Geographic location of mineral properties and plant and equipment is provided in Notes 5 and 6, respectively.

### 18. Related Party Transactions

On April 1, 2009, we entered into an agreement with Sierra Partners LLC (“Sierra”) pursuant to which Sierra provided us with support and analysis of our general corporate finance and strategy efforts. A founder and partner of Sierra is also one of our directors. As compensation for these services, we paid Sierra a monthly retainer fee of \$10 for the duration of the agreement, which was terminated on August 31, 2013. We had made cash payments to Sierra under the agreement totaling \$80 and \$120 for each year ended December 31, 2013 and 2012, respectively.

### 19. Subsequent Events

Los Cardones Payment

In January 2015, we entered into the Amendment with respect to the acquisition of the Los Cardones gold project. Under the Amendment, the Company received a payment of \$3,000 cash from the Purchasers as full and final payment for 100% of the Company's interest in the project. See Note 5.

#### Sale of Midas Gold Shares

In February 2015, we executed an agency agreement with an agent (the "Agent") under which the Agent has arranged to sell up to 8,000,000 Midas Gold Shares at a price of C\$0.46 per Midas Gold Share for aggregate gross proceeds of up to C\$3,680 (the "Sale"). A portion of the Midas Gold Shares may be sold pursuant to a finder's agreement between us and a finder (the "Finder") on the same offering terms. In consideration for the services to be provided by the Agent, and if applicable, the Finder, in connection with sale of the Midas Gold Shares, the Agent or the Finder (as applicable) will receive a cash fee equal to 4% of the gross proceeds from the sale of the Midas Gold Shares.

Following the sale of the Midas Gold Shares, our holding would be reduced to 7,802,615 common shares of Midas Gold Corp, representing 5.5% of the outstanding common shares of Midas Gold Corp. We have agreed that following the closing of the Sale, we will not sell any of the remaining Midas Gold Shares for a period of six months following closing.

#### Guadalupe de los Reyes Payment

In February 2015, we received the \$500 option payment from Cangold which had been postponed from January 2015. See Note 5.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

Effective on June 20, 2014, the Company, upon recommendation from its audit committee, changed auditors from PricewaterhouseCoopers LLP, Denver, Colorado (“PwC”) to EKS&H LLLP, Denver, Colorado (“EKS&H”). After completing a competitive process, the Company made the change as a result of ongoing efforts to reduce operating costs. On June 20, 2014 at the Company’s request and upon mutual agreement, PwC resigned as the independent registered public accounting firm of the Company. The request for resignation of PwC was recommended and approved by the Company’s audit committee.

PwC’s reports on the Company’s consolidated financial statements for each of the past two fiscal years ended December 31, 2013 and 2012 did not contain any adverse opinion or disclaimer of opinions and were not qualified or modified as to uncertainty, audit scope or accounting principles.

During the two most recent fiscal years and the subsequent interim period through June 20, 2014, there have been no disagreements with PwC on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreement(s), if not resolved to the satisfaction of PwC, would have caused it to make references to the subject matter of the disagreement(s) in connection with its reports on the Company’s consolidated financial statements for such years.

There have been no reportable events (as defined in Item 304(a)(1)(v) of Regulation S-K) that have occurred during the two most recent fiscal years and the subsequent interim period through June 20, 2014.

PwC was provided the related disclosure on Form 8-K, and was provided a letter dated June 23, 2014 commenting on the disclosure, pursuant to Item 304(a)(3) of Regulation S-K, which was attached as Exhibit 16.1 to the Form 8-K (and was filed in Canada on SEDAR on June 23, 2014).

Effective June 20, 2014 the Company, upon the recommendation of its audit committee, engaged EKS&H as its principal independent registered public accountant.

During the Company’s two most recent fiscal years and through June 20, 2014, neither the Company nor anyone on its behalf has consulted with EKS&H regarding either (i) the application of accounting principles to a specific transaction, either completed or proposed, or the type of audit opinion that might be rendered on the Company’s consolidated financial statements, nor did EKS&H provide either a written report or oral advice that EKS&H concluded was as important factor considered by the Company in reaching a decision as to accounting auditing or

financial reporting issues, or (ii) any matter that was either the subject of a disagreement within the meaning of Item 304(a)(1)(iv) and the related instruction of Regulation S-K, or a reportable event within the meaning of Item 304(a)(1)(v) of Regulation S-K.

#### ITEM 9A. CONTROLS AND PROCEDURES.

##### Disclosure Controls and Procedures.

At the end of the period covered by this annual report on Form 10-K for the fiscal year ended December 31, 2014, an evaluation was carried out under the supervision of and with the participation of our management, including the Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”), of the effectiveness of the design and operations of our disclosure controls and procedures (as defined in Rule 13a-15(e) and Rule 15d-15(e) under the Exchange Act). Based on that evaluation, the CEO and the CFO have concluded that as of the end of the period covered by this annual report, our disclosure controls and procedures were effective in ensuring that: (i) information required to be disclosed by us in reports that we file or submit to the SEC under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in applicable rules and forms and (ii) material information required to be disclosed in our reports filed under the Exchange Act is accumulated and communicated to our management, including our CEO and CFO, as appropriate, to allow for accurate and timely decisions regarding required disclosure.

##### Internal Control over Financial Reporting.

##### Management’s Report on Internal Control over Financial Reporting.

Management’s report on internal control over financial reporting and the attestation report on management’s assessment are included in “Item 8 Financial Statements” herein.



Attestation Report of the Registered Public Accounting Firm.

EKS&H's attestation report on our internal control over financial reporting is included as part of "Item 8. Financial Statements" herein.

Changes in Internal Controls.

There has been no change in our internal control over financial reporting during the quarter ended December 31, 2014 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION.

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.

Information concerning our executive officers, directors, Audit Committee, Compliance with Section 16(a) of the Exchange Act and Code of Ethics is contained in our definitive Proxy Statement, filed pursuant to Regulation 14A promulgated under the Securities Exchange Act of 1934 for the 2015 Annual Meeting of Stockholders (the "Proxy Statement") and is incorporated herein by reference.

Code of Ethics

We have a code of ethics that applies to all of our employees, officers and directors. The code of ethics is available on our website at [www.vistagold.com](http://www.vistagold.com) and we will post any amendments to, or waivers, from, including an implicit

waiver, the code of ethics on that website.

ITEM 11. EXECUTIVE COMPENSATION.

Information relating to executive compensation will be contained in the Proxy Statement and is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

Information relating to security ownership of certain beneficial owners of our common shares, our equity compensation plans and the security ownership of our management will be contained in the Proxy Statement and is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

Information concerning this item will be contained in the Proxy Statement and is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

Information concerning this item will be contained in the Proxy Statement and is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

Documents Filed as Part of Report

Financial Statements

The following Consolidated Financial Statements of the Corporation are filed as part of this report:

1. Report of Independent Registered Public Accounting Firm.

2. Report of Independent Registered Public Accounting Firm.
  
3. Consolidated Balance Sheets – At December 31, 2014 and 2013.
  
4. Consolidated Statements of Income/(Loss) and Comprehensive Income/(Loss) – Years ended December 31, 2014, 2013, and 2012.
  
5. Consolidated Statements of Cash Flows – Years ended December 31, 2014, 2013, and 2012.
  
6. Consolidated Statements of Shareholders' Equity – Years ended December 31, 2014, 2013, and 2012.
  
7. Notes to Consolidated Financial Statements.

See “Item 8. Consolidated Financial Statements and Supplementary Data”.

#### Financial Statement Schedules

Schedule A - The Consolidated Financial Statements and Management's Discussion and Analysis of Midas Gold Corp. as at and for the years ended December 31, 2013 and 2012.

No other financial statement schedules are filed as part of this report because such schedules are not applicable or the required information is shown in the Consolidated Financial Statements or notes thereto. See “Item 8. Financial Statements and Supplementary Data”.

#### Exhibits

The following exhibits are filed as part of this report:

Exhibit

Number	Description
3.01	Certificate of Continuation, previously filed as Exhibit 3.1 to the Corporation's Form 8-K dated June 12, 2013 and incorporated by reference herein (File No. 1-9025)
3.02	Notice of Articles, previously filed as Exhibit 3.2 to the Corporation's Form 8-K dated June 12, 2013 and incorporated herein by reference (File No. 1-9025)
3.03	Articles, previously filed as Exhibit 3.3 to the Corporation's Form 8-K dated June 12, 2013 and incorporated herein by reference (File No. 1-9025)
10.01*	Stock Option Plan of Vista Gold filed as Appendix C to the Corporation's Proxy Statement on April 9, 2010 and incorporated herein by reference (File No. 1-9025)
10.02*	Long Term Equity Incentive Plan of Vista Gold filed as Appendix D to the Corporation's Proxy Statement on April 9, 2010 incorporated herein by reference (File No. 1-9025)
10.03	Agreement, dated March 1, 2006, among the Northern Territory of Australia, Vista Gold Australia Pty. Ltd. and Vista Gold Corp. filed as Exhibit 10.24 to the Corporation's Annual Report on Form 8-K, dated February 28, 2006 and incorporated herein by reference (File No. 1-9025)
10.04	Earn-In Right Agreement, dated February 7, 2012, filed as Exhibit 10.1 to the Corporation's Current Report on Form 8-K dated February 13, 2012 and incorporated herein by reference (File No. 1-9025)
10.05*	Employment Agreement with John F. Engele, filed as Exhibit 10.1 to the Corporation's Current Report on Form 8-K dated June 1, 2012 and incorporated herein by reference (File No. 1-9025)
10.06*	Employment Agreement with John W. Rozelle, filed as Exhibit 10.1 to the Corporation's Current Report on Form 8-K dated August 6, 2012 and incorporated herein by reference (File No. 1-9025)
10.07*	Amended Employment Agreement of John F. Engele, dated November 1, 2012, previously filed as Exhibit 10.13 to the Corporation's Form 10-K dated March 14, 2013 and incorporated herein by reference (File No. 1-9025)
10.08*	Amended Employment Agreement of Fred Earnest, dated November 1, 2012 previously filed as Exhibit 10.14 to the Corporation's Form 10-K dated March 14, 2013 and incorporated herein by reference (File No. 1-9025)
10.09*	Amended Employment Agreement of John W. Rozelle, dated November 1, 2012 previously filed as Exhibit 10.15 to the Corporation's Form 10-K dated March 14, 2013 and incorporated herein by reference (File No. 1-9025)
10.10	Credit Agreement between the Corporation and Sprott Resource Lending Partnership, dated March 28, 2013, previously filed as Exhibit 10.1 to the Corporation's Form 8-K dated April 2, 2013 and incorporated herein by reference (File No. 1-9025)

- 10.11 General Security  
Agreement between the Corporation and Sprott Resource Lending Partnership, dated March 28, 2013, previously filed as Exhibit 10.2 to the Corporation's Form 8-K dated April 2, 2013 and incorporated herein by reference (File No. 1-9025)
- 10.12 Credit Agreement  
Modification Agreement, previously filed as Exhibit 10.1 to the Corporation's Form 8-K dated September 26, 2013 and incorporated herein by reference (File No. 1-9025)
- 10.13 Terms of Agreement –  
Los Cardones Project, previously filed as Exhibit 10.1 to the Corporation's Form 8-K dated October 8, 2013 and incorporated herein by reference (File No. 1-9025)
- 10.14 Share Purchase  
Agreement between the Corporation and Investure dated October 16, 2013, previously filed as Exhibit 10.13 to the Corporation's Form 10-K dated March 17, 2014 and incorporated herein by reference (File No. 1-9025)
- 10.15 Termination of Trust  
Agreement dated October 16, 2013, previously filed as Exhibit 10.14 to the Corporation's Form 10-K dated March 17, 2014 and incorporated herein

- by reference (File No. 1-9025)
- 10.16 Debt Transfer Agreement dated October 16, 2013, , previously filed as Exhibit 10.15 to the Corporation's Form 10-K dated March 17, 2014 and incorporated herein by reference (File No. 1-9025)
- 10.17 Termination Agreement between Invecture Group, S.A. de C.V., Desarrollos Zapal Holdings Corp., Granges Inc., Desarrollos Zapal, S.A. de C.V. and Vista Gold Corp., dated October 18, 2013, , previously filed as Exhibit 10.16 to the Corporation's Form 10-K dated March 17, 2014 and incorporated herein by reference (File No. 1-9025)
- 10.18 Share Pledge Agreement between the Corporation and Sprott Resource Lending Partnership dated November 8, 2013, , previously filed as Exhibit 10.17 to the Corporation's Form 10-K dated March 17, 2014 and incorporated herein by reference (File No. 1-9025)
- 10.19 Share Pledge Agreement between the Vista Gold US Inc and Sprott Resource Lending Partnership dated November 8, 2013, , previously filed as Exhibit 10.18 to the Corporation's Form 10-K dated March 17, 2014 and incorporated herein by reference (File No.

- 1-9025)
- 10.20 Amendment Agreement, previously filed as Exhibit 10.1 to the Corporation's Form 8-K dated February 4, 2014 and incorporated herein by reference (File No. 1-9025)
- 10.21 Agency Agreement between the Corporation and a certain agent relating to the sale of shares of Midas Gold Corp. dated February 5, 2014, previously filed as Exhibit 10.2 to the Corporation's Form 10-Q dated May 2, 2014 and incorporated herein by reference (File No. 1-9025)
- 10.22 Finder's Fee Agreement between the Corporation and a certain finder relating to the sale of shares of Midas Gold Corp. dated February 14, 2014, previously filed as Exhibit 10.3 to the Corporation's Form 10-Q dated May 2, 2014 and incorporated herein by reference (File No. 1-9025)
- 10.23\* Earnest Amendment Agreement, dated March 12, 2014, previously filed as Exhibit 10.1 to the Corporation's Form 8-K dated March 14, 2014 and incorporated herein by reference (File No. 1-9025)
- 10.24\* Engele Amendment Agreement, dated March 12, 2014, previously filed as Exhibit 10.2 to the Corporation's Form 8-K dated March 14, 2014 and incorporated



- herein by reference (File No. 1-9025)
- 10.25 Option Agreement –  
Guadalupe de los Reyes  
filed as Exhibit 10.1 to  
the Corporation’s Form  
8-K dated April 17, 2014  
and incorporated herein  
by reference (File No.  
1-9025)
- 10.26 Second Amending  
Agreement between  
Vista and RPG  
Structured Finance  
S.á.R.L, previously filed  
as Exhibit 10.1 to the  
Corporation’s Form 8-K  
dated July 31, 2014 and  
incorporated herein by  
reference (File No.  
1-9025)
- 21 Subsidiaries of the  
Corporation
- 23.1 Consent of EKS&H  
LLLP, Denver,  
Independent Registered  
Public Accounting Firm
- 23.2 Consent of Tetra Tech,  
Inc.
- 23.3 Consent of Rex Bryan
- 23.4 Consent of Thomas Dyer
- 23.5 Consent of Edwin Lips
- 23.6 Consent of Deepak  
Malhotra
- 23.7 Consent of Erik Spiller
- 23.8 Consent of Nick Michael
- 23.9 Consent of David  
Richers
- 23.10 Consent of Vicki  
Scharnhorst
- 23.11 Consent of Lachlan  
Walker
- 23.12 Consent of  
PricewaterhouseCoopers  
LLP, Denver,  
Independent Registered  
Public Accounting Firm
- 23.13 Consent of Deloitte LLP
- 24 Powers of Attorney
- 31.1 Certification of Chief  
Executive Officer

- pursuant to  
Rule 13a-14(a) under the  
Securities Exchange Act  
of 1934, as amended
- 31.2 Certification of Chief  
Financial Officer
- pursuant to  
Rule 13a-14(a) under the  
Securities Exchange Act  
of 1934, as amended
- 32.1 Certification of Chief  
Executive Officer
- pursuant to 18 U.S.C.  
Section 1350, as adopted  
pursuant to Section 906  
of the Sarbanes-Oxley  
Act of 2002

- 32.2 Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
- 101.INS(1) XBRL Instance Document
- 101.SCH(1) XBRL Taxonomy Extension – Schema
- 101.CAL(1) XBRL Taxonomy Extension – Calculations
- 101.DEF(1) XBRL Taxonomy Extension – Definitions
- 101.LAB(1) XBRL Taxonomy Extension – Labels
- 101.PRE(1) XBRL Taxonomy Extension – Presentations

\*Management Contract or Compensatory Plan

(1) Submitted Electronically Herewith. Attached as Exhibit 101 to this report are the following formatted in XBRL (Extensible Business Reporting Language): (i) Consolidated Statements of Income/(Loss) and Comprehensive Income/(Loss) for the years ended December 31, 2014, 2013, and 2012, (ii) Consolidated Balance Sheets at December 31, 2014 and 2013, (iii) Consolidated Statements of Cash Flows for the years ended December 31, 2014, 2013, and 2012, and (iv) Notes to Consolidated Financial Statements.



SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

VISTA GOLD CORP.

(Registrant)

Dated: March 3, 2015 By: /s/ Frederick H. Earnest  
Frederick H. Earnest,  
Chief Executive Officer

Dated: March 3, 2015 By: /s/ John F. Engele  
John F. Engele  
Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

Dated: March 3, 2015 By: /s/ Frederick H. Earnest  
Frederick H. Earnest,  
Chief Executive Officer  
(Principal Executive Officer)

Dated: March 3, 2015 By: /s/ John F. Engele  
John F. Engele  
Chief Financial Officer  
(Principal Financial and Accounting Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

Signature	Capacity	Date
/s/ Frederick H. Earnest	Director	March 3, 2015

Frederick H. Earnest	Director	March 3, 2015
*		

John M. Clark

\*

Director March 3, 2015

C. Thomas Ogryzlo

\*

Director March 3, 2015

Tracy Stevenson

\*

Director March 3, 2015

W. Durand Eppler

\*

Director March 3, 2014

Michael B. Richings

\* By: /s/ Frederick H. Earnest

Frederick H. Earnest

Attorney-in-Fact

Pursuant to Power of Attorney filed as Exhibit 24 herewith.

MIDAS GOLD CORP.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

(expressed in US Dollars)

77

---

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Shareholders of Midas Gold Corp.

We have audited the accompanying consolidated financial statements of Midas Gold Corp. and its subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2013 and December 31, 2012, and the consolidated statements of net loss and comprehensive loss, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards and auditing standards generally accepted in the United States of America. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of



accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Midas Gold Corp. and its subsidiaries as at December 31, 2013 and December 31, 2012, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Signed “Deloitte LLP”

Chartered Accountants

March 12, 2014

Vancouver, Canada

Midas Gold Corp.

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at December 31, 2013 and 2012

(expressed in US dollars)

	Notes	2013	2012
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		\$ 14,589,264	\$ 19,618,855
Trade and other receivables		10,016	52,188
Prepaid expenses		142,833	193,330
		\$ 14,742,113	\$ 19,864,373
<b>NON-CURRENT ASSETS</b>			
Buildings and equipment	4	\$ 4,218,807	\$ 5,160,163
Exploration and evaluation assets	5	182,436,154	170,778,522
Reclamation bond		18,000	18,000
		\$ 186,672,961	\$ 175,956,685
<b>TOTAL ASSETS</b>		<b>\$ 201,415,074</b>	<b>\$ 195,821,058</b>
<b>LIABILITIES AND EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables		\$ 2,240,643	\$ 4,921,840
Current portion of note payable	6	191,819	186,233
		\$ 2,432,462	\$ 5,108,073

NON-CURRENT  
LIABILITIES

Long-term portion of note payable	6	\$	\$	
				379,491
Warrant derivative	7			-
		\$	\$	
TOTAL LIABILITIES				5,487,564
EQUITY				
Share capital	8	\$	\$	193,860,089
Equity reserve	8			17,941,573
Deficit				(21,468,168)
TOTAL EQUITY		\$	\$	190,333,494
TOTAL LIABILITIES AND EQUITY		\$	\$	195,821,058

Commitments - Note 5, 6 and

14

Subsequent event – Note 15

Approved on behalf of the  
Board of Directors:

“Stephen Quin”  
Stephen Quin  
- Director

“Donald Young”  
Donald Young - Director

See accompanying notes to consolidated financial statements.

Midas Gold Corp.

## CONSOLIDATED STATEMENTS OF NET LOSS AND COMPREHENSIVE LOSS

As at December 31, 2013 and 2012

(expressed in US dollars)

	2013	2012
<b>EXPENSES</b>		
Consulting	\$ 158,942	\$ 61,489
Directors' fees	242,751	250,204
Office and administrative	325,396	331,924
Professional fees	266,671	343,919
Salaries and benefits	1,074,874	974,043
Share based compensation	1,372,998	5,267,392
Shareholder and regulatory	294,793	232,046
Travel and related costs	171,110	351,922
<b>OPERATING LOSS</b>	<b>\$ 3,907,535</b>	<b>\$ 7,812,939</b>
<b>OTHER (INCOME) EXPENSES</b>		
Change in fair value of warrant derivative	\$ (158,000)	\$ -
Foreign exchange loss (gain)	130,665	(435,457)
Interest income	(84,634)	(197,715)
Total other income	\$ (111,969)	\$ (633,172)
<b>NET LOSS AND COMPREHENSIVE LOSS</b>	<b>\$ 3,795,566</b>	<b>\$ 7,179,767</b>
<b>NET LOSS PER SHARE, BASIC AND DILUTED</b>	<b>\$ 0.03</b>	<b>\$ 0.06</b>
<b>WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING, BASIC AND DILUTED</b>	<b>121,077,000</b>	<b>112,747,000</b>

See accompanying notes to consolidated financial statements.

Midas Gold Corp.

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2013 and 2012

(expressed in US dollars)

	Note	Share Capital		Equity Reserve	Deficit	Total
		Shares	Amount			
BALANCE, December 31, 2011		105,281,936	\$ 155,548,706	\$ 10,989,830	(14,288,401)	\$ 152,250,135
Share based compensation	8	-	-	7,157,058	-	7,157,058
Shares issued in private placement	8	9,085,000	37,843,583	-	-	37,843,583
Exercise of options	8	427,200	467,800	(205,315)	-	262,485
Net loss and comprehensive loss for the year		-	-	-	(7,179,767)	(7,179,767)
BALANCE, December 31, 2012		114,794,136	\$ 193,860,089	\$ 17,941,573	\$ (21,468,168)	\$ 190,333,494
Share based compensation	8	-	-	2,251,266	-	2,251,266
Shares issued in private placement	8	12,740,000	9,274,541	-	-	9,274,541
Net loss and comprehensive loss for the year	8	-	-	-	(3,795,566)	(3,795,566)
BALANCE, December 31, 2013		127,534,136	\$ 203,134,630	\$ 20,192,839	\$ (25,263,734)	\$ 198,063,735

See accompanying notes to consolidated financial statements.

Midas Gold Corp.

## CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31, 2013 and 2012

(expressed in US dollars)

	2013	2012
<b>OPERATING ACTIVITIES:</b>		
Net loss	\$ (3,795,566)	\$ (7,179,767)
Items not affecting cash:		
Share based compensation	1,372,998	5,267,392
Depreciation	34,267	35,317
Change in fair value of warrant derivative	(158,000)	-
Unrealized foreign exchange loss (gain)	384,902	(43,601)
Interest income	(84,634)	(197,715)
Changes in:		
Trade and other receivables	42,172	229,793
Prepaid expenses	50,497	(82,711)
Trade and other payables	60,491	(299,753)
Net cash used in operating activities	\$ (2,092,873)	\$ (2,271,045)
<b>INVESTING ACTIVITIES:</b>		
Investment in exploration and evaluation assets	\$ (24,567,352)	\$ (50,831,957)
Purchase of buildings and equipment	(1,578,099)	(2,374,355)
Interest received	84,634	192,333
Net cash used in investing activities	\$ (26,060,817)	\$ (53,013,979)
<b>FINANCING ACTIVITIES:</b>		
Proceeds from issuance of common shares, net of share issue costs	\$ 9,274,541	\$ 38,106,068
Proceeds from sale of royalty interest, net of issue costs	14,434,460	-
Repayment of note payable	(183,028)	(177,696)
Interest paid	(16,972)	(22,304)
Net cash provided by financing activities	\$ 23,509,001	\$ 37,906,068
Effect of foreign exchange on cash	(384,902)	43,601
Net decrease in cash and cash equivalents	(5,029,591)	(17,335,355)
Cash and cash equivalents, beginning of year	19,618,855	36,954,210
Cash and cash equivalents, end of year	\$ 14,589,264	\$ 19,618,855
Cash	\$ 3,251,506	\$ 1,564,903
Guaranteed investment certificates and term deposits	-	4,950,000
Investment Savings	11,337,758	13,103,952
Total cash and cash equivalents	\$ 14,589,264	\$ 19,618,855

Supplemental cash flow information - Note 13

See accompanying notes to consolidated financial statements.

82

---

## 1. Nature of Operations

Midas Gold Corp. (“the Corporation” or “Midas Gold”) was incorporated on February 22, 2011 under the Business Corporations Act of British Columbia. The Corporation was organized to locate, acquire and develop mineral properties located principally in the Stibnite – Yellow Pine mining district in Valley County, Idaho (the “District”). The Corporation currently operates in one segment, mineral exploration in the United States. The Corporation’s common shares commenced trading on the Toronto Stock Exchange on July 14, 2011 after closing an initial public offering under a prospectus dated June 30, 2011. The corporate office of Midas Gold is located at 1250-999 West Hastings St, Vancouver, BC, V6C 2W2, Canada.

## 2. Basis of Preparation

### a. Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS”).

### b. Basis of Presentation

These consolidated financial statements have been prepared on the historic cost basis except for certain financial instruments, which are measured at fair value as explained in the Summary of Significant Accounting Policies set out in Note 3.

These consolidated financial statements for the years ended December 31, 2013 and December 31, 2012 were approved and authorized for issue by the board of directors on March 12, 2014.

## 3. Summary of Significant Accounting Policies

### a. Basis of Consolidation

These consolidated financial statements include the financial statements of Midas Gold and its wholly owned subsidiary companies:



Midas Gold, Inc. (“MGI”);

Idaho Gold Holding Corporation (“IGHC”);

Idaho Gold Resource, LLC (“IGR”); and

MGI Acquisition Corporation (“MGIAC”).

All intercompany transactions, balances, income and expenses, have been eliminated.

b. Functional and Presentation Currency

The functional and presentation currency of the Corporation and its subsidiaries is the US Dollar (“USD”). All amounts in these consolidated financial statements are in USD, unless otherwise stated.

c. Cash and Cash Equivalents

For the purpose of the statement of financial position and statement of cash flows, the Corporation considers all highly liquid investments readily convertible to a known amount of cash with an original maturity of three months or less and subject to an insignificant risk of changes in value to be cash equivalents.

---

### 3.Summary of Significant Accounting Policies (continued)

#### d. Business Combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The cost of each business combination is measured, at the date of the exchange, as the aggregate of the fair value of assets given, liabilities incurred or assumed, and equity instruments issued by the Corporation in exchange for control of the acquiree. Acquisition-related costs incurred for the business combination are expensed. The acquiree's identifiable assets, liabilities and contingent liabilities are recognized at their fair value at the acquisition date.

Goodwill arising on acquisition is recognized as an asset and initially measured at cost, being the excess of the cost of the acquisition over the Corporation's interest in the fair value of the net identifiable assets, liabilities and contingent liabilities recognized. If the Corporation's interest in the fair value of the acquiree's net identifiable assets, liabilities and contingent liabilities exceeds the cost of the acquisition, the excess is recognized in earnings or loss immediately. The interest of non-controlling shareholders in the acquiree is measured at the non-controlling shareholders' proportion of the net fair value of the assets, liabilities and contingent liabilities recognized.

#### e. Financial Assets

Financial assets are classified into one of four categories, fair value through profit or loss ("FVTPL"), held-to-maturity ("HTM"), available for sale ("AFS") and loans and receivables.

The classification is determined at initial recognition and depends on the nature and purpose of the financial asset.

##### (i)FVTPL financial assets

Financial assets are classified as FVTPL when the financial asset is held for trading or it is designated as FVTPL. A financial asset is classified as held for trading if:

- " it has been acquired principally for the purpose of selling in the near future;
- " it is a part of an identified portfolio of financial instruments that the Corporation manages and has an actual pattern of short-term profit-taking; or

" it is a derivative that is not designated and effective as a hedging instrument.

Financial assets classified as FVTPL are stated at fair value with any resultant gain or loss recognized in profit or loss. The net gain or loss recognized incorporates any dividend or interest earned on the financial asset. Transaction costs related to asset classified as FVTPL are expensed. The Corporation does not have any assets classified as FVTPL financial assets.

(ii) HTM financial assets

HTM investments are recognized on a trade-date basis and are initially measured at fair value, including transaction costs. The Corporation does not have any assets classified as HTM investments.

### 3.Summary of Significant Accounting Policies (continued)

#### e. Financial Assets (continued)

##### (iii)AFS financial assets

Investments and other assets held by the Corporation are classified as AFS and are stated at fair value. Gains and losses arising from changes in fair value are recognized in other comprehensive income. Impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets, are recognized directly in profit or loss rather than equity. When an investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognized in the investments revaluation reserve is included in profit or loss.

The fair value of AFS monetary assets denominated in a foreign currency are translated at the spot rate at the statement of financial position date. The change in fair value attributable to translation differences on amortized cost of the asset is recognized in profit or loss, while other changes are recognized in equity.

##### (iv)Loans and receivables

Trade and other receivables, loans and cash and cash equivalents that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Loans and receivables are initially recognized at the transaction value and subsequently carried at amortized cost using the effective interest rate method less impairment losses. The impairment loss of receivables is based on a review of all outstanding amounts at period end. Bad debts are written off when they are identified. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would not be material.

##### (v)Effective interest method

The effective interest method calculates the amortized cost of a financial asset and allocates interest income over the corresponding period. The effective interest rate is the rate that discounts estimated future cash receipts over the expected life of the financial asset, or, where appropriate, a shorter period, to the net carrying amount on initial

recognition.



### 3.Summary of Significant Accounting Policies (continued)

#### e. Financial Assets (continued)

##### (vi)Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each period end. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Objective evidence of impairment could include the following:

- " significant financial difficulty of the issuer or counterparty;
- " default or delinquency in interest or principal payments;
- " it has become probable that the borrower will enter bankruptcy or financial reorganization; or
- " a significant or prolonged decline in value.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of all financial assets, excluding trade receivables, is directly reduced by the impairment loss. The carrying amount of trade receivables is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease relates to an event occurring after the impairment was recognized; the previously recognized impairment loss is reversed through profit or loss. The impairment on AFS equity instruments is not reversed if the value of the AFS equity investments subsequently increases. On the date of impairment reversal, the carrying amount of the financial asset cannot exceed its amortized cost had impairment not been recognized.

##### (vii)Derecognition of financial assets

A financial asset is derecognized when:

- " the contractual right to the asset's cash flows expire; or
- " if the Corporation transfers the financial asset and substantially all risks and rewards of ownership to another entity.

f. Financial Liabilities and Equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Corporation are recorded at the proceeds received, net of direct issue costs.

---

### 3.Summary of Significant Accounting Policies (continued)

#### f. Financial Liabilities and Equity (continued)

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

##### (i) Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expenses over the corresponding period. The effective interest rate is the rate that exactly discounts estimated future cash payments over the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

The Corporation has classified trade and other payables and notes payable as other financial liabilities.

##### (ii) Derecognition of financial liabilities

The Corporation derecognizes financial liabilities when, and only when, the Corporation's obligations are discharged, cancelled or they expire.

#### g. Exploration and Evaluation Assets

Exploration and evaluation assets are recorded at cost less accumulated impairment losses, if any. All direct costs related to the acquisition, exploration and evaluation of mineral properties are capitalized until the commercial viability of the asset is established, at which time the capitalized costs are reclassified to mineral properties under development. To the extent that the expenditures are made to establish mineral reserves within the rights to explore,



the Corporation will consider those costs as capital in nature. The depreciation of a capital asset in connection with exploring or evaluating a property of this nature will be included in the cost of the exploration and evaluation asset.

Management reviews the facts and circumstances to determine whether there is an indication that the carrying amount of the exploration and evaluation assets exceeds their carrying value on a regular basis. Indication includes but is not limited to, the expiration of the right to explore, substantive expenditure in the specific area is neither budgeted nor planned and if the entity has decided to discontinue exploration activity in the specific area. If the facts and circumstances suggest the carrying value exceeds the recovery value, the Corporation will write down the carrying value of the property.

### 3.Summary of Significant Accounting Policies (continued)

#### h. Loss Per Share

Basic loss per share is computed by dividing the net loss available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted loss per share is computed similar to basic loss per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of share purchase options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding share purchase options were exercised and that the proceeds from such exercises were used to acquire common shares at the average market price during the reporting periods. All share purchase options and warrants were anti-dilutive for the years presented.

#### i. Foreign Currency Translation

Transactions in currencies other than the entity's functional currency are recorded at the exchange rate prevailing at the dates of the transactions. Monetary assets and liabilities are translated using the period end foreign exchange rate. Non-monetary assets and liabilities are translated using the historical rate on the date of the transaction. All gains and losses on translation of these foreign currency transactions are included in the consolidated Statement of Net Loss and Comprehensive Loss.

#### j. Income Taxes

Income tax expense consists of current and deferred tax expense. Income tax expense is recognized in the Statement of Net Loss and Comprehensive Loss.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax assets and liabilities are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs. A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the

Corporation does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is derecognized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Corporation intends to settle its current tax assets and liabilities on a net basis.

### 3.Summary of Significant Accounting Policies (continued)

#### k. Share Based Compensation

The Corporation grants share purchase options to directors, officers, employees and consultants. The board of directors grants such options for periods of up to five years, with vesting periods determined at its sole discretion and at prices equal to or greater than the closing price on the date the options were granted.

The fair value of the options granted to employees is measured at the grant date, using the Black-Scholes option pricing model, and is recognized over the vesting period, which is the period over which all of the specific vesting conditions are satisfied. Forfeitures are estimated at the grant date. For awards with graded vesting, the fair value of each tranche is measured separately and recognized over its respective vesting period. The fair value is recognized as an expense or capitalized to exploration and evaluation assets, depending on the recipient of the option, with a corresponding increase in equity reserve. The amount recognized as expense is adjusted to reflect the number of share options which actually vest.

When the Corporation grants share purchase options, which only vest upon satisfaction of a contingent event, the fair value of the option is measured on the date of grant using the same valuation model and assumptions used for options without performance conditions. The Corporation will recognize compensation expense based on an estimate of performance condition that will be satisfied.

#### l. Reclamation and Remediation

The Corporation recognizes liabilities for statutory, contractual, constructive or legal obligations associated with buildings and equipment and exploration and evaluation assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates arising from the decommissioning and site preparation work is capitalized to exploration and evaluation assets along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value of such costs. The Corporation's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to exploration and evaluation assets with a corresponding entry to the rehabilitation provision. The Corporation's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates. The costs of rehabilitation projects that were included in the rehabilitation provision are recorded against the provision as incurred.



### 3.Summary of Significant Accounting Policies (continued)

#### m. Buildings and Equipment

Buildings and equipment are recorded at cost less amortization, depletion and accumulated impairment losses, if any.

Where significant components of buildings and equipment have different useful lives, the components are accounted for as separate items. Expenditures incurred to replace a component that is accounted for separately, including major inspection and overhaul expenditures, are capitalized. Directly attributable expenses incurred for major capital projects are capitalized until the asset is brought to a working condition for its intended use. These costs include dismantling and site restoration costs to the extent these are recognized as a provision.

The cost of self-constructed assets includes the cost of materials, direct labour and an appropriate portion of normal overhead. The costs of day-to-day servicing are recognized in expenses as incurred, as “maintenance and repairs.”

Financing costs associated with the construction or acquisition of qualifying assets are capitalized at interest rates relating to loans specifically raised for that purpose. Capitalization of borrowing costs ceases when the asset is ready for its intended use.

The Corporation depreciates its assets, less their estimated residual values, as follows:

Category	Method	Useful life
Equipment and Vehicles	Straight-line	3 to 7 years
Buildings	Straight-line	5 to 10 years

The depreciation method, useful life and residual values are assessed annually.

#### n. Impairment

The Corporation's tangible and intangible assets are reviewed for indications of impairment at each statement of financial position date. If an indication of impairment exists, the asset's recoverable amount is estimated to determine extent of impairment, if any. Where the asset does not generate independent cash flows, the Corporation estimates the recoverable amount of the cash generating unit ("CGU") to which the asset belongs.

An impairment loss is recognized when the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit and loss for the period. The recoverable amount is the greater of the asset's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

---

### 3.Summary of Significant Accounting Policies (continued)

#### o. Leases

Operating lease payments are expensed on a straight-line basis over the term of the relevant lease. Incentives received upon entry into an operating lease are recognized straight-line over the lease term.

#### p. Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

#### q. Significant Accounting Estimates and Judgments

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions about future events that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, events or actions, actual results may differ from these estimates.

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

#### i) Probability of future economic benefits of exploration, evaluation and development costs



The application of the Corporation's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is probable that future economic benefits will be generated from the exploitation of an exploration and evaluation asset when activities have not yet reached a stage where a reasonable assessment of the existence of reserves can be determined. The estimation of mineral resources is a complex process and requires significant assumptions and estimates regarding economic and geological data and these assumptions and estimates impact the decision to either expense or capitalize exploration and evaluation expenditures.

ii) Functional currency

The functional currency for each of the Corporation's subsidiaries is the currency of the primary economic environment in which the entity operates. The Corporation has determined that the functional currency of each entity is the US dollar. Determination of functional currency may involve certain judgments to determine the primary economic environment and the Corporation reconsiders the functional currency of its entities if there is a change in events and conditions which determined the primary economic environment.

---

### 3.Summary of Significant Accounting Policies (continued)

#### q. Significant Accounting Estimates and Judgments

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustments are as follows:

##### i) Impairment of building and equipment and exploration and evaluation assets

Management considers both external and internal sources of information in assessing whether there are any indications that the Corporation's building and equipment and exploration and evaluation assets are impaired. External sources of information management considers include changes in the market, economic and legal environment in which the Corporation operates that are not within its control and affect the recoverable amount of its building and equipment and exploration and evaluation assets. Internal sources of information management considers include the manner in which mining properties and building and equipment are being used or are expected to be used and indications of economic performance of the assets.

##### ii) Depreciation and amortization rate for building and equipment

Depreciation and amortization expenses are allocated based on estimated asset lives. Should the asset life or depreciation rates differ from the initial estimate, an adjustment would be made in the consolidated statements of income.

##### iii) Mineral resource estimates

The figures for mineral resources are determined in accordance with National Instrument 43-101, "Standards of Disclosure for Mineral Projects", issued by the Canadian Securities Administrators. There are numerous uncertainties inherent in estimating mineral resources, including many factors beyond the Corporation's control. Such estimation is a subjective process, and the accuracy of any mineral resource estimate is a function of the quantity and quality of available data and of the assumptions made and judgements used in engineering and geological interpretation. Differences between management's assumptions (including economic assumptions such as metal prices and market conditions) could have a material effect in the future on the Corporation's financial position and results of operation.

##### iv) Valuation of share-based compensation and warrant derivative

The Corporation uses the Black-Scholes Option Pricing Model for valuation of share-based compensation and warrant derivative. Option pricing models require the input of subjective assumptions including expected share price volatility, interest rate and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Corporation's net loss and equity reserves.



### 3.Summary of Significant Accounting Policies (continued)

#### r. Standards Issued but not yet Effective

Certain pronouncements were issued by the International Accounting Standards Board (“IASB”) or the IFRS Interpretations Committee that are mandatory for accounting periods beginning on or after January 1, 2014. The Corporation is assessing the impact of these standards but does not expect the standards below to have a material impact on the consolidated financial statements, although additional disclosures may be required.

- (i)IFRIC 21 - is an interpretation on IAS 37, Provisions, Contingent Liabilities and Contingent Assets, with respect to the accounting for levies imposed by governments. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event. The interpretation clarifies that the obligating event is the activity described in the relevant legislation that triggers the payment of the levy and is applicable for periods beginning January 1, 2014;
- (ii)IAS 36 - The IASB published amendments to the disclosures required by IAS 36, when the recoverable amount is determined based on fair value less costs of disposal;
- (iii)IFRS 9 - New financial instruments standard that replaces IAS 39 for classification and measurement of financial assets and financial liabilities
- (iv)IAS 32 – The IASB published amendments to IAS 32 to provide clarifications on the requirements for offsetting financial assets and financial liabilities to the balance sheet.

Effective January 1, 2013, the Corporation adopted the below standards and there was no material impact on the financial statements:

- (i)IFRS 10 - New standard to establish principles for the presentation and preparation of consolidated financial statements when an entity controls multiple entities
- (ii)IFRS 11 - New standard to account for the rights and obligations in accordance with a joint arrangement
- (iii)IFRS 12 - New standard for the disclosure of interests in other entities not within the scope of IFRS 9/IAS 39
- (iv)IAS 27 – New standard to account for investments at cost or in accordance with IFRS 9 Financial Instruments
- (v)IAS 28 - New standard issued that supercedes IAS 28 (2003) to prescribe the accounting for investments in associates and joint ventures
- (vi)IFRS 13 - New standard on the measurement and disclosure of fair value



## 4. Buildings and Equipment

At December 31, 2013 and December 31, 2012, the Corporation's buildings and equipment were as follows:

	Buildings	Equipment and Vehicles	Total
<b>Cost</b>			
Balance, December 31, 2011	\$ 1,263,388	\$ 1,835,445	\$ 3,098,833
Additions	1,653,183	2,164,866	3,818,049
Disposals	(425,808)	(32,630)	(458,438)
Balance, December 31, 2012	2,490,763	\$ 3,967,681	\$ 6,458,444
Additions	60,630	580,286	640,916
Disposals	(176,321)	(51,199)	(227,520)
Balance, December 31, 2013	\$ 2,375,072	\$ 4,496,768	\$ 6,871,840
<b>Accumulated Depreciation</b>			
Balance, December 31, 2011	\$ 113,670	\$ 284,800	\$ 398,470
Disposals	(127,744)	(6,217)	(133,961)
Depreciation charge for the year	394,938	638,834	1,033,772
Balance, December 31, 2012	\$ 380,864	\$ 917,417	\$ 1,298,281
Disposals	(51,434)	(37,272)	(88,706)
Depreciation charge for the year	502,540	940,918	1,443,458
Balance, December 31, 2013	\$ 831,970	\$ 1,821,063	\$ 2,653,033
<b>Carrying Value</b>			
Balance, December 31, 2012	\$ 2,109,899	\$ 3,050,264	\$ 5,160,163
Balance, December 31, 2013	\$ 1,543,102	\$ 2,675,705	\$ 4,218,807

Depreciation expense included in exploration and evaluation assets was \$1,409,190 (2012 – \$998,455) and depreciation expense in statement of loss was \$34,267 (2012 – \$35,317) for the year ended December 31, 2013.

## 5.Exploration and Evaluation Assets

At December 31, 2013 and December 31, 2012, the Corporation's exploration and evaluation assets at the Golden Meadows Project were as follows:

	As at 31-Dec-12	Additions	As at 31-Dec-13
Acquisition Costs			
Interest on notes payable	\$ 92,187	\$ 13,767	\$ 105,954
Mineral claims	81,298,976	294,460	81,593,436
Royalty interest	1,026,750	-	1,026,750
Sale of royalty interest	-	(13,548,460)	(13,548,460)
Exploration and Evaluation Expenditures			
Consulting and labour cost	19,727,095	6,641,174	26,368,269
Drilling	32,341,086	5,140,484	37,481,570
Field office and drilling support	19,871,896	6,126,545	25,998,441
Engineering	5,623,972	3,071,536	8,695,508
Environmental and sustainability	6,306,600	3,503,753	9,810,353
Geochemistry and geophysics	4,149,460	531,632	4,681,092
Prepaid exploration and evaluation	340,500	(117,259)	223,241
Balance	\$ 170,778,522	\$ 11,657,632	\$ 182,436,154

	As at 31-Dec-11	Additions	As at 31-Dec-12
Acquisition Costs			
Interest on notes payable	\$ 72,898	\$ 19,289	\$ 92,187
Mineral claims	80,739,429	559,547	81,298,976
Royalty interest	1,026,750	-	1,026,750
Exploration and Evaluation Expenditures			
Consulting and labour cost	9,647,713	10,079,382	19,727,095
Drilling	12,664,745	19,676,341	32,341,086
Field office and drilling support	6,721,311	13,150,585	19,871,896
Engineering	1,456,690	4,167,282	5,623,972
Environmental and sustainability	1,790,728	4,515,872	6,306,600
Geochemistry and geophysics	1,730,389	2,419,071	4,149,460
Prepaid exploration and evaluation	556,726	(216,226)	340,500
Balance	\$ 116,407,379	\$ 54,371,143	\$ 170,778,522

During 2013, the Corporation began classifying certain exploration and evaluation costs related to a pre-feasibility study as part of engineering as these costs were more appropriately related to engineering rather than field office and drilling support. The comparative figures have been reclassified to conform with the current year presentation. The 2012 field office and drilling support costs have decreased by \$426,764 while engineering costs have increased by \$426,764.

---



## 5.Exploration and Evaluation Assets (continued)

### Summary

The Corporation acquired title to the Golden Meadows Project through several transactions. All title is held at 100% through patented and unpatented mineral claims, except the Cinnabar claims which are held under an option to purchase agreement, and all of the Golden Meadows Project is subject to the Franco-Nevada royalty described below. During the 2012, the Corporation completed the acquisition of the patented Yellow Pine claims through the payment of its final option payment of \$100,000 in accordance with the Option to Purchase Agreement dated November 7, 2003. In total the Corporation paid \$1,000,000.

The Cinnabar claims are subject to an option agreement dated May 3, 2011, whereby on payment of \$150,000 on signing and \$100,000 per year for six years paid on the anniversary of signing, the Corporation has the option to own 100% of the Cinnabar claim group. As at December 31, 2013, four payments of \$100,000 remain outstanding and \$350,000 has been paid to date. At completion of the option agreement the Corporation would have paid \$750,000.

### Title

Although the Corporation has taken steps to verify title to the properties in which it has an interest and, in accordance with industry standards for properties in the exploration stage, these procedures do not guarantee the Corporation's title. Property title may be subject to unregistered prior agreements and noncompliance with regulatory requirements.

### Sale of Royalty Interest

On May 9, 2013, Midas Gold entered into an agreement with Franco-Nevada Corporation ("Franco-Nevada") whereby for gross proceeds of \$15,000,000 Franco-Nevada was granted a perpetual 1.7% net smelter returns royalty on any future gold production from the Golden Meadows Property and 2,000,000 share purchase warrants that are exercisable into 2,000,000 common shares of Midas Gold. The royalty is collateralized by a mortgage over the claims that are subject to the royalty. The warrants have an exercise price of C\$1.23 and expire in ten years. Midas Gold has a one-time right to repurchase one third of the royalty for \$9,000,000 before May 9, 2016. The Corporation incurred costs of \$565,540 associated with this transaction.

A value of \$886,000 was assigned to the warrants at the date of the transaction and has been recorded as a warrant derivative (Note 7). After determining the value of the warrants, the residual proceeds of \$13,548,460, net of transaction costs, have been offset against exploration and evaluation assets.

#### 6. Notes Payable

The promissory notes have a fixed interest rate of 3% per annum, have a combined annual payment of \$200,000 due annually on June 2 and mature on June 2, 2015. The Estate of JJ Oberbillig note payable is collateralized by a mortgage over the claims that were purchased from the Estate of JJ Oberbillig. The Oberbillig Group note payable is collateralized against the Oberbillig Royalty (5% net smelter returns royalty held by the Corporation) over the claims that are now held by the Corporation.

---

## 6. Notes Payable (continued)

Notes payable at December 31, 2013 and December 31, 2012, are as follows:

	Note Payable Estate of JJ Oberbillig	Note Payable Oberbillig Group	Total
Balance, December 31, \$		\$	\$
2011	148,685	594,735	743,420
Principal repayments	(35,538)	(142,158)	(177,696)
Balance, December 31, \$		\$	\$
2012	113,147	452,577	565,724
Principal repayments	(36,605)	(146,423)	(183,028)
Balance, December 31, \$		\$	\$
2013	76,542	306,154	382,696
			\$
Current portion			191,819
Long term portion			190,877
			\$
			382,696

Interest expense for the year ended December 31, 2013 was \$13,767 (2012 - \$19,288) and the full amount was capitalized to exploration and evaluation expenditures. Accrued interest payable of \$6,700 (2012 - \$9,904) is included in trade and other payables.

## 7. Warrant Derivative

On May 9, 2013, the Corporation issued 2,000,000 share purchase warrants to Franco-Nevada (Note 5). The warrants are exercisable into 2,000,000 common shares of the Corporation at C\$1.23 per warrant. The warrants contain a mandatory conversion feature which requires Franco-Nevada to exercise 100% of the outstanding warrants if, at any time, the volume weighted average trading price of Midas Gold's common shares is equal to or greater than C\$3.23 for a period of 30 consecutive trading days. The warrants expire on May 9, 2023.

The exercise price of the warrants is denominated in Canadian dollars, however the functional currency of the Corporation is the US Dollar. As a result of this difference in currencies, the proceeds that will be received by the

Corporation are not fixed and will vary based on foreign exchange rates. Warrants with an exercise price denominated in a currency that is different from the entity's functional currency are a derivative and are required to be recognized and measured at fair value at each reporting period. Any changes in fair value from period to period are recorded as a non-cash gain or loss in the statement of net loss and comprehensive loss.

Upon exercise of the warrants, the warrant holders will pay the Corporation C\$1.23 for each warrant exercised in exchange for one common share of Midas Gold. There are no circumstances under which the Corporation would be required to pay any cash upon exercise or expiry of the warrants. Any warrants exercised will be measured at fair value at the date of exercise and the associated non-cash liability will be reclassified to share capital. The non-cash liability associated with any warrants that expire unexercised will be recorded as a gain in the statement of net loss and comprehensive loss.

A reconciliation of the change in fair value of the warrant derivative is below:

	Warrant Derivative
	\$
Balance, May 9, 2013	886,000
Change in fair value of warrant derivative	(158,000)
	\$
Balance, December 31, 2013	728,000

---

7. Warrant Derivative (continued)

The fair value of the warrants was calculated using a Black-Scholes valuation model. The key inputs used by the Black-Scholes valuation model are:

	December 31, 2013	May 9, 2013
Fair value warrants granted	\$ 0.39	\$ 0.44
Risk-free interest rate	2.8%	1.9%
Expected term (in years)	7.4	8.0
Expected share price volatility	64.0%	62.0%

8. Share Capital

a. Authorized

Unlimited number of common shares without par value.

Unlimited number of first preferred shares without par value.

Unlimited number of second preferred shares without par value.

b. Issued during the Year Ended December 31, 2013

(i) Shares Issued for Cash

On July 4, 2013, the Corporation closed a non-brokered private placement for 12,740,000 common shares at a price of C\$0.77 per share, for gross proceeds of C\$9,809,800 (\$9,316,367) to Teck Resources Limited. The Corporation incurred share issue costs of \$41,826 in connection with the private placement.

Issued during the Year Ended December 31, 2012

(i) Shares Issued for Cash

On February 14, 2012, the Corporation closed a bought deal private placement through a syndicate of underwriters of 7,900,000 special warrants at a price of C\$4.45 per special warrant, for gross proceeds of C\$35,155,000 (\$35,186,640). The underwriters also exercised their over-allotment option to acquire an additional 1,185,000 special warrants for additional proceeds of C\$5,273,250 (\$5,277,996). Each special warrant was converted into one common share of the Corporation for no additional consideration on March 14, 2012. The Corporation incurred share issue costs of \$2,621,053 in connection with the private placement.

The Corporation issued 427,200 of its common shares upon exercise of share purchase options at a weighted average exercise price of C\$0.61 (\$0.61) per share for proceeds of \$262,485. Share purchase options are granted in Canadian dollars.

## 8.Share Capital (continued)

## b. Share purchase options

Under the terms of the Corporation's Stock Option Plan, the maximum number of shares reserved for issuance under the Plan is 10% of the issued shares on a rolling basis. Options may be exercisable over periods of up to five years as determined by the Board of Directors of the Corporation and the exercise price shall not be less than the closing price of the shares on the day preceding the award date, subject to regulatory approval. All stock options granted are subject to vesting, with one third vesting upon issuance and one third vesting on each anniversary from the date of grant.

A summary of share purchase option activity within the Corporation's share based compensation plan for the year ended December 31, 2013 and 2012 is as follows:

	Number of Options	Weighted Average Exercise Price (C\$)
Balance, December 31, 2011	8,895,000	\$ 2.65
Options granted	1,790,000	3.39
Options exercised	(427,200)	0.61
Options forfeited	(747,800)	3.05
Balance, December 31, 2012	9,510,000	\$ 2.85
Options granted	1,090,000	0.79
Options forfeited	(505,000)	2.92
Balance, December 31, 2013	10,095,000	\$ 2.62

Subsequent to December 31, 2013, the Corporation granted 1,352,000 stock options with a weighted average exercise price of C\$0.72 and expire in five years.

On February 18, 2014, the Corporation issued 3,333 of its common shares upon exercise of share purchase options at a price of C\$0.71 per share for proceeds of C\$2,367 (\$2,161).

During the year ended December 31, 2013, the Corporation's total share based compensation was \$2,251,266 (2012 - \$7,157,058) of which \$878,268 (2012 - \$1,889,666) was allocated to exploration and evaluation assets and \$1,372,998 (2012 - \$5,267,392) was allocated to share based compensation expense.

The fair value of options granted is estimated at the time of the grant using the Black-Scholes option pricing model, using the following weighted average assumptions:

	2013	2012
	\$	\$
Fair value options granted	0.42	2.27
Risk-free interest rate	1.57%	1.40%
Expected term (in years)	5.0	5.0
Expected share price volatility (1)	63.0%	83.0%
Expected dividend yield	0.0%	0.0%
Expected forfeiture	5.0%	5.0%

(1) In 2013, the volatility was based on the historical volatility of the Corporation's publicly traded shares. In 2012, the volatility was estimated using the historical stock price of its peer group due to insufficient data using the Corporation's stock price history.



8.Share Capital (continued)

c. Share purchase options (continued)

An analysis of outstanding share purchase options as at December 31, 2013 is as follows:

Weighted Average Exercise Price (C\$)	Options Outstanding		Options Exercisable		Expiry Date
	Number	Remaining Contractual Life (Years)	Number	Remaining Contractual Life (Years)	
\$	6,210,000	2.3	6,210,000	2.3	Apr-18-2016
2.50					
3.25	910,000	2.4	910,000	2.4	Jun-06-2016
3.76	450,000	2.7	450,000	2.7	Sep-26-2016
4.10	350,000	2.9	350,000	2.9	Dec-7-2016
3.95	450,000	3.0	300,000	3.0	Jan-4-2017
3.50	170,000	3.2	113,333	3.2	Mar-30-2017
3.10	250,000	3.7	166,667	3.7	Sep-7-2017
3.10	285,000	3.8	190,000	3.8	Oct-9-2017
0.71	520,000	4.4	173,333	4.4	May-22-2018
0.89	500,000	4.6	166,667	4.6	July-31-2018
\$	10,095,000	2.7	9,030,000	2.5	
2.62					

d. Warrants

A summary of warrant activity for the year ended December 31, 2013:

	Number of Warrants	Weighted Average Exercise Price (C\$)
Balance, December 31, 2011 and 2012	1,333,334	\$ 0.48
Warrants granted	2,000,000	1.23
Balance, December 31, 2013	3,333,334	\$ 0.93

An analysis of outstanding share purchase warrants as at December 31, 2013 is as follows:

Weighted Average Exercise Price (C\$)	Warrants Outstanding and Exercisable	Remaining Contractual Life (Years)	Expiry Date
\$ 0.48	1,333,334	2.1	Feb-14-2016
1.23	2,000,000	9.4	May-9-2023
\$ 0.93	3,333,334	6.5	



## 9.Risk Management and Financial Instruments

The Corporation's objectives are to safeguard the Corporation's ability to continue as a going concern in order to support the Corporation's normal operating requirements, continue the exploration, evaluation and, if warranted, development of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

At December 31, 2013, the Corporation's capital structure consists of equity of the Corporation. The Corporation is not subject to any externally imposed capital requirements. In order to maximize ongoing development efforts, the Corporation does not pay dividends.

In the year ended December 31, 2013, there were no significant changes in the processes used by the Corporation or in the Corporation's objectives and policies for managing its capital. As at December 31, 2013, the Corporation's available capital resources, consisting of cash and cash equivalents total \$14,589,264. As at December 31, 2013, the Corporation's total liabilities are \$3,351,339. The Corporation believes that sufficient capital resources are available to support further exploration and development of its mining assets or can be raised through the issuance of additional equity.

The Corporation's financial instruments consist of cash and cash equivalents, trade and other receivables, trade and other payables, notes payable, accrued interest payable and warrant derivative. Cash and cash equivalents and trade and other receivables are designated as loans and receivables, which are measured at amortized cost. The trade and other payables, notes payable and accrued interest payable are designated as other financial liabilities, which are measured at amortized cost. The warrant derivative is designated at fair value through profit and loss. The cash and cash equivalents, trade and other receivables, trade and other payables and accrued interest payable approximate their fair value due to their short-term nature.

The Corporation classified the fair value of the financial instruments according to the following fair value hierarchy based on the amount of observable inputs used to value the instruments:

The three levels of the fair value hierarchy are:

Level 1 – Values based on unadjusted quoted prices available in active markets for identical assets or liabilities as of the reporting date.

Edgar Filing: VISTA GOLD CORP - Form 10-K

Level 2 – Values based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace. Prices in Level 2 are either directly or indirectly observable as of the reporting date.

Level 3 – Values based on prices or valuation techniques that are not based on observable market data.

The warrant derivative is classified at level 2.

Risk management is the responsibility of the Corporation's management team, with oversight by the Board of Directors. The Corporation's financial instrument risk exposures are summarized below:

## 9. Risk Management and Financial Instruments (continued)

### a) Credit Risk

The Corporation has no significant credit risk arising from operations. The Corporation's credit risk is primarily attributable to cash and cash equivalents and trade and other receivables. The Corporation holds its cash with Canadian chartered banks and the risk of default is considered to be remote. The Corporation has minimal accounts receivable exposure, and its refundable credits are due from the Canadian government.

### b) Liquidity Risk

Liquidity risk is the risk that the Corporation will be unable to meet its financial obligations as they fall due. The Corporation's approach to managing liquidity risk is to ensure it will have sufficient liquidity to meet liabilities when due. The Corporation's trade and other payables are generally due within 30 days. As at December 31, 2013 all trade and other payables were due within 30 days.

### c) Interest Rate Risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk that the Corporation will realize a loss is limited because at present the Corporation holds all of its surplus cash in an interest bearing account and investment-grade short-term deposit certificates issued by its banking institutions. The Corporation monitors its investments it makes and is satisfied with the credit worthiness of its banks. The Corporation's other financial liabilities include the notes payable, which bear interest at a fixed rate as described in Note 6 until June 2, 2015 and therefore has no interest rate risk.

### d) Foreign Currency Risk

The Corporation's functional and reporting currency is the USD and major purchases are transacted in USD. The Corporation is exposed to the risk of changes in USD relative to the Canadian Dollar. A portion of the Corporation's financial assets and liabilities are denominated in Canadian dollars. The Corporation monitors this exposure, but has no contractual hedge positions. Financial assets and liabilities denominated in Canadian dollars are as follows, stated in USD:

	2013	2012
Cash and cash equivalents	\$ 5,576,038	\$ 5,190,659
Trade and other receivables	59,473	52,088
Trade and other payables	(321,764)	(280,800)
	\$ 5,313,747	\$ 4,961,947

A five percent change in the US dollar exchange rate to the Canadian dollar would impact the Corporation's earnings by \$282,585.

During the year, the Corporation maintained a portion of its cash balance in Canadian Dollars. There is a risk that the Corporation's cash balance be reduced on a fluctuation in the relevant exchange rate. The Corporation has a policy that all board approved expenditures be held in the currency they expect to be made in. Cash held in excess of board approved expenditures has been and will be actively managed by the Corporation's management with consideration to the expected currency needs of the Corporation based on approved expenditures.

## 10. Segmented Information

The Corporation operates in one segment, being the exploration, evaluation and potential development of the Golden Meadows Project. Details on a geographic basis are as follows:

	2013	2012
Assets by geographic segment, at cost		
Canada		
Current assets	\$ 14,514,111	\$ 19,669,232
Non-current assets	50,398	84,664
	14,564,509	19,753,896
United States		
Current assets	228,001	195,141
Non-current assets	186,622,564	175,872,021
	186,850,565	176,067,162
	\$ 201,415,074	\$ 195,821,058

## 11. Compensation of Key Management Personnel

During the year ended December 31, 2013, compensation of directors and officers and other key management personnel who have the authority and responsibility for planning, directing and controlling the activities of the Corporation was:

	December 31, 2013	December 31, 2012
Salaries and benefits	\$ 1,306,227	\$ 1,182,007
Share based compensation	586,166	2,288,652
	\$ 1,892,393	\$ 3,470,659

No post-employment benefits, termination benefits, or other long-term benefits were paid to or recorded for key management personnel during the year ended December 31, 2013 and 2012.



## 12. Income taxes

## a. Income Tax Expense

The provision for income taxes reported differs from the amount computed by applying the applicable income tax rates to the loss before the tax provision due to the following:

	2013	2012
Net income (loss)	\$ (3,795,566)	\$ (7,179,767)
Statutory tax rate	38.47%	39.94%
Recovery of income taxes computed at statutory rates	\$ (1,460,165)	\$ (2,867,599)
Tax losses not recognized in the period that the benefit arose	936,193	593,288
Share based compensation and other permanent differences	523,972	2,274,311
Income tax recovery	\$ -	\$ -

---

## 12. Income taxes (continued)

- b. The significant component of the Corporation's deferred tax assets and liabilities are as follows:

	2013	2012
Tax losses	\$ 9,238,984	\$ 9,141,926
Buildings and equipment	(88,320)	(729,889)
Exploration and evaluation assets	(9,150,664)	(8,412,037)
Total	\$ -	\$ -

- c. Deferred tax assets have not been recognized in respect of the following items:

	2013	2012
Tax losses	\$ 4,131,373	\$ 3,310,610
Other future deductions	1,419,793	1,278,230
	\$ 5,551,166	\$ 4,588,840

As at December 31, 2013, the Corporation had deductible temporary differences for which deferred tax assets have not been recognized because it is not probable that future profit will be available against which the Corporation can utilize the benefits.

As of December 31, 2013, the Corporation has US loss carry forwards of approximately \$28,446,000 (2012 - \$27,700,000) of which \$4,431,000 (2012 - \$4,811,000) have not been recognized. The Corporation also has Canadian loss carry forwards of approximately \$9,334,000 (2012 - \$5,566,000) available to reduce future years' income for tax purposes which have not been recognized. The Corporation also has tax pools related to Buildings and Equipment and Exploration and Evaluation assets of approximately \$3,989,000 (2012 - \$3,333,000) and \$75,484,000 (2012 - \$66,551,000), respectively, which are available to offset future taxable income. The Corporation recognizes the benefit of tax losses only to the extent of anticipated future taxable income in relevant jurisdictions. The tax loss carry forwards expire as follows:

Expiry of Tax Losses:	US	Canada
December 31, 2029	\$ 342,000	\$ -
December 31, 2030	983,000	-
December 31, 2031	9,998,000	1,881,000
December 31, 2032	16,346,000	3,662,000
December 31, 2033	777,000	3,791,000
	\$ 28,446,000	\$ 9,334,000

The Corporation also has other future deductions available in the US and Canada of approximately \$10,000 (2012 - \$155,000) and \$3,547,000 (2012- \$4,865,000), respectively for which the benefit has not been recognized.

## 13. Supplemental Cash flow Information

Non-cash financing and investing activities	December 31, 2013	December 31, 2012
Share based compensation included in exploration and evaluation assets	\$ 878,269	\$ 1,889,666
Depreciation capitalized in exploration and evaluation assets	\$ 1,409,191	\$ 998,455
Transfer of equity reserve upon exercise of options and warrants	\$ -	\$ 205,315

## 14. Commitments

Other material commitments are disclosed in Note 5 and 6.

## a. Office Rent

The Corporation entered into a various lease agreements for office space. The total rent obligation over the next five years is as follows:

	December 31, 2013		Total
	Within one year	After one year but not more than five years	
Minimum rental payments	277,883	371,908	649,791

## b. Mining Claim Assessments

The Corporation currently holds mining claims on which it has an annual assessment obligation of \$195,000 in order to maintain the claims in good standing. The Corporation is committed to these payments indefinitely.

## 15. Subsequent Event

In March 2014, the Corporation closed a non-brokered private placement for 14,167,621 units ("Unit") at a price of C\$0.90 per unit, for gross proceeds of C\$12.8 million (\$11.5 million) in two tranches. Each Unit consists of one

common share in the capital of the Corporation (a “Share”) and one-half of one common share purchase warrant (each whole common share purchase warrant, a “Warrant”). Each Warrant entitles the holder to acquire one additional common share of the Corporation at a price per Warrant Share of C\$1.20 for a period of two years.

In consideration for arranging a portion of the private placement, the Corporation paid finder’s fees to certain arm’s length parties consisting of: (i) cash commission in the aggregate amount of \$369,675; and (ii) a total of 410,750 finder’s options (“Finder’s Options”). Each Finder’s Option entitles the holder to acquire one Unit at a price per Unit of C\$0.99 for a period of two years.

---