

VISTA GOLD CORP  
Form 10-K  
March 17, 2014

---

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, 2013

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  Nox

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  Nox

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 x 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:    \$79,335,170

The number of shares of the Registrant's Common Stock outstanding as of March 5, 2014 was 82,275,217.

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	16
ITEM 2. PROPERTIES	16
ITEM 3. LEGAL PROCEEDINGS	37
ITEM 4. MINE SAFETY DISCLOSURES	37
PART II	
ITEM 5. MARKET FOR REGISTRANT’S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES	38
ITEM 6. SELECTED FINANCIAL DATA	41
ITEM 7. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	41
ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK	48
ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA	49
ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE	73
ITEM 9A. CONTROLS AND PROCEDURES	73
ITEM 9B. OTHER INFORMATION	73
PART III	
ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE	73
ITEM 11. EXECUTIVE COMPENSATION	73
ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS	74
ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS	74
ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES	74
PART IV	
ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES	74



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 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 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 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 preliminary 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 weathering 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.

“diamond drill” means a rotary type of rock drill that uses a diamond impregnated bit to cut a core of rock, which is recovered in long, cylindrical sections, two centimeters or more in diameter.

“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.

“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 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 mineable.

“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-ground 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.

“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.

“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.

“volcaniclastic” means derived by ejection of volcanic material from a volcanic vent.

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

## USE OF NAMES

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:



- our expectation that we are able to raise the cash necessary for full repayment of the 2013 Facility (as defined in Significant Developments in 2013, below) when it is due and may potentially seek additional sources of financing;
- the receipt by the Company of the \$6,250 payment for the sale of the Los Cardones gold project;
- estimates of future operating and financial performance;
- potential funding requirements and sources of capital, including near-term sources of additional cash;
- our expectation that we will continue to raise capital through the sale of non-core assets, equity and/or debt financings, and through the exercise of stock options and warrants;
- our anticipated cash burn rate for 2014;
- 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;
- the potential monetization of our non-core assets;
- our intention to identify and execute cost cutting initiatives;
  - 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 commitments 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 the holding of 24.9% (reduced to 12.4% during February 2014) of the issued and 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, including our plans to complete the environmental impact statement approval process for the 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;
- our belief that there is a possibility that with time and the appropriate exploration expenditures, a high-grade mineable resource could potentially be developed at the Guadalupe de los Reyes gold/silver 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;
  - timing and receipt of proceeds from the sale of the mill equipment that we are currently seeking to sell;

- timing and receipt of proceeds from the proposed option of our Guadalupe de los Reyes gold/silver project; 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 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 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 our business, including its development plans and operating activities;
  - 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 including the environmental impact statement;
  - receiving the payment in July 2014 related to the Los Cardones gold project sale;
  - increased costs that affect 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 and our ability to raise funds from the exercise of our warrants;
  - risks related to our 2013 Facility;
  - 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;
  - environmental lawsuits;
  - lack of adequate insurance to cover potential liabilities;
  - our ability to 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;
- 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 Gold Corp. operates 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, or leases to third parties, joint venture arrangements with other mining companies, or outright sales of assets for cash and/or other consideration. As such, we are considered an Exploration Stage Enterprise. Our approach to acquisitions of gold projects has generally been to seek projects within political jurisdictions with well-established mining, land ownership and tax laws, which have adequate drilling and geological data to support the completion of a third-party review of the geological data and to complete an estimate of the gold mineralization. In addition, we look for opportunities to improve the value of our gold projects through exploration drilling and/or technical studies resulting in changes to the operating assumptions underlying previous engineering work.

Our principal assets include our flagship Mt. Todd gold project in Northern Territory (“NT”), Australia, and a 24.9% (reduced to 12.4% during February 2014) holding in Midas Gold shares. In addition to non-core projects in Mexico and California, we hold royalty interests in projects in Bolivia and Indonesia.



Edgar Filing: VISTA GOLD CORP - Form 10-K

We do not produce gold and do not currently generate operating earnings. Through 2013, funding to explore our gold properties and to operate the Company was acquired primarily through debt and equity financings and the sale of non-core assets. We expect to continue to raise capital through the sale of non-core assets, additional equity and/or debt financings, and through the exercise of stock options and warrants.

Vista Gold Corp. was originally incorporated on November 28, 1983 under the name “Granges Exploration Ltd.” Effective November 1, 1996, two predecessor entities amalgamated under the name “Vista Gold Corp.” and, effective December 17, 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	Registered and Records Office
Suite 5 - 7961 Shaffer Parkway	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 March 5, 2014 for each of its subsidiaries is set out below.

## Employees

As of December 31, 2013, we had 14 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 2013, 2012 and 2011. Geographic location of mineral properties and plant and equipment is provided in Notes 6 and 7 to our Consolidated Financial Statements under the section heading "Item 8. Financial Statements" below.

## Significant Developments in 2013

### Mt. Todd gold project

In April 2013, the NT Government of Australia awarded our Mt. Todd gold project Major Project Status, signifying the NT Government's support for the timely and responsible development of the Mt. Todd gold project.

In May 2013, we completed a pre-feasibility study which evaluates two development scenarios including a (i) 50,000 tpd project that develops more of the Mt. Todd mineral resource and generates a larger net present value and (ii) a smaller and higher-grade 33,000 tpd project that focuses on improving internal rate of return and operating margins.

In June 2013, we submitted the initial environmental impact statement (“EIS”) to the regulators in the NT. During November 2013, we submitted our final EIS to the regulators in the NT.

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

Los Cardones gold project

During October 2013, we entered into a purchase and sale agreement with Invecture Group S.A. de C.V. (“Invecture”) and RPG Structured Finance S.a.r.L. to sell our 100% interest in our Los Cardones gold project in Baja California Sur, Mexico for a total of \$13,000.

---

See the section heading “Item 2. Properties – Los Cardones Gold Project, Baja California Sur, Mexico ” below.

#### Corporate

During March 2013, we completed a loan facility for C\$10,000 with an original maturity date of March 2014, which was further extended to March 2015 during the fourth quarter of 2013 (the “2013 Facility”). In addition, we repaid C\$3,041 of the principal outstanding during the fourth quarter of 2013.

During June 2013, we changed our jurisdiction of incorporation by continuing from the Yukon Territory, Canada to the Province of British Columbia, Canada (the “Continuation”). Our shareholders approved the Continuation at the annual general and special meeting of shareholders held on April 30, 2013. For further details on the continuation see our Current Report on Form 8-K filed with the SEC and the Canadian securities commissions.

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 mining operations and exploration 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. There are no current orders or directions relating to us with respect to the foregoing laws and regulations.

## 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 2013, 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
2009	\$ 1,213	\$ 810	\$ 972
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 (to March 5, 2014)	1,349	1,221	1,276

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.

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 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 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 (including the approval of the environmental impact statement), 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 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.

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 incur substantial costs or disruptions to our business if we cannot obtain, renew or maintain the necessary authorizations and permits.

In order to conduct our operations, we must obtain authorizations and permits from governmental authorities. Delays in obtaining authorizations or permits, failure to obtain an authorization or permit or receipt of an authorization or permit with unreasonable conditions or costs could have a material adverse effect on our ability to develop our gold projects.

The failure to obtain necessary permits could result in an impairment of the carrying value of our projects as the project(s) will not have mineral reserves under SEC Industry Guide 7 or NI 43-101.

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 operations are subject to evolving environmental regulations.

All phases of our operations 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 projects. Currently, we are subject to U.S. federal and state environmental regulations in California, as well as government environmental regulations in Australia and Mexico.

---

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 would divert management's time from company business, including any ongoing exploration and development programs.

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

We have property interests in Mexico, Bolivia 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

The Purchasers of the Los Cardones project may elect to not make a \$6,250 payment to us by July 31, 2014, which would severely reduce our expected working capital and negatively affect our planned liquidity.

During October 2013, Vista and Invecture terminated the 2012 Earn-in Right Agreement whereby Invecture could have earned a 62.5% interest in the Los Cardones gold project located in Baja California Sur, Mexico, and entered into new agreements whereby Vista sold 100% of its debt and equity interests in the Los Cardones gold project (the "Los Cardones Sale") to Invecture and RPG Structured 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 in January 2014, subject to the Purchasers' option to elect to not make this payment. As a result of permitting delays, we and the Purchasers have agreed to extend the due date of the \$6,000 payment to July 31, 2014 for consideration of \$250. If the Purchasers elect to not make the \$6,250 payment, Vista will retain the \$7,000 already paid and 100% of the Los Cardones gold project will be returned to Vista. The Company would also assume all of the responsibilities associated with maintaining the Los Cardones gold project on a going forward basis.

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 industrial, jewelry or investment 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;
- reduce the market value of our assets; and
- reduce the value of 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 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 sale of 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. Our historic accumulated deficit totals approximately \$394,000 as at December 31, 2013. We expect to continue this trend of incurring losses, until one or more of our gold properties becomes a producing mine(s), or is otherwise monetized, and generates sufficient revenues to fund all of our operations, including our corporate headquarters. 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.

The exploration and development of our properties, specifically the construction of any mining facilities and commencement of any mining operations, require substantial additional financing. We will have to raise additional funds from external sources in order to maintain and advance our existing property positions 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.

We cannot be certain that any of our exploration and development activities or any acquisition activities will 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.

If we are unable to acquire attractive mining claims we could lose an opportunity to improve our business. Competition for capital recently reduced the amount of capital available and raised the associated cost. If we are unable to raise sufficient capital, our exploration and development programs may be reduced in scope or stopped completely, as done at our Guadalupe de los Reyes gold/silver project during 2013, 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 attract and retain qualified employees our exploration and development programs may be slowed down or suspended.

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.

---

Currency fluctuations may adversely affect our costs.

Currency exchange rate fluctuations may affect the costs that we incur at our projects as those costs are incurred in the local currency. The appreciation of the local currencies against the U.S. dollar increases our costs of exploration and development activities in U.S. dollar terms at our projects located outside of the United States. As a result, our results of operations and financial condition could be adversely affected.

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 shares of our common stock (the “Common Shares”) should be aware that the Company believes it was classified as a PFIC during the taxable year ended December 31, 2013, 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. However, 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 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.

Deepening political unrest in the Middle East and North Africa, strong economic growth in China, India and other developing economies could have the effect of constraining supplies of oil and other commodities, which could force related prices higher. A similar trend in labor costs has been observed, resulting mainly from a shortage of skilled labor and growing pressure for the extractive industries to provide compensation commensurate with higher metals prices. There is also a growing trend for governments to expect more income from their resources in the form of increased royalties, taxes and fees. These factors undermine the long-term viability of the mining industry generally, and potentially reduce and/or increase the cost of financing available to new mining projects.





## Industry Risks

Cost inflation could negatively affect the long-term viability of our industry.

Operating costs within the gold mining industry have been increasing dramatically in recent years. Deepening political unrest in the Middle East and North Africa, strong economic growth in China, India and other developing economies could have the effect of constraining supplies of oil and other commodities, which could force related prices higher. A similar trend in labor costs has been observed, resulting mainly from a shortage of skilled labor and growing pressure for the extractive industries to provide compensation commensurate with higher metals prices. There is also a growing trend for governments to expect more income from their natural resources in the form of increased royalties, taxes and fees. These factors undermine the long-term viability of the mining industry generally, and potentially reduce the availability of, and/or increase the cost of, financing for new mining projects.

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.

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. For example, Australia passed the Clean Energy Act in 2011 that establishes a mechanism to combat climate change by imposing a carbon tax on greenhouse gas emissions and encourages investment in clean energy. 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 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 in units used by the qualified person in compiling reports on a project, usually, 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”), the government of the Northern Territory of Australia (the “NT Government”) and the Jawoyn Association Aboriginal Corporation (“JAAC”). In 2010, our agreement with the NT Government was renewed for a five-year period to 2015. 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 1.5 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 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 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	24	(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				102		0	
<b>Exploration Licenses</b>								
EL 28321	198	Centered at approximately 806729E, 8429210N	May 3, 2011	May 2, 2017	3	(due May 2)	43	June 1
EL29882	556	Centered at approximately 189100E, 8452000N	September 16, 2013	September 15, 2019	34	(due September 15)	33	May 14
EL29886	596	Centered at approximately 200300E, 8452000N	September 16, 2013	September 15, 2019	38	(due September 15)	330	May 14
Subtotals	1,350				75		673	
Totals A\$					177		673	
Totals US\$ (exchange rate of A\$1.00 = \$0.89 on March 5, 2014)					158		602	

The surface land in the area of the contiguous mineral licenses and exploration licenses (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.

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 basic infrastructure is still in place, including project access control point, a small shop and office, a mill 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 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 water treatment plant in 2009. The treated water was initially to be 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.

#### 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 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 ("LOM") (13 years)	
	Annual Average	Total	Annual Average	Total
Average Milled Grade (g/t)	1.03		0.82	
Payable Gold (000's ozs)	481	2,407	370	4,808
Gold Recovery	82.0%		81.5%	
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	

Edgar Filing: VISTA GOLD CORP - Form 10-K

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 <sup>5%</sup> , in Millions	Base Case (50,000 tpd) Gold Price per Ounce							
ForEx USD/AUD	\$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-sources 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      LOM Cost

Edgar Filing: VISTA GOLD CORP - Form 10-K

	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
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 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.

Edgar Filing: VISTA GOLD CORP - Form 10-K

The following table highlights the Base Case production schedule:

Years	Ore Mined (kt)	Waste mined (kt)	Strip Ratio (W:O)	Milled Ore (kt)	Milled Grade (g/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/t)	Contained Ounces	Tonnes (000s)	Grade (g/t)	Contained Ounces	Tonnes (000s)	Grade (g/t)	Contained Ounces	Tonnes (000s)	Grade (g/t)	Contained Ounces
Proven	72,495	0.88	2,057	-	-	-	-	-	-	72,495	0.88	2,057
Probable	136,032	0.82	3,612	13,354	0.54	232	-	-	-	150,309	0.80	3,844
Total	209,084	0.84	5,669	13,354	0.54	232	-	-	-	222,805	0.82	5,901

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

	Batman Deposit			Heap Leach Pad			Quigleys Deposit			Total		
	Tonnes (000s)	Grade (g/t)	Contained Ounces	Tonnes (000s)	Grade (g/t)	Contained Ounces	Tonnes (000s)	Grade (g/t)	Contained Ounces	Tonnes (000s)	Grade (g/t)	Contained Ounces
Measured	77,793	0.88	2,193	-	-	-	571	0.98	18	78,364	0.88	2,211
Indicated	201,080	0.80	5,209	13,354	0.54	232	6,868	1	181	222,014	0.79	5,622

Edgar Filing: VISTA GOLD CORP - Form 10-K

Total	279,685	7,401	13,354	0.54	232	7,439	0.83	199	300,378	0.81	7,832
Inferred	72,467	1,729	-	-	-	11,767	0.85	320	84,225	0.76	2,049

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		LOM (11 years)	
	Annual Average	Total	Annual Average	Total
Average Milled Grade (g/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	Base Case (50,000 tpd) Gold Price per Ounce							
ForEx USD/AUD	\$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	Sustaining
Alternate Case (33,000) tpd)	Capital	Capital

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

---

## 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		LOM 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

Edgar Filing: VISTA GOLD CORP - Form 10-K

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/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 ("CWI") 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, 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 up to 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;

Edgar Filing: VISTA GOLD CORP - Form 10-K

- 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.

In June 2013, we completed and submitted an initial EIS to the Environmental Protection Agency of the NT Government (“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.

#### 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 grams of gold per tonne, under SEC Industry Guide 7 guidelines, mineralized material for the Quigleys deposit is estimated at 6,076,000 tonnes grading 0.92 grams gold per tonne.

Under CIM Definition Standards, at the same cut-off grade of 0.50 grams gold per tonne, measured mineral resources are estimated at 511,000 tonnes grading 1.04 grams gold per tonne, indicated mineral resources are estimated at 5,565,000 tonnes grading 0.91 grams gold per tonne and inferred mineral resources are estimated at 9,416,000 tonnes grading 0.95 grams gold per tonne. 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.

#### 2014 Project Plans

The focus of our activities at the Mt Todd gold project in 2014 will be principally on acquiring the approval of the EIS, identifying and evaluating project optimization opportunities, and care and maintenance activities related to the mineral licenses and exploration licenses. The current gold price does not justify the development of the project at this time, nor the completion of the feasibility study.

We have reviewed our site holding costs and are working with the NT Government to identify and implement potential cost sharing opportunities with respect to the management of water on site and the associated environmental monitoring.

No exploration is planned on the MLs and only minimal field mapping is planned for the ELs.

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 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

#### Letter of Intent

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 to Cangold Limited (“Cangold”).

The LOI provides that a non-refundable \$50 payment be made to Vista for which Cangold will have 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”).

The LOI contemplates that the Option Agreement (if entered into) will provide that Cangold may 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, \$1,500 in the second year and \$2,500 in the third year;
- maintaining the concessions comprising the Guadalupe de los Reyes gold/silver project in good standing; and
- fulfilling all of the obligations of Vista’s wholly-owned subsidiary, Minera Gold Stake, S.A. de C.V. (“MGS”) to the Ejido La Tasajera (the “Ejido”) as set out in the temporary occupation contract between MGS and the Ejido.

The Option Agreement is expected to further provide 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 make the payments pursuant to the above payment schedule in advance.

Subject to Cangold earning a 70% interest in the Guadalupe de los Reyes gold/silver project, it is expected that Cangold will be granted an additional option to earn the remaining 30% interest in the Guadalupe de los Reyes gold/silver project, by notifying Vista of a production decision 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 is expected to provide Vista 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 an additional cash payment based on the same formula as

the Escalator Payment described above. If Vista does not exercise its buyback option, Vista 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.

The Option Agreement is expected to provide that Cangold will be the operator of the Guadalupe de los Reyes gold/silver project and set forth the responsibilities and obligations of Cangold in this respect.

#### Property Description and Location

Our 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 controlled by Vista follows.

---

## Mining Concessions at Guadalupe de los Reyes Controlled by Vista Gold

	Serial	Surface Area	Location	Expiration	Annual fees in
CONCESSION NAME	Number	(hectares)	date	date	Mexican Pesos ("MP")
	223401	0.1842	12/10/2004	10/12/2054	28
GAYTAN	210497	91.4591	10/8/1999	7/10/2049	23,642
	209397	26.6798	4/9/1999	8/4/2049	6,898
	193499	60.3723	12/19/1991	12/18/2041	15,606
	180909	222.0385	8/6/1987	5/8/2037	57,394
	210803	199.8708	11/30/1999	11/29/2049	51,664
	214131	17.3662	8/10/2001	9/8/2051	4,490
	214302	197.0000	9/6/2001	9/5/2051	50,922
	217757	11.1640	8/13/2002	12/8/2052	2,886
	216632	319.9852	5/17/2002	05/16/2052	82,710
DESARROLLOS	225122	427.6609	7/22/2005	07/21/2055	62,816
MINEROS	225123	4.8206	7/22/2005	07/21/2055	710
SAN LUIS	226037	9.0000	11/15/2005	11/14/2055	1,322
	210703	476.9373	11/18/1999	11/17/2049	123,280
	212758	598.0985	11/22/2000	7/10/2049	154,598
	212757	1334.4710	11/22/2000	7/10/2049	344,936
	177858	150.0000	4/29/1986	04/28/2036	38,774
	184912	33.0000	12/6/1989	5/12/2039	8,530
	185761	11.7455	12/14/1989	12/13/2039	3,036
	188187	55.7681	11/22/1990	11/21/2040	14,416
	196148	50.0000	7/16/1993	07/15/2043	12,926
REINA ISABEL	211471	2.6113	5/31/2000	03/30/2050	676
	211513	44.0549	5/31/2000	03/30/2050	11,388
	212752	11.1980	11/22/2000	11/21/2050	2,896
	212753	9.0000	11/22/2000	11/21/2050	2,328
	212775	26.2182	1/31/2001	01/30/2051	6,778
	213234	46.6801	4/10/2001	9/4/2051	12,066
	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 = US\$0.07 as of March 5, 2014)					85,021

---

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. In November 2011, we concluded a two-year lease for use of the surface with the Ejido two gold/silver mineral properties adjacent to our Guadalupe de los Reyes gold/silver project.

## 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 grouping. 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 secured 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 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/ \$22.40	\$1,332/ \$25.20	\$1,480/ \$28 Case)	(Base \$1,628/ \$30.80	\$1,776/ \$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/t)	Contained Gold (kcozs)	Silver Grade (g/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

For 2014, our expenditures on the Guadalupe de los Reyes gold/silver project will be restricted to property holding costs and community support initiatives as the Company is primarily focused on the continued evaluation of the Mt. Todd gold project.

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 and Investure Group, S.A. de C.V. (“Investure”) terminated the Earn-in Right Agreement, defined below, and entered into new agreements whereby we sold our 100% interest in the Los Cardones gold project located in Baja California Sur, Mexico (“Los Cardones Sale”) to Investure and RPG Structured 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 payable January 2014) subject to the Purchasers’ option to elect to not make this payment. As a result of permitting delays, we and the Purchasers have agreed to extend the due date of the \$6,000 payment to July 31, 2014 for consideration of \$250. If the Purchasers elect to not make the \$6,250 payment, we will retain the \$7,000 already received and 100% of the Los Cardones gold project will be returned to us.

In February 2012, we entered into an earn-in right agreement (the “Earn-in Right Agreement”) with Investure with respect to our Los Cardones gold project. We held the Los Cardones gold project through our wholly-owned subsidiary Desarrollos Zapal S.A de C.V. (“DZ Mexico”). Under the terms of the Earn-in Right Agreement, Investure made a non-refundable payment of \$2,000 in exchange for the right to earn a 60% interest in DZ Mexico (the “Earn-in Right”). Investure’s right to earn a 60% interest in DZ Mexico was adjusted to 62.5% during the three-month period ended June 30, 2012 pursuant to the terms of the Earn-in Right Agreement. The Earn-in Right would have expired if not exercised by February 7, 2014, subject to extension in certain circumstances (the “Earn-in Period”). The Earn-in Right Agreement provided that during the Earn-in Period, Investure would, at its sole expense, manage and operate the Los Cardones gold project and would undertake all commercially reasonable efforts to obtain the Change of Forest Land Use Permit (“CUSF”) and the Authorization of Environmental Impact which are required to develop 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.

The project is located a few miles to the east of the Sierra Nevada Mountains, at an elevation of about 7,200 feet, in an area of gently rolling terrain in the Inyo National Forest, about 7 miles east of the town of Mammoth Lakes, in Mono County, California, and about 45 miles north of the town of Bishop, California. Both towns are connected by U.S. Highway 395, which passes a few miles west of the property. Access to the property from the highway is via a series of graded gravel roads. The property is in an undisturbed condition.

The climate is semi-arid and moderate, with high temperatures in the summer generally in the 80 degree Fahrenheit range and winter highs generally in the 30-40 degree Fahrenheit range. Winter temperatures can be below zero degrees Fahrenheit. Precipitation at the property totals approximately 20 to 25 inches per year, divided between winter snows and summer thunderstorms. Snow depths in winter are generally less than two feet. The vegetation consists mostly of sagebrush and related shrubs and grasses with local areas of open pine forest.

During the 1980s, a total of 156 holes were drilled, various metallurgical and engineering studies were completed and permitting documents were submitted in support of constructing a small operation. During the early 1990's, geologic mapping, geochemical sampling, and geophysical surveying of the area was completed and 59 reverse circulation holes were drilled. These holes were mostly in the South zone, but also resulted in the discovery of two new zones contiguous with the South zone, the Hilton Creek zone and the Southeast zone.

During the mid-1990s, exploration activities significantly increased as the owner, at that time drilled approximately 625 holes mostly in the Hilton Creek and Southeast zones and undertook extensive studies related to metallurgical investigations, preliminary engineering studies, including resource estimations, and initiated baseline-type environmental studies of the biological, water, and archeological resources of the area.

The database contains 896 drill holes, totaling 268,275 feet. The majority of holes were drilled using reverse circulation methods. Gold was primarily analyzed by fire assay, with grade determinations by atomic absorption.

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.

---

A location map follows.

## Geology and Mineralization

The Long Valley gold project claims are contained entirely within the early Pleistocene age Long Valley Caldera, which has been dated at about 760,000 years old. The caldera is an elongated east-west oval depression measuring some 10 miles by 20 miles and is related to eruption of the Bishop Tuff, which is covered by younger rocks within the caldera.

The Long Valley gold mineralization is located near the center of the caldera and is underlain by lithologic units related to the caldera formation and its subsequent resurgence. Associated with resurgent doming is a sequence of interbedded volcanoclastic sedimentary rocks which were deposited in a lacustrine setting within the caldera. These rocks consist of sediment (siltstones through conglomerates) and debris-flow deposits, with local deposits of intercalated silica sinter and rhyolite flows and dikes. All of these lithologies have been altered and/or mineralized to variable degrees. Intruding the generally flat-lying lake sediments are several rhyolite domes that have been dated from 200,000 to 300,000 years in age.

The north-south trending Hilton Creek fault zone appears to define the eastern limit of the resurgent dome within the central part of the Long Valley Caldera and extends outside the caldera to the south. Offset along this fault appears to be variable and suggests that fault activity along this zone may be episodic in nature.

Gold and silver mineralization at Long Valley appears to fall under the general classification of an epithermal, low sulfidation-type deposit. Several areas, termed the North, Central, South, Southeast and Hilton Creek zones, on the Long Valley property are mineralized with low grades of gold and silver. The mineralized zones are generally north-south trending, up to 8,000 feet in length with widths ranging from 500 feet to 1,500 feet. The tabular bodies are generally flat-lying or have a shallow easterly dip. Mineralization is typically from 50 to 200 feet thick and, in the South and Southeast zones, is exposed at or very near the surface. The top of the Hilton Creek zone is covered by 20 to 50 feet of alluvium. The majority of the mineralization discovered to date is located

---



in the Hilton Creek zone.

Gold and silver mineralization is quite continuous throughout the zones and is well-defined above a cut-off grade of 0.010 gold ounces per ton. Within the continuous zones of low-grade gold mineralization (above 0.010 gold ounces per ton) are numerous zones of higher grade mineralization above 0.050 gold ounces per ton, particularly in the Hilton Creek zone, which may relate to zones of enhanced structural preparation. Mineralized zones typically correlate with zones of more intense clay alteration or argillization and/or silicification.

The Long Valley gold project is considered an immaterial property to the Company at this time.

Awak Mas Gold Project, Sulawesi, Indonesia

In 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 original joint venture 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) 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.

### 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, 2013, 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
2012	1st quarter	\$ 4.00	\$ 2.94
	2nd quarter	3.32	2.28
	3rd quarter	4.09	2.80
	4th quarter	3.75	2.21
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

On March 5, 2014, the last reported sale price of the Common Shares of Vista Gold on the NYSE MKT was \$0.62, there were 82,275,217 Common Shares issued and outstanding, and we had approximately 628 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 of Directors 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, 2008, in (i) the Corporation's Common Shares at the closing price of the Common Shares on December 31, 2008; (ii) the S&P/TSX Composite Index; and (iii) the S&P/TSX Global Gold Index.

---

	12/31/2008	12/31/2009	12/31/2010	12/31/2011	12/31/2012	12/31/2013
Vista Gold Corp.	\$ 100.00	\$ 218.75	\$ 213.39	\$ 274.11	\$ 241.07	\$ 33.93
S&P/TSX	\$ 100.00	\$ 130.69	\$ 149.57	\$ 133.02	\$ 138.34	\$ 141.68
S&P/TSX Global	\$ 100.00	\$ 107.80	\$ 135.86	\$ 116.60	\$ 98.80	\$ 47.77

#### 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

All sales of unregistered securities during the period were previously reported on Form 8-K.

#### Repurchase of Securities

During 2013, neither Vista Gold nor any affiliate of Vista Gold repurchased Common Shares of Vista Gold 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,				
	2013	2012	2011	2010	2009
Results of operations					
Net income/(loss)	\$ (59,488)	\$ (70,656)	\$ 51,546	\$ (20,020)	\$ (5,952)
Basic income/(loss) per share	(0.73)	(0.95)	0.75	(0.42)	(0.16)
Diluted income/(loss) per share	(0.73)	(0.95)	0.74	(0.42)	(0.16)
Financial position					
Working capital	8,622	60,342	16,947	17,995	29,381
Total assets	53,094	133,065	180,603	82,972	66,453
Long-term debt and non-current liabilities	8,859	635	36,157	-	28,895
Shareholders' equity	43,013	101,343	141,223	58,342	36,632

## 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, 2013, 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”) 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 or leases to third parties, joint venture arrangements with other mining companies, or outright sales of assets for cash and/or other consideration. As such, we are considered an Exploration Stage Enterprise. Our approach to acquisitions of gold projects has generally been to seek projects within political jurisdictions with well-established mining, land ownership and tax laws, which have adequate drilling and geological data to support the completion of a third-party review of the geological data and to complete an estimate of the gold mineralization. In addition, we look for opportunities to improve the value of our gold projects through exploration drilling and/or technical studies resulting in changes to the operating assumptions underlying previous engineering work.

Our principal assets include our flagship Mt. Todd gold project in Northern Territory (“NT”), Australia, and a 24.9% holding in Midas Gold Corp. common shares (“Midas Gold shares”) (reduced to 12.4% during February 2014). In addition to non-core projects in Mexico and California, we hold 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 and sale of non-core assets. The prices for gold equities, particularly those with early stage projects, have decreased steadily during the past year, 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 and we will continue to identify and to execute meaningful cost cutting



initiatives. The Company will continue to seek other financing sources 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 the non-core assets at a value acceptable to us or at all. The Company believes that after giving effect to the sale of 16,000,000 Midas Gold shares held by the Company's subsidiary Vista Gold U.S. Inc. for gross proceeds of C\$12,800 (\$11,640) and paying down the 2013 Facility by approximately C\$5,516 (\$5,000) (see Note 20 of the Consolidated Financial Statements), it will have sufficient working capital to operate the Company through 2014 and repay the remaining approximately C\$1,443 (\$1,300) on its 2013 Facility in full upon the facility maturing in March of 2015 or earlier (defined below in "Financial Position, Liquidity and Capital Resources.")

## Results from Operations

### Summary

For the year ended December 31, 2013, substantially all of our resources were focused on our Mt. Todd gold project in NT, Australia, where we completed a pre-feasibility study and submitted a final environmental impact statement. Through 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.

Consolidated net loss for the years ended December 31, 2013 and 2012 was \$59,488 and \$70,656 or \$0.73 and \$0.95 per basic share, respectively. For the same period in 2011 we reported net income of \$51,546 or \$0.75 per basic share. 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 \$15,600, \$27,536 and \$21,774 during the years ended December 31, 2013, 2012 and 2011, respectively. The lower 2013 costs were in part due to the cost reductions noted above. In addition, several capital intensive activities which had started in 2012 were completed in early 2013. 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. At our Los Cardones gold project, costs decreased in 2012 from 2011 because since February 2012 Inventure Group, S.A. de C.V. ("Inventure") began to incur all costs associated with the progression of this project under an earn-in right agreement ("Earn-in Right Agreement"). We completed a drilling program at our Guadalupe de los Reyes gold/silver project in early 2012, no similar programs were completed in 2013.

### Corporate administration and investor relations

Corporate administration and investor relations costs were \$5,528, \$8,096, and \$6,375 during the years ended December 31, 2013, 2012, and 2011, respectively. The decrease in 2013 was primarily attributable to cost cutting initiatives discussed above. The higher 2012 costs included abnormally high legal and professional fees associated with activities such as our shelf registration statement and completion of the Earn-in Right Agreement, and an increase in stock-based compensation expense incurred to attract additional professional staff and consultants and to incentivize and retain professional staff and directors.

#### Depreciation and amortization

Depreciation and amortization expense was \$1,021, \$589, and \$420 for years ended December 31, 2013, 2012, and 2011, respectively. The increases period-to-period were primarily attributable to increased capital expenditures at the Mt. Todd gold project during late 2012 and early 2013.

#### 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, 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.

In April 2011, Vista was issued 30,402,615 Midas Gold shares as consideration for its interest in gold assets in the Yellow Pine-Stibnite District in Idaho. Upon initial recognition of its investment in the Midas Gold shares, Vista elected to apply the fair value option, and as such, the investment was recorded at fair value in the Consolidated Balance Sheets. The difference between the fair value of our Midas Gold shares and the carrying value of our Yellow Pine assets resulted in an unrealized gain of \$77,803 for the year ended December 31, 2011.

---



#### Non-operating income and expenses

##### Unrealized Gain/(Loss) on Other Investments

Unrealized gain/(loss) on other investments was \$(48,499), \$(50,363) and \$37,347 for the years ended December 31, 2013, 2012 and 2011, respectively. These amounts are substantially the result of changes in fair value of our Midas Gold shares.

##### 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 the carrying value of the mill equipment to its estimated fair value of \$6,500 and \$10,000, respectively, net of costs to sell and commissions, 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, 2011.

##### 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 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. The 2011 deferred tax expense of \$(35,522) is a result of the unrealized gains arising from the disposal of gold assets in the Yellow Pine-Stibnite District in Idaho in exchange for Midas Gold shares; and subsequent fair value gains in our Midas Gold shares (see above). The estimated deferred tax liability associated with the 2011 gains exceeded our U.S. deferred tax asset valuation allowance, consequently this valuation allowance was released upon receipt of the Midas Gold shares.

#### Financial Position, Liquidity and Capital Resources

#### Operating Activities

Net cash used in operating activities was \$24,522, \$30,155 and \$24,990 for the years ended December 31, 2013, 2012 and 2011, respectively. The decrease is primarily the result of changes in operating expenses as discussed in “Results of Operations,” above, together with the payment in 2013 for significant water treatment costs incurred in 2012.

#### Investing Activities

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. Net cash used in investing activities of \$4,044 for the same period in 2011 was primarily due to the acquisition for cash of 1,400,000 additional Midas Gold shares issued in a private placement.

#### Financing Activities

Net cash provided by financing activities was \$6,677 for the year ended December 31, 2013 due to the draw-down of a loan facility during 2013, net of repayments. During March 2013, we closed and drew a C\$10,000 (\$9,764) loan facility (the “2013 Facility”). The 2013 Facility originally matured March 2014, with early repayment of the 2013 Facility allowed, at the Company’s option, provided that at least four months interest has been paid. During the fourth quarter of 2013, the Company and the lender agreed to extend the maturity date of the 2013 Facility to March 2015. The 2013 Facility is secured by a general security agreement (“GSA”) with certain exclusions. In addition, the Company has pledged all the Company’s Midas Gold shares (Note 5) as security and paid the lender an extension fee comprised of 486,382 Vista common shares. The 2013 Facility bears an interest rate of 8% per annum, payable monthly. If the Company completes an asset disposition or other financing, subject to certain conditions, the Company is required to utilize 50% of the net proceeds exceeding \$1,000 to repay the 2013 Facility up to the full amount outstanding. During February 2014, we completed the sale of 16,000,000 Midas Gold shares held by our subsidiary Vista Gold U.S. Inc. for gross proceeds of C\$12,800 (\$11,640) and utilized approximately C\$5,516 (\$5,000) to repay a portion of the 2013 Facility which reduced the aggregate principal amount of the 2013 Facility to approximately C\$1,443 (\$1,300).

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. 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 consists 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 entitles the holder thereof to purchase one common share at a price of \$3.60 per share (subject to adjustment in certain circumstances) and is 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 entitles 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.

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 consists 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 entitles the holder thereof to purchase one common share at a price of \$3.30 per share (subject to adjustment in certain circumstances) and is 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.

Net cash provided by financing activities was \$7,069 for the year ended December 31, 2011. On March 4, 2011 we repaid the outstanding principal amount of \$23,000 on our 10% senior secured convertible notes. In April 2011, we received net cash proceeds of \$28,984 from an equity financing.

#### Liquidity and Capital Resources

At December 31, 2013, we had working capital of \$8,622 compared with working capital of \$60,342 at December 31, 2012, representing a decrease of \$51,720. Our working capital decreased primarily due to the reclassification of our Midas Gold shares to non-current assets from current assets and the use of cash to fund operations. Included in the December 31, 2013, \$8,622 working capital amount is \$5,475 of cash and cash equivalents. Included in the December 31, 2012, \$60,342 working capital amount is \$18,281 of cash and cash equivalents.

During October 2013, Vista and Invecture terminated the 2012 Earn-in Right Agreement whereby Invecture could earn a 62.5% interest in the Los Cardones gold project located in Baja California Sur, Mexico, and entered into new agreements whereby Vista agreed to sell 100% of its debt and equity interests in the Los Cardones gold project (the Los Cardones Sale”) to Invecture and RPG Structured 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 originally payable in January 2014. In January 2014, we extended

the due to date to July 2014 for additional consideration of \$250. If the Purchaser does not make the \$6,250 payment, Vista will retain the \$7,000 already received and 100% of the Los Cardones gold project will be returned to Vista.

Pursuant to the terms of Vista's 2013 Facility, Vista repaid C\$3,041 (\$2,960) of the 2013 Facility using proceeds from the Los Cardones Sale.

During February 2014, we completed the sale of 16,000,000 Midas Gold shares held by our subsidiary Vista Gold U.S. Inc. for gross proceeds of C\$12,800 (\$11,640). After giving effect to the sale of Midas Gold shares (Note 20), our proforma working capital increases to approximately \$14,500 (all other items remaining constant), and the balance of the 2013 Facility reduces to approximately \$1,300. Included in the \$14,500 working capital amount is approximately \$11,200 of cash and cash equivalents.

In the past year, capital raising 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. Consequently, we may not be able to raise capital in sufficient amounts on reasonable terms, if at all.

Management is strongly committed to careful cash management and maintaining liquidity. The Company's cash burn rate has been dramatically reduced since 2012 and the first half of 2013 as several cash intensive programs such as water treatment and preparation of the preliminary feasibility have been completed. In addition, several significant cost cutting measures have been introduced including a reduction of management positions, significant reductions in cash compensation for executives, senior management and the Company's Board of Directors, and the delay or elimination of all discretionary programs, including exploration activities. Other aggressive cost cutting measures, particularly at Mt. Todd, are being pursued. The Company's cash burn rate is expected to average approximately \$2,000 per quarter through 2014, assuming normal wet seasons in the NT.

---

The Company believes that after giving effect to the sale of 16,000,000 Midas Gold shares, its cash position, will be sufficient to fund the Company through 2014, and to repay its 2013 Facility in full. In addition, the Company hopes to receive \$6,250 in July 2014, related to the 2013 sale of the Los Cardones gold project, subject to the Purchaser's option to elect to not make this payment. The Company will continue to seek additional financing with priority given to non-dilutive sources such as the sale of non-core assets, including our used mill equipment and, if the parties agree to acceptable terms, the entry into the Guadalupe de los Reyes gold/silver project option agreement with Cangold (Note 20). However, there can be no assurance that we will be able to timely monetize our non-core assets at a value acceptable to us or at all.

The continuing operations of the Company are dependent upon our ability to secure sufficient funding and 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 consolidated balance sheets are dependent on our ability to generate positive cash flow from operations and to continue to fund exploration and development activities that would lead to profitable production or proceeds from the disposition of these assets. There can be no assurance that we will be successful in generating future profitable operations, disposing of these assets or securing additional funding in the future on terms acceptable to us or at all. Our audited 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 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, 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	4,813	-	4,813
Mill Equipment	6,500	-	6,500
	Fair value at December 31, 2012		
	Total	Level 1	Level 3

## Assets:

Cash equivalents	\$ 15,834	\$ 15,834	\$ -
Marketable securities	626	626	-
Other Investments (Midas Gold shares)	69,489	69,489	-
Amayapampa interest	4,813	-	4,813
Mill Equipment	10,000	-	10,000

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 estimated fair value of the Amayapampa interest is based on probability-weighted cash flow scenarios discounted using a risk-adjusted discount rate (15%) and assumptions including future gold prices (average gold prices realized range from \$832 to \$884, depending on timing of assumed start-up), estimated 9 years life-of-mine gold production of 615,000 ounces and the expected timing of the start of commercial production (periods ranging from 2 to 4 years, or never), which are management's best estimates based on currently available information. Significant changes in any of the unobservable inputs in isolation would result in a significant change in fair value estimate.

The Company incurred a Level 3 impairment loss on certain mill equipment (Note 7) 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 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.

At December 31, 2013, the assets classified within Level 3 of the fair value hierarchy represent 32% of the total assets measured at fair value. There were no transfers between levels in 2013.

#### 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 contractual obligation consists of our 2013 Facility, discussed above, and such obligation is recorded in our Consolidated Balance Sheets.

#### Summary of Quarterly Results

	4th quarter	3rd quarter	2nd quarter	1st quarter
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)
2012				
Revenue	-	-	-	-
Net income/(loss)	(41,195)	12,269	(30,504)	(11,226)
Basic income/(loss) per share	(0.53)	0.16	(0.42)	(0.16)

## 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, \$120 and \$120 during the years ended December 31, 2013, 2012 and 2011, 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 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.

#### Marketable Securities

We classify marketable securities as available-for-sale. Accordingly, these securities are carried at fair value with unrealized gains and losses being reported in other comprehensive income until such time that the securities are disposed of or become impaired. At that time, any gains or losses will then be realized and reported in our Consolidated Statements of Income/(Loss) and Comprehensive Income/(Loss). We use the specific identification method for determining carrying value in computing realized gains and losses on sales of investment securities. We evaluate investments in a loss position to determine if such a loss is other-than-temporary. If so, such loss will be recognized and reported during that period.

---

## 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.

## 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 Merton fair value model adjusted to relative fair value.

### Stock-Based Compensation

Under our stock option and long-term equity incentive plans, stock incentive options and awards 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 and investor relations, 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. 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, Amayapampa interest (see Note 7 to the financial statements), 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. The value of the Amayapampa interest is based on probability-weighted cash flow scenarios and is included in Level 3 in the fair value hierarchy.

#### Recent accounting pronouncements

#### Reporting of Amounts Reclassified out of Accumulated Other Comprehensive Income

In February 2013, the FASB issued guidance related to items reclassified from accumulated other comprehensive income. The new standard requires either in a single note or parenthetically on the face of the financial statements: (i) the effect of significant amounts reclassified from each component of accumulated other comprehensive income based on its sources; and (ii) the income statement line items affected by the reclassification. The standard was effective for us as of January 1, 2013, with early adoption permitted. The adoption of this guidance did not have a significant impact on our consolidated financial position, results of operations or cash flows.

#### Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists

In July 2013, the FASB issued guidance related to the financial statement presentation of an unrecognized tax benefit, a similar tax loss, or a tax credit carryforward exists. The new standard requires that an unrecognized tax benefit, or a portion of an unrecognized tax benefit, be presented in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward unless certain circumstances exist. The standard is effective for us as of January 1, 2014, with early adoption permitted. The adoption of this guidance is not expected to have a significant impact on our consolidated financial position, results of operations or cash flows.

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, 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, 2013. 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 1992 Internal Control-Integrated Framework. Based upon its assessment, management concluded that, at December 31, 2013, 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, 2013 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which appears herein.

Report of Independent Registered Public Accounting Firm

To the Shareholders of Vista Gold Corp.:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income/(loss) and comprehensive income/(loss), shareholders' equity and cash flows present fairly, in all material respects, the financial position of Vista Gold Corp. and its subsidiaries (an exploration stage enterprise) at December 31, 2013 and 2012, and the results of their operations and their cash flows for each of the two years in the period ended December 31, 2013 and, cumulatively, for the period from January 1, 2012 to December 31, 2013 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, 2013, based on criteria established in Internal Control - Integrated Framework (1992) 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 appearing under Item 8. Our responsibility is to express opinions on these financial statements and on the Company's internal control over financial reporting based on our integrated audits. We did not audit the cumulative totals of the Company for the period from January 1, 2002 (date of inception) to December 31, 2011, which totals reflect a deficit of \$64,669,000 accumulated during the exploration phase. Those cumulative totals were audited by other auditors whose report, dated March 14, 2012, expressed an unqualified opinion on the cumulative amounts. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits 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 audits 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 audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

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 (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) 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 (iii) 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.

/s/ PricewaterhouseCoopers LLP

Denver, Colorado

March 17, 2014

---

Report of Independent Registered Public Accounting Firm

To the Shareholders of Vista Gold Corp.:

In our opinion, the consolidated statements of income/(loss) and comprehensive income /(loss), shareholders' equity and cash flows present fairly, in all material respects, the results of operations and cash flows of Vista Gold Corp. and its subsidiaries (an exploration stage enterprise) for the year ended December 31, 2011 and, cumulatively, for the period from January 1, 2002 (date of inception) to December 31, 2011, 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.

/s/ PricewaterhouseCoopers LLP

Chartered Accountants

Vancouver, British Columbia

March 14, 2012

VISTA GOLD CORP. (An Exploration Stage Enterprise)

## CONSOLIDATED BALANCE SHEETS

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

	December 31,	
	2013	2012
Assets:		
Current assets:		
Cash and cash equivalents	\$ 5,475	\$ 18,281
Restricted cash	-	70
Marketable securities (Note 4)	176	626
Other investments (Note 5)	-	69,489
Current deferred tax asset	2,353	-
Other current assets	1,840	2,963
Total current assets	9,844	91,429
Non-current assets:		
Mineral properties (Note 6)	7,184	13,701
Plant and equipment, net (Note 7)	3,698	3,592
Assets held for sale (Note 7)	6,500	10,000
Amayapampa interest (Note 14)	4,813	4,813
Long-term investments (Note 5)	21,055	65
Long-term deferred tax asset	-	9,465
Total non-current assets	43,250	41,636
Total assets	\$ 53,094	\$ 133,065
Liabilities and Shareholders' Equity:		
Current liabilities:		
Accounts payable	\$ 705	\$ 4,409
Accrued liabilities and other	517	1,839
Current deferred tax liability	-	24,839
Total current liabilities	1,222	31,087
Non-current liabilities:		
Debt (Note 8)	6,506	-
Long-term deferred tax liability	2,353	
Other long-term liabilities	-	635
Total non-current liabilities	8,859	635
Total liabilities	10,081	31,722



Commitments and contingencies – (Note 13)

Shareholders' equity:

Common shares, no par value - unlimited shares authorized; shares outstanding: 2013 - 82,275,217 and 2012 - 81,563,498 (Note 9)	404,470	403,583
Additional paid-in capital (Note 10)	32,487	32,155
Accumulated other comprehensive income/(loss) (Note 11)	(59)	2
Accumulated deficit (including during exploration stage: 2013 - \$194,813 and 2012 - \$135,325)	(393,885)	(334,397)
Total shareholders' equity	43,013	101,343
Total liabilities and shareholders' equity	\$ 53,094	\$ 133,065

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. (An Exploration Stage Enterprise)

## 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,			Cumulative during
	2013	2012	2011	Exploration Stage
Operating income and (expenses):				
Exploration, property evaluation and holding costs	\$ (15,600)	\$ (27,536)	\$ (21,774)	\$ (110,859)
Corporate administration	(5,528)	(8,096)	(6,375)	(49,635)
Depreciation and amortization	(1,021)	(589)	(420)	(3,419)
Loss on extinguishment of convertible debt	-	-	-	(1,218)
Gain on disposal of mineral property, net (Note 6)	-	2,934	77,803	79,766
Write-down of mineral property (Note 6)	-	(250)	-	(250)
Total operating income/(expense)	(22,149)	(33,537)	49,234	(85,615)
Non-operating income and (expenses):				
Gain/(loss) on sale of marketable securities	(54)	192	459	7,995
Unrealized gain/(loss) on other investments (Note 5)	(48,499)	(50,363)	37,347	(61,515)
Write-down of marketable securities (Note 4)	(275)	(39)	(158)	(1,234)
Write-down of plant and equipment (Note 7)	(3,500)	(7,117)	-	(10,617)
Interest income	36	45	49	2,814
Interest expense	(547)	-	(120)	(4,659)
Other income/(expense)	127	16	257	(1,847)
Total non-operating income/(expense)	(52,712)	(57,266)	37,834	- (69,063)
Income/(loss) from continuing operations before income taxes	(74,861)	(90,803)	87,068	(154,678)
Deferred income tax benefit/(expense)	15,373	20,147	(35,522)	(2)
Income/(loss) from continuing operations after income taxes	(59,488)	(70,656)	51,546	(154,680)
Loss from discontinued operations	-	-	-	(5,192)
Net income/(loss)	\$ (59,488)	\$ (70,656)	\$ 51,546	\$ (159,872)
Other comprehensive income/(loss):				
Unrealized fair value increase/(decrease) on available-for-sale securities	(61)	(173)	754	(59)
Comprehensive income/(loss)	\$ (59,549)	\$ (70,829)	\$ 52,300	\$ (159,931)

Basic:

Edgar Filing: VISTA GOLD CORP - Form 10-K

Weighted average number of shares outstanding	81,813,386	74,351,065	68,457,885
Net income/(loss) per share	\$ (0.73)	\$ (0.95)	\$ 0.75
Diluted:			
Weighted average number of shares outstanding	81,813,386	74,351,065	69,295,947
Net income/(loss) per share	\$ (0.73)	\$ (0.95)	\$ 0.74

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

---

VISTA GOLD CORP. (An Exploration Stage Enterprise)

## 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, 2001	4,535,752	\$ 197,900	\$ 2,786	\$ (199,072)	\$ -	\$ 1,614
Shares issued, net of transaction costs	57,384,000	151,819	9,329	-	-	161,148
Warrants and options	-	-	10,866	-	-	10,866
Dividend-in-kind	-	-	-	(34,941)	-	(34,941)
Other comprehensive income	-	-	-	-	929	929
Net loss	-	-	-	(81,274)	-	(81,274)
Balance at December 31, 2010	61,919,752	\$ 349,719	\$ 22,981	\$ (315,287)	\$ 929	\$ 58,342
Shares issued, net of transaction costs	9,584,131	30,400	588	-	-	30,988
Warrants and options	-	-	1,101	-	-	1,101
Other comprehensive income	-	-	-	-	(754)	(754)
Net loss	-	-	-	51,546	-	51,546
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

Edgar Filing: VISTA GOLD CORP - Form 10-K

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

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

VISTA GOLD CORP. (An Exploration Stage Enterprise)

## CONSOLIDATED STATEMENTS OF CASH FLOWS

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

	Years ended December 31,			Cumulative during
	2013	2012	2011	exploration stage
Cash flows from operating activities:				
Net income/(loss) for the period	\$ (59,488)	\$ (70,656)	\$ 51,546	\$ (159,872)
Adjustments to reconcile net income/(loss) for the period				
to net cash used in operations:				
Depreciation and amortization	1,021	589	420	3,419
Stock-based compensation	742	4,225	2,020	12,793
(Gain)/loss on disposal of marketable securities	54	(192)	(459)	(7,995)
Write-down of marketable securities	275	39	158	1,234
Loss on extinguishment of convertible notes	-	-	-	1,218
Accretion of convertible notes	-	-	120	3,519
Gain on disposal of mineral property	-	(2,934)	(78,072)	(80,035)
Write-down of non-current assets	3,500	7,367	-	10,867
Unrealized (gain)/loss on other investments	48,499	50,363	(37,347)	61,515
Deferred tax (benefit)/expense	(15,373)	(20,147)	35,522	2
Other non-cash items	(298)	-	-	1,897
Change in working capital account items:				-
Other current assets	1,572	(1,786)	(93)	(642)
Interest paid	-	-	(504)	(7,586)
Accounts payable, accrued liabilities and other	(5,026)	2,977	1,699	(230)
Net cash used in operating activities	(24,522)	(30,155)	(24,990)	(159,896)
Cash flows from investing activities:				
Proceeds from sale of marketable securities	168	494	592	11,711
Purchases of marketable securities	-	(153)	(329)	(1,841)
Acquisition of long-term investments	-	-	(3,632)	(3,632)
Additions to mineral property	-	-	(704)	(11,571)
Additions to plant and equipment	(2,199)	(2,066)	(837)	(24,842)
Proceeds from non-current asset disposals	-	5,500	1,000	6,740
Change in restricted cash	70	64	(134)	-
Proceeds from sale of mineral properties and plant and equipment	7,000	-	-	7,000
Cash transferred to Allied Nevada Gold Corp., net of receivable	-	-	-	(24,517)
Net cash (used in)/provided by investing activities	5,039	3,839	(4,044)	(40,952)
Cash flows from financing activities:				

Edgar Filing: VISTA GOLD CORP - Form 10-K

Net proceeds from equity financings	(13)	24,472	28,984	161,529
Net proceeds from debt issuances	9,650	-	-	37,995
Repayment of debt	(2,960)	-	(23,000)	(29,068)
Proceeds from exercise of warrants	-	1,425	309	40,754
Proceeds from exercise of compensation options	-	733	-	733
Proceeds from exercise of stock options	-	94	883	4,068
Cash paid in lieu of capital stock issuances	-	-	(107)	(107)
Net cash provided by financing activities	6,677	26,724	7,069	215,904
Increase/(decrease) in cash and cash equivalents	(12,806)	408	(21,965)	15,056
Decrease in cash and cash equivalents - discontinued operations	-	-	-	(10,255)
Net increase/(decrease) in cash and cash equivalents	(12,806)	408	(21,965)	4,801
Cash and cash equivalents, beginning of period	18,281	17,873	39,838	674
Cash and cash equivalents, end of period	\$ 5,475	\$ 18,281	\$ 17,873	\$ 5,475
Supplemental cash flow information – Note 15				

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

VISTA GOLD CORP. (An Exploration Stage Enterprise)

## 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 or leases to third parties, joint venture arrangements with other mining companies, or outright sales of assets for cash and/or other consideration. As such, we are considered an Exploration Stage Enterprise. Our approach to acquisitions of gold projects has generally been to seek projects within political jurisdictions with well-established mining, land ownership and tax laws, which have adequate drilling and geological data to support the completion of a third-party review of the geological data and to complete an estimate of the gold mineralization. In addition, we look for opportunities to improve the value of our gold projects through exploration drilling and/or technical studies resulting in changes to the operating assumptions underlying previous engineering work.

Our principal assets include our flagship Mt. Todd gold project in Northern Territory (“NT”), Australia, and a 24.9% holding of Midas Gold Corp (“Midas Gold shares”) (reduced to 12.4% during February 2014). In addition to non-core projects in Mexico and California, we hold 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. Accordingly, the continuing operations of the Company are dependent upon our ability to secure sufficient funding and 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 consolidated balance sheets are also dependent on our ability to generate positive cash flow from operations and to continue to fund exploration and development activities that would lead to profitable production or proceeds from the disposition of these assets. There can be no assurance that we will be successful in generating future profitable operations, disposing of these assets or securing additional funding in the future on terms acceptable to us or at all. These audited 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.



Management is strongly committed to careful cash management and maintaining liquidity. The Company's cash burn rate has been dramatically reduced since 2012 and the first half of 2013 as several cash intensive programs such as water treatment and evaluations related to the preparation of the preliminary feasibility have been completed. In addition, several significant cost cutting measures have been introduced including a reduction of management positions, significant reductions in cash compensation for executives, senior management and the Company's Board of Directors, and the delay or elimination of all discretionary programs, including exploration activities. Other aggressive cost cutting measures, particularly at Mt. Todd, are being pursued. The Company's cash burn rate is expected to average approximately \$2,000 per quarter through 2014, assuming a normal wet season in the Northern Territory.

The Company believes that after giving effect to the sale of 16,000,000 Midas Gold shares during February 2014 (Note 20), its cash position will be sufficient to fund the Company through 2014, and to repay its 2013 Facility (defined in Note 8) in full. In addition, the Company hopes to receive \$6,250 in July 2014, related to the 2013 sale of the Los Cardones gold project, subject to the Purchaser's option to elect to not make this payment (Notes 6 and 20). The Company will continue to seek additional financing with priority given to non-dilutive sources such as the sale of non-core assets, including our used mill equipment and if acceptable terms negotiated, the entry into the Guadalupe de los Reyes gold/silver project option agreement with Cangold (Note 20). However, there can be no assurance that we will be able to timely monetize our non-core assets at a value acceptable to us or at all.

### 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.

---

VISTA GOLD CORP. (An Exploration Stage Enterprise)

## 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)

### Use of Estimates

The Company's Consolidated Financial Statements have been prepared in accordance with 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.

### Marketable Securities

We classify marketable securities as available-for-sale. Accordingly, these securities are carried at fair value with unrealized gains and losses being reported in other comprehensive income until such time that the securities are disposed of or become impaired. At that time, any gains or losses will be realized and reported in our Consolidated Statements of Income/(Loss) and Comprehensive Income/(Loss). We use the specific identification method for determining carrying value in computing realized gains and losses on sales of investment securities. We evaluate investments in a loss position to determine if such a loss is other-than-temporary. If so, such loss will be recognized and reported during that period.

### 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.

#### 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 fair value using the Black-Scholes Merton fair value model adjusted to relative fair value.

VISTA GOLD CORP. (An Exploration Stage Enterprise)

## 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)

### Stock-Based Compensation

Under our stock option and long-term incentive plans, common share options and restricted stock unit (“RSU”) awards 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 and investor relations, 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. 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, Amayapampa interest, 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. The value of the Amayapampa interest is based on probability-weighted cash flow scenarios and is included in Level 3 in the fair value hierarchy.

#### Recent accounting pronouncements

#### Reporting of Amounts Reclassified out of Accumulated Other Comprehensive Income

In February 2013, the FASB issued guidance related to items reclassified from accumulated other comprehensive income. The new standard requires either in a single note or parenthetically on the face of the financial statements: (i) the effect of significant amounts reclassified from each component of accumulated other comprehensive income based on its sources and (ii) the income statement line items affected by the reclassification. The standard was effective for us January 1, 2013, with early adoption permitted. The adoption of this guidance did not have a significant impact to our consolidated financial position, results of operations or cash flows.

#### Presentation of an Unrecognized Tax benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists

In July 2013, the FASB issued guidance related to the financial statement presentation of an unrecognized tax benefit, a similar tax loss, or a tax credit carryforward exists. The new standard requires that an unrecognized tax benefit, or a portion of an unrecognized tax benefit, be presented in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, as similar tax loss, or a tax credit carryforward unless certain circumstances exist. The standard is effective for us as of January 1, 2014, with early adoption permitted. The adoption of this guidance is not expected to have a significant impact on our consolidated financial

---

VISTA GOLD CORP. (An Exploration Stage Enterprise)

## 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)

position, results of operations or cash flows.

## 4. Marketable Securities

	At December 31, 2013			At December 31, 2012				
	Cost	Unrealized gain/(loss)	Write-down	Fair value	Cost	Unrealized gain/(loss)	Write-down	Fair value
Equity								
Securities	\$ 510	\$ (59)	\$ (275)	\$ 176	\$ 663	\$ 2	\$ (39)	\$ 626
	\$ 510	\$ (59)	\$ (275)	\$ 176	\$ 663	\$ 2	\$ (39)	\$ 626

During the years ended December 31, 2013 and 2012, we determined that certain of our securities had an other-than-temporary decline in value and write-downs of \$275 and \$39, respectively, were included in our Consolidated Statements of Income/(Loss) and Comprehensive Income/(Loss).

## 5. Other Investments

## Midas Gold Corp. Combination

In April 2011, Vista completed a combination with Midas Gold, Inc. (the "Combination"). As part of the Combination, each party contributed their respective interests in gold assets in the Yellow Pine-Stibnite District in Idaho to form a new Canadian private company named Midas Gold Corp. ("Midas Gold"). In exchange for the contribution of its equity interests in Idaho Gold Holding Company, the holding company in which we held our Yellow Pine assets, Vista Gold U.S., Inc. ("Vista US") 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 Midas Gold 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. Subsequent to December 31, 2013, we sold 16,000,000

Midas Gold shares reducing our total Midas Gold shares owned to 15,802,615 or 12.4% during February 2014, see Note 20 for additional discussion.

Furthermore, as additional security for our 2013 Facility (defined in Note 8), we have pledged all our Midas Gold shares. As a result of this pledge, we have reclassified our investment in Midas Gold shares from Current assets to Non-current assets as of December 31, 2013.

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. The difference between the fair value of the 30,402,615 Midas Gold shares and the carrying value of our Yellow Pine assets has been recorded as a gain on disposal of mineral property given that Vista ceased to have a controlling financial interest in the Yellow Pine gold project upon completion of the Combination. 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 Combination was a tax-free reorganization for U.S. tax purposes. However, upon completion of the Combination, Vista US received Midas Gold shares with a fair value that was determined to be \$78,872. The corresponding estimated deferred tax expense of \$29,675 at the time of the Combination exceeded the valuation allowance of \$6,086 for Vista US, and the valuation allowance was released.

The following table summarizes our investment in Midas Gold shares as at December 31, 2013 and 2012.

---

VISTA GOLD CORP. (An Exploration Stage Enterprise)

## 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,	
	2013	2012
Fair value at beginning of period	\$ 69,489	\$ 119,851
Unrealized gain/(loss) based on the fair value at the end of the period	(48,499)	(50,363)
Fair value at end of period	\$ 20,990	\$ 69,489
Estimated tax benefit/(expense) for the period	\$ 17,915	\$ 19,576
Midas Gold shares held at the end of the period	31,802,615	31,802,615

In 2012, we reclassified our investment in Midas Gold shares from long-term assets to current assets as the restrictions on the sale of our Midas Gold shares expired in July 2013. See Note 20 for discussion regarding restrictions in place subsequent to December 31, 2013.

Summarized financial information for Midas Gold as of December 31, 2013 and 2012, which are prepared in accordance with International Financial Reporting Standards is as follows. See Schedule A for the complete set of consolidated financial statements for Midas Gold.

	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



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

## 6. Mineral Properties

	At December 31, 2012	Cost recovery	At December 31, 2013
Mt. Todd, Australia	\$ 2,146	\$ -	\$ 2,146
Guadalupe de los Reyes, Mexico	2,752	-	2,752
Los Cardones, Mexico	8,053	(6,517)	1,536
Long Valley, United States	750	-	750
	\$ 13,701	\$ (6,517)	\$ 7,184

### Los Cardones (formerly Condordia)

During October 2013, we and Investure Group, S.A. de C.V. (“Investure”) terminated the Earn-in Right Agreement, defined below, and entered into new agreements whereby we agreed to sell our 100% interest 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) subject to the Purchasers’ option to elect

VISTA GOLD CORP. (An Exploration Stage Enterprise)

## 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)

to not make this payment. As a result of permitting delays, we and the Purchasers have agreed to extend the due date of the \$6,000 payment to July 31, 2014 for consideration of \$250. See Note 20 for discussion.

In February 2012, we entered into an earn-in right agreement (the “Earn-in Right Agreement”) with Invecture with respect to our Los Cardones gold project. We held the Los Cardones gold project through our wholly-owned subsidiary Desarrollos Zapal S.A de C.V. (“DZ Mexico”). Under the terms of the Earn-in Right Agreement, Invecture made a non-refundable payment of \$2,000 in exchange for the right to earn a 60% interest in DZ Mexico (the “Earn-in Right”). Invecture’s right to earn a 60% interest in DZ Mexico was adjusted to 62.5% during the three-month period ended June 30, 2012 pursuant to the terms of the Earn-in Right Agreement. The Earn-in Right would have expired if not exercised by February 7, 2014, subject to extension in certain circumstances (the “Earn-in Period”). The Earn-in Right Agreement provided that during the Earn-in Period, Invecture would, at its sole expense, manage and operate the Los Cardones gold project and would undertake all commercially reasonable efforts to obtain the Change of Forest Land Use Permit and the Authorization of Environmental Impact which are required to develop the project.

## 7. Plant and Equipment

	December 31, 2013			December 31, 2012		
	Cost	Accumulated depreciation and write downs	Net	Cost	Accumulated depreciation	Net
Mt. Todd, Australia	\$ 5,472	\$ 1,993	\$ 3,479	\$ 3,497	\$ 1,124	\$ 2,373
Los Cardones, Mexico (Note 6)	-	-	-	1,194	109	1,085
Guadalupe de los Reyes, Mexico	21	5	16	21	3	18
Corporate, United States	780	577	203	556	440	116
Awak Mas, Indonesia	-	-	-	242	242	-
Plant and equipment	\$ 6,273	\$ 2,575	\$ 3,698	\$ 5,510	\$ 1,918	\$ 3,592
Assets held for sale	\$ 10,000	\$ 3,500	\$ 6,500	\$ 10,000	\$ -	\$ 10,000

As part of the Earn-in Right Agreement (Note 6), Invecture had the right to cause DZ Mexico to acquire certain mill equipment from Vista for \$16,000 (the equipment's then book value) plus certain storage, insurance and transportation costs and any applicable taxes provided that notice of exercise of the right is received by February 7, 2013. During November 2012, Invecture notified us that they would not be exercising this right. As a result, we wrote the mill equipment down to its estimated fair value of \$10,000, at that time based on an independent assessment from a third party and have classified the mill equipment as assets held for sale.

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 further 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 Comprehensive Income/(Loss) for the year ended December 31, 2013.

## 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 (\$9,764) loan facility (the "2013 Facility"). The 2013 Facility originally matured March 2014, with early repayment of the 2013 Facility allowed, at the Company's option, provided that at least four months interest has been paid. The Company and the Lender have reached an agreement to extend the maturity date of the 2013 Facility to March 2015.

The 2013 Facility bears an interest rate of 8% per annum, payable monthly. 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 is secured by a general security agreement ("GSA") with certain exclusions. If the Company completes an asset disposition or other financing subject to certain conditions the Company is required to utilize 50% of the net proceeds exceeding

---

VISTA GOLD CORP. (An Exploration Stage Enterprise)

## 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)

\$1,000 to repay the 2013 Facility up to the full amount outstanding. The Company is in compliance with all related debt covenants. As additional security, the Company has pledged all the Company's Midas Gold shares (Note 5).

During October 2013, in accordance with the terms of the 2013 Facility, the Company repaid approximately C\$3,041 (\$2,960) towards the 2013 Facility principal outstanding using proceeds from the Los Cardones sale (Note 6).

During February 2014, in accordance with the terms of the 2013 Facility, the Company repaid approximately C\$5,516 (\$5,000) towards the 2013 Facility principal outstanding using proceeds from the sale of Midas Gold shares (Note 20) reducing the principal balance to approximately C\$1,443 (\$1,300).

### 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 consists 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 entitles the holder thereof to purchase one common share at a price of \$3.60 per share (subject to adjustment in certain circumstances) and is 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 entitles 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.

#### 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 consists 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 entitles the holder thereof to purchase one common share at a price of \$3.30 per share (subject to adjustment in certain circumstances) and is 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.

#### Other issuances

During the year ended December 31, 2013, we issued 99,539 common shares in connection with the vesting of restricted stock units (“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.

VISTA GOLD CORP. (An Exploration Stage Enterprise)

## 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)

## 10. Additional Paid-in Capital

	Warrants	Stock options and RSUs	Compensation options	Other paid-in capital	Total additional paid-in capital
As of December 31, 2011	\$ 10,288	\$ 5,065	\$ 588	\$ 8,729	\$ 24,670
Warrants issued	3,260	-	-	-	3,260
Warrants exercised	(601)	-	-	601	-
Warrants expired	(11)	-	-	11	-
Stock options exercised	-	(50)	-	50	-
Stock options expired	-	(1,585)	-	1,585	-
Stock options amortization	-	1,081	-	-	1,081
Compensation options exercised	-	-	(294)	294	-
Restricted stock units expensed	-	3,144	-	-	3,144
As of December 31, 2012	12,936	7,655	294	11,270	32,155
Stock options amortization	-	370	-	-	370
Restricted stock units expensed	-	372	-	-	372
Restricted stock units vested	-	(410)	-	-	(410)
Compensation options expired	-	-	(294)	294	-
As of December 31, 2013	\$ 12,936	\$ 7,987	\$ -	\$ 11,564	\$ 32,487

## Warrants

Warrant activity is summarized in the following table:

Edgar Filing: VISTA GOLD CORP - Form 10-K

	Warrants outstanding	Valuation	Weighted average exercise price per share	Weighted average remaining life (yrs.)	Intrinsic value
As of December 31, 2011	15,850,238	10,288	\$ 3.91	3.7	\$ 485
Exercised	(619,565)	(601)			
Expired	(10,871)	(11)			
Issued (Note 9)	4,757,941	3,260			
As of December 31, 2012	19,977,743	12,936	\$ 4.25	2.6	\$ -
As of December 31, 2013	19,977,743	\$ 12,936	\$ 4.63	1.6	\$ -

The 19,977,743 outstanding warrants expire in the following time frames: 2,666,666 expire July 2014, 2,091,275 expire December 2014, and 15,219,802 expire in October 2015. The exercise price for the 15,219,802 warrants increased to \$5.00 per common share during October 2013.

The fair value of warrants issued during 2012 was estimated at the issue date using the Black-Scholes Merton fair value model adjusted to relative fair value using the following assumptions:

Expected volatility	63.70% - 67.50%
Risk-free interest rate	0.24% - 0.26%
Expected life (years)	2
Dividend yield	N/A

VISTA GOLD CORP. (An Exploration Stage Enterprise)

## 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)

## Compensation Options

	Compensation options outstanding	Valuation	Weighted average exercise price per share	Expiry date	Weighted average remaining life (yrs.)
As of December 31, 2011	450,000	\$ 588	\$ 3.30	April 2013	1.3
Exercised	(225,000)	(294)			
As of December 31, 2012	225,000	294	3.30	April 2013	0.3
Expired	(225,000)	(294)			
As of December 31, 2013	-	\$ -			

## 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 or restricted stock awards (“RSAs”) 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 under the Plan are granted from time to time at the discretion of the Board of Directors of the Company (“Board”), with vesting periods and other terms as determined by the Board. The LTIP is administered by the Board, which can delegate the administration to the Compensation Committee of the Board or to such other officers and employees of Vista as designated by the Board. Stock-based compensation expense for the years ended December 31, 2013, 2012 and 2011 is as follows:

	Year ended December 31,		
	2013	2012	2011



Edgar Filing: VISTA GOLD CORP - Form 10-K

Stock options	\$ 370	\$ 1,081	\$ 1,496
Restricted stock units	372	3,144	524
	\$ 742	\$ 4,225	\$ 2,020

As of December 31, 2013, stock options and RSUs had unrecognized compensation expense of \$1,400 and \$1,811, respectively, which is expected to be recognized over a weighted average period of 5.0 and 1.82 years, respectively.

### Stock Options

A summary of option activity under the Plan as of December 31, 2013 and 2012 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
Outstanding - December 31, 2011	3,195,000	\$ 3.27	2.73	\$ 1,039
Granted	600,000	2.97		
Exercised	(32,500)	2.90		
Expired	(660,000)	2.80		
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
Exercisable - December 31, 2013	2,143,750	\$ 2.29	2.40	\$ 13

A summary of our unvested stock options as of December 31, 2013 and 2012 and changes during the period then ended is set forth in

VISTA GOLD CORP. (An Exploration Stage Enterprise)

## 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)

the following table:

	Number of options	Weighted average grant-date fair value per option
Unvested - December 31, 2011	597,000	\$ 1.60
Granted	600,000	1.47
Vested	(897,000)	1.56
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

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:

	Years ended December 31,		
	2013	2012	2011
Expected volatility	72.26%	81.69% - 83.67%	83.40% - 83.86%
Risk-free interest rate	1.70%	0.77% - 0.88%	0.88% - 1.60%
Expected life (years)	5	5	5
Dividend yield	N/A	N/A	N/A

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 is derived from the output of the option pricing model and 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, 2013 and 2012 and changes during the years then ended:

	Number of units	Weighted average grant-date fair value per RSU
Unvested - December 31, 2011	960,000	\$ 3.84
Cancelled	(107,832)	3.07
Granted	1,142,339	3.20
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

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 criteria, including the accomplishment of certain corporate objectives and the Company's share price performance. The vesting period for time based RSUs is at least one year.

VISTA GOLD CORP. (An Exploration Stage Enterprise)

## 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)

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

	Accumulated other comprehensive income/(loss)	Accumulated other comprehensive income, net of tax
As of December 31, 2011	\$ 175	\$ 149
Other comprehensive gain/(loss) due to change in fair market value of marketable securities during period before reclassifications	19	16
Reclassifications due to realization of gain/(loss) on sale of marketable securities (1)	(192)	(163)
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)

- (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,	
	2013	2012
Basic common shares	81,813,386	74,351,065
Diluted common shares	81,813,386	74,351,065

Stock options to purchase 2,882,500 and 3,102,500 Common Shares and warrants to purchase 19,977,743 and 19,977,743 Common Shares were outstanding at December 31, 2013 and 2012, 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.

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. (An Exploration Stage Enterprise)

## 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, 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	4,813	-	4,813
Mill Equipment	6,500	-	6,500
	Fair value at December 31, 2012		
	Total	Level 1	Level 3
Assets:			
Cash equivalents	\$ 15,834	\$ 15,834	\$ -
Marketable securities	626	626	-
Other Investments (Midas Gold shares)	69,489	69,489	-
Amayapampa interest	4,813	-	4,813
Mill Equipment	10,000	-	10,000

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 estimated fair value of the Amayapampa interest is based on probability-weighted cash flow scenarios discounted using a risk-adjusted discount rate (15%) and assumptions including future gold prices (average gold prices realized range from \$832 to \$884, depending on timing of assumed start-up), estimated 9 years life-of-mine gold production of 615,000 ounces and the expected timing of the start of commercial production (periods ranging from 2 to 4 years, or never), which are management's best estimates based on currently available information. Significant changes in any of

the unobservable inputs in isolation would result in a significant change in fair value estimate.

The Company incurred a Level 3 impairment loss on certain mill equipment (Note 7) 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 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.

At December 31, 2013, the assets classified within Level 3 of the fair value hierarchy represent 32% of the total assets measured at fair value. There were no transfers between levels in 2013.

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

As of December 31, 2013 and 2012, all of our cash was held in liquid bank deposits and treasury bills.

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, discussed above, 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) 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.

---



VISTA GOLD CORP. (An Exploration Stage Enterprise)

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)

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).

Significant non-cash transactions during the year ended December 31, 2011 included the receipt of 30,402,615 Midas Gold shares with a fair value of \$78,872 in exchange for our Yellow Pine assets (Note 5) and the issuance of 450,000 compensation options as compensation to the Underwriters' of our April 20, 2011 equity financing (Note 9).

16. Income Taxes

The Company's provision for income taxes for the year ended December 31, 2013, 2012 and 2011, consists of a deferred tax benefit/(expense) of \$15,373, \$20,147 and \$(35,522), respectively. The Company has not recognized a current income tax expense or benefit due to overall loss positions. The deferred income tax benefit/(expense) being recognized at December 31, 2013, 2012 and 2011, relates primarily to the unrealized loss and underling basis difference in the Company's investment in Midas Gold shares (Note 5).

Tax Expense

Income tax expense consists of the following:

	Years ended December 31,		
	2013	2012	2011
Deferred income tax expense (benefit)			
U.S.	(15,373)	(20,147)	35,522
Canada	-	-	-

Other Foreign	-	-	-
Total tax expense			
(benefit)	\$ (15,373)	\$ (20,147)	\$ 35,522

Source of Income (loss)

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

	Years ended December 31,		
	2013	2012	2011
U.S.	\$ (49,124)	\$ (52,448)	\$ 109,895
Canada	(9,540)	(11,962)	(985)
Other Foreign	(16,197)	(26,393)	(21,842)
	\$ (74,861)	\$ (90,803)	\$ 87,068

Rate Reconciliation

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

---

VISTA GOLD CORP. (An Exploration Stage Enterprise)

## 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,		
	2013	2012	2011
Income taxed at statutory rates	\$ (28,916)	\$ (34,860)	\$ 33,846
Increase (decrease) in taxes from:			
Stock-based compensation	13	147	113
Debt discount interest	-	-	(2)
Meals and entertainment	9	3	5
Loss related to Mexico	(2,632)	-	-
Other adjustments	(9)	6	77
Adjustment due to capital transactions	(60)	(733)	89
Imputed interest	3	24	82
Realized fx gain (loss) on intercompany balances	(3)	(3)	-
Prior year provision to actual adjustments	9,961	(40)	987
Differences in tax rates	3,451	3,905	1,930
Effect of foreign exchange	-	(340)	603
Change in effective tax rate	(407)	(333)	(764)
Expiration of NOLs	437	70	1,526
Change in valuation allowance	2,780	12,007	(2,970)
Income tax (benefit)/expense	\$ (15,373)	\$ (20,147)	\$ 35,522

## 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,		
	2013	2012	2011
Deferred income tax assets			
Excess tax basis over book basis of property, plant and equipment	\$ 7,496	\$ 8,001	\$ 6,011
Marketable securities	661	62	-

Edgar Filing: VISTA GOLD CORP - Form 10-K

Operating loss carryforwards	36,367	37,635	26,772
Capital loss carryforwards	5,474	2,630	2,645
Other	1,541	3,219	2,023
Unrealized foreign exchange on loans	79	217	676
Total future tax assets	51,618	51,764	38,127
Valuation allowance for future tax assets	(43,955)	(41,817)	(29,291)
	7,663	9,947	8,836
Deferred income tax liabilities			
Marketable securities	-	-	14,092
Other investments	7,181	24,839	29,784
Amayapampa disposal consideration	482	482	482
	7,663	25,321	44,358
Total Deferred Taxes	\$ -	\$ (15,374)	\$ (35,522)

---

VISTA GOLD CORP. (An Exploration Stage Enterprise)

## 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)

### 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 that all of the assets will not be realized. The valuation allowance of \$43,955 and \$41,817 at December 31, 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 \$70,459, 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
2013	\$ -	\$ -	\$ -	\$ -	\$ -
2014	(725)	-	-	-	(725)
2015	(889)	-	-	(2)	(891)
2016	-	-	-	(1)	(1)
2017	-	-	-	(6)	(6)
2018	-	-	-	(20)	(20)
2019	-	(519)	-	(42)	(561)
2020	-	(783)	-	(20)	(802)
2021	-	(779)	(613)	(31)	(1,423)
2022	-	(748)	(7,942)	(23)	(8,712)
2023	-	(691)	-	-	(691)
2024	-	(2,082)	-	-	(2,082)

Edgar Filing: VISTA GOLD CORP - Form 10-K

2025	-	(2,362)	-	-	(2,362)
2026	(1,027)	(1,213)	-	-	(2,240)
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)
2031	(3,806)	(3,407)	-	-	(7,213)
2032	(6,397)	(2,323)	-	-	(8,720)
2033	(9,397)	(2,250)	-	-	(11,647)
	\$ (37,387)	\$ (24,372)	\$ (8,555)	\$ (146)	\$ (70,459)

(1) Canadian capital loss carryforwards of \$40,291 and Australian NOLs of \$63,113, which do not expire and are therefore not included above.

Of the total Canadian net operating loss, \$16,300 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

ASC 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, 2013, 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.

VISTA GOLD CORP. (An Exploration Stage Enterprise)

## 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)

### Tax statute of limitations

The Company files income tax returns in Canada, U.S. federal and state jurisdictions and other foreign jurisdictions. There are 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, 2002 or U.S. federal income tax examinations by the Internal Revenue Service for years ended on or before December 31, 2010. Some U.S. state and other foreign jurisdictions are still subject for tax examination for years ended on or before December 31, 2009.

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

### 17. Retirement Plan

We sponsor a qualified tax-deferred savings plan in accordance with the provisions of Section 401(k) of the U.S. Internal Revenue Code, which is available to permanent U.S. employees. We make contributions of up to 4% of eligible employees' salaries. Our contributions were as follows: 2013 – \$60; 2012 – \$57; 2011 – \$63.

### 18. 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, 2013, 2012 and 2011. Geographic location of mineral properties and plant and equipment is provided in Notes 6 and 7, respectively.

### 19. Related Party Transactions

On April 1, 2009, we entered into an agreement with Sierra Partners LLC (“Sierra”) pursuant to which Sierra provides 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, \$120 and \$120 for each year ended December 31, 2013, 2012 and 2011.

## 20. Subsequent Events

### Guadalupe de los Reyes Letter of Intent

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 provides that a non-refundable \$50 payment be made during January 2014 to Vista for which Cangold will have 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”).

The LOI contemplates that the Option Agreement (if entered into) will provide that Cangold may 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, \$1,500 in the second year and \$2,500 in the third year;
- maintaining the concessions comprising the Guadalupe de los Reyes gold/silver project in good standing; and
- fulfilling all of the obligations of Vista’s wholly-owned subsidiary, Minera Gold Stake, S.A. de C.V. (“MGS”) to the Ejido La Tasajera (the “Ejido”) as set out in the temporary occupation contract between MGS and the Ejido.

The Option Agreement is expected to further provide 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 make the payments pursuant to the above payment schedule in

---



VISTA GOLD CORP. (An Exploration Stage Enterprise)

## 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)

advance.

Subject to Cangold earning a 70% interest in the Guadalupe de los Reyes gold/silver project, Vista expects the Option Agreement to provide that Cangold will be granted an additional option to earn the remaining 30% interest in the Guadalupe de los Reyes gold/silver project, by notifying Vista of a production decision 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, Vista expects the Option Agreement to provide that Vista will have 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 an additional cash payment based on the same formula as the Escalator Payment described above. If Vista does not exercise its buyback option, Vista 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.

The Option Agreement is also expected to contain terms to provide that Cangold will be the operator of the Guadalupe de los Reyes gold/silver project and set forth the responsibilities and obligations of Cangold in this respect.

### Los Cardones Payment Extension

During January 2014, we announced our agreement to extend the due date for the second (and final) \$6,000 payment for the Los Cardones sale by six months to July 31, 2014 as a result of permitting delays. As consideration for this extension, the Purchasers have agreed to increase the payment from \$6,000 to \$6,250. The Purchasers will continue to retain the option to elect, in their discretion, not to make the \$6,250 payment. In that event, we will retain the \$7,000 already received and 100% of the Los Cardones gold project will be returned to us.

### Sale of Midas Gold shares

During February 2014, we announced that the Company had executed an agency agreement (the “Agency Agreement”) among certain agents (the “Agents”) and Vista and Vista US under which we sold 16,000,000 Midas Gold shares at a price of C\$0.80 per Midas Gold share for aggregate gross proceeds of C\$12,800 (\$11,640). The Agents and a finder received a cash fee equal to 6% of the gross proceeds from the sale of the Midas Gold shares as consideration for the services provided.

As a result, Vista currently holds, directly and indirectly through Vista US, an aggregate of 15,802,615 Midas Gold shares, representing approximately 12.4% of the outstanding commons shares of Midas Gold. We have agreed not to sell any of the remaining shares we hold for a period of 12 months.

Under the terms of the 2013 Facility, the lender agreed to release 16,000,000 Midas Gold shares held as security for the 2013 Facility on the condition that approximately C\$5,516 (\$5,000) of the proceeds would be applied towards the 2013 Facility principal outstanding reducing the principal outstanding to approximately C\$1,443 (\$1,300).

---

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

None.

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, 2013, 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 and Supplementary Data herein.

Attestation Report of the Registered Public Accounting Firm.

PricewaterhouseCoopers LLP’s attestation report on our internal control over financial reporting is included as part of Item 8. Financial Statements and Supplementary Data herein.

Changes in Internal Controls.

In the second quarter of 2013, we implemented a new financial accounting system. The implementation was not made in response to any significant deficiency or material weakness in our internal control over financial reporting. System controls and functionality were reviewed and successfully tested prior and subsequent to implementation. Management believes that the new system has been successfully implemented and is functioning as required to provide timely and accurate financial reporting. There has been no other change in our internal control over financial reporting during the period covered by this report 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 2014 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, 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, 2013 and 2012.
4. Consolidated Statements of Income/(Loss) and Comprehensive Income/(Loss) – Years ended December 31, 2013, 2012, and 2011.
5. Consolidated Statements of Cash Flows – Years ended December 31, 2013, 2012, and 2011.
6. Consolidated Statements of Shareholders' Equity – Years ended December 31, 2013, 2012, and 2011.
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)
4.01	Warrant Indenture, dated October 22, 2010 filed as Exhibit 4.2 to the Corporation's Current Report on Form 8-K dated December 15, 2010 and incorporated herein by reference (File No. 1-9025)
4.02	Warrant Indenture, dated August 1, 2012, filed as Exhibit 4.1 to the Corporation's Current Report on Form 8-K/A dated August 22, 2012 and incorporated herein by reference (File No. 1-9025)
10.01	Stock Option Plan of Vista Gold dated November 1996 as amended in November 1998, May 2003, May 2005 and May 2006 filed as Schedule C to the Corporation's Annual Report on April 3, 2006 and incorporated herein by reference (File No. 1-9025)
10.02	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)
10.03	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)
10.04	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)
10.05	Employment Agreement with John W. Rozelle, filed as Exhibit 10.1 to the Corporation's Quarterly Report on Form 10-Q dated November 2, 2012 and incorporated herein by reference (File No. 1-9025)
10.06	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 17, 2013 and incorporated herein by reference (File No. 1-9025)
10.07	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 17, 2013 and incorporated herein by reference (File No. 1-9025)
10.08	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 17, 2013 and incorporated herein by reference (File No. 1-9025)
10.09	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 March 28, 2013 and incorporated herein by reference (File No. 1-9025)
10.10	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 March 28, 2013 and incorporated herein by reference (File No. 1-9025)



Edgar Filing: VISTA GOLD CORP - Form 10-K

- 10.11 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)
  - 10.12 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)
  - 10.13 Share Purchase Agreement between the Corporation and Investure dated October 16, 2013
  - 10.14 Termination of Trust Agreement dated October 16, 2013
  - 10.15 Debt Transfer Agreement dated October 16, 2013
  - 10.16 Termination Agreement between Investure 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
  - 10.17 Share Pledge Agreement between the Corporation and Sprott Resource Lending Partnership dated November 8, 2013
  - 10.18 Share Pledge Agreement between the Vista Gold US Inc and Sprott Resource Lending Partnership dated November 8, 2013
  - 21 Subsidiaries of the Corporation
  - 23.1 Consent of PricewaterhouseCoopers LLP, Denver, Independent Registered Public Accounting Firm
  - 23.2 Consent of Tetra Tech MM, 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 Erick Spiller
- 23.8 Consent of Nick Michael
- 23.9 Consent of David  
Richers
- 23.10 Consent of Patrick  
Donlon
- 23.11 Consent of Vicki  
Scharnhorst
- 23.12 Consent of Lachlan  
Walker
- 23.13 Consent of  
PricewaterhouseCoopers  
LLP, Vancouver,  
Independent Registered  
Public Accounting Firm
- 23.14 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

(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, 2013, 2012, and 2011, (ii) Consolidated Balance Sheets at December 31, 2013 and 2012, (iii) Consolidated Statements of Cash Flows for the years ended December 31, 2013, 2012, and 2011, 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 17, 2014 By: /s/ Frederick H. Earnest  
Frederick H. Earnest,  
Chief Executive Officer

Dated: March 17, 2014 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 17, 2014 By: /s/ Frederick H. Earnest  
Frederick H. Earnest,  
Chief Executive Officer  
(Principal Executive Officer)

Dated: March 17, 2014 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 17, 2014

Frederick H. Earnest	Director	March 17, 2014
*		

John M. Clark

\*

Director March 17, 2014

C. Thomas Ogryzlo

\*

Director March 17, 2014

Tracy Stevenson

\*

Director March 17, 2014

W. Durand Eppler

\*

Director March 17, 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.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

(expressed in US Dollars)



## 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)
				(25,263,734)
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

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>

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

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



Midas Gold Corp.

Notes to Consolidated Financial Statements

For the years ended December 31, 2013 and 2012

(expressed in US dollars)

## 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.

Midas Gold Corp.

Notes to Consolidated Financial Statements

For the years ended December 31, 2013 and 2012

(expressed in US dollars)

### 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.

Midas Gold Corp.

Notes to Consolidated Financial Statements

For the years ended December 31, 2013 and 2012

(expressed in US dollars)

### 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.

Midas Gold Corp.

Notes to Consolidated Financial Statements

For the years ended December 31, 2013 and 2012

(expressed in US dollars)

### 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.

Midas Gold Corp.

Notes to Consolidated Financial Statements

For the years ended December 31, 2013 and 2012

(expressed in US dollars)

### 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.

Midas Gold Corp.

Notes to Consolidated Financial Statements

For the years ended December 31, 2013 and 2012

(expressed in US dollars)

### 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.

Midas Gold Corp.

Notes to Consolidated Financial Statements

For the years ended December 31, 2013 and 2012

(expressed in US dollars)

### 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.

Midas Gold Corp.

Notes to Consolidated Financial Statements

For the years ended December 31, 2013 and 2012

(expressed in US dollars)

### 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.

Midas Gold Corp.

Notes to Consolidated Financial Statements

For the years ended December 31, 2013 and 2012

(expressed in US dollars)

### 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.

Midas Gold Corp.

Notes to Consolidated Financial Statements

For the years ended December 31, 2013 and 2012

(expressed in US dollars)

### 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.

Midas Gold Corp.

Notes to Consolidated Financial Statements

For the years ended December 31, 2013 and 2012

(expressed in US dollars)

### 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

Midas Gold Corp.

Notes to Consolidated Financial Statements

For the years ended December 31, 2013 and 2012

(expressed in US dollars)

## 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.



Midas Gold Corp.

Notes to Consolidated Financial Statements

For the years ended December 31, 2013 and 2012

(expressed in US dollars)

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
<b>Acquisition Costs</b>			
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)
<b>Exploration and Evaluation Expenditures</b>			
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
<b>Acquisition Costs</b>			
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
<b>Exploration and Evaluation Expenditures</b>			



Edgar Filing: VISTA GOLD CORP - Form 10-K

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.

Midas Gold Corp.

Notes to Consolidated Financial Statements

For the years ended December 31, 2013 and 2012

(expressed in US dollars)

#### 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.

Midas Gold Corp.

Notes to Consolidated Financial Statements

For the years ended December 31, 2013 and 2012

(expressed in US dollars)

## 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

Midas Gold Corp.

Notes to Consolidated Financial Statements

For the years ended December 31, 2013 and 2012

(expressed in US dollars)

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.

Midas Gold Corp.

Notes to Consolidated Financial Statements

For the years ended December 31, 2013 and 2012

(expressed in US 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.

23

---

Midas Gold Corp.

Notes to Consolidated Financial Statements

For the years ended December 31, 2013 and 2012

(expressed in US dollars)

## 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)	
\$ 2.50	6,210,000	2.3	6,210,000	2.3	Apr-18-2016
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
\$ 2.62	10,095,000	2.7	9,030,000	2.5	

### d. Warrants

A summary of warrant activity for the year ended December 31, 2013:

Edgar Filing: VISTA GOLD CORP - Form 10-K

	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	



Midas Gold Corp.

Notes to Consolidated Financial Statements

For the years ended December 31, 2013 and 2012

(expressed in US dollars)

## 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.

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:

Midas Gold Corp.

Notes to Consolidated Financial Statements

For the years ended December 31, 2013 and 2012

(expressed in US dollars)

## 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 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.

Midas Gold Corp.

Notes to Consolidated Financial Statements

For the years ended December 31, 2013 and 2012

(expressed in US dollars)

## 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	December
31, 2013	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	\$ -	\$ -

Midas Gold Corp.

Notes to Consolidated Financial Statements

For the years ended December 31, 2013 and 2012

(expressed in US dollars)

## 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.

Midas Gold Corp.

Notes to Consolidated Financial Statements

For the years ended December 31, 2013 and 2012

(expressed in US dollars)

### 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Midas Gold Corp | Management's Discussion & Analysis

---



## INTRODUCTION

The information included in this Management Discussion and Analysis (“MD&A”) dated March 12, 2014, is of the operating results and financial condition of Midas Gold Corp. (“Midas Gold” or the “Corporation”) for the year ended December 31, 2013 compared to the year ended December 31, 2012. Amounts are presented in the Corporation’s functional currency, the US dollar, unless otherwise stated.

This MD&A is intended to help the reader understand the significant factors that have affected the Corporation’s performance and which may affect its future performance and should be read in conjunction with the consolidated financial statements of the Corporation for the years ended December 31, 2013 and 2012. The Corporation’s consolidated financial statements were prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

Additional information relating to the Corporation, including the Corporation's latest Annual Information Form, can be found at its website at [www.midasgoldcorp.com](http://www.midasgoldcorp.com) or under its profile on SEDAR at [www.sedar.com](http://www.sedar.com).

Midas Gold Corp | Management’s Discussion & Analysis

---

## OVERVIEW

Midas Gold was incorporated on February 22, 2011 under the Business Corporations Act (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’s common shares commenced trading on the Toronto Stock Exchange (“TSX”) on July 14, 2011 after closing an initial public offering (“IPO”) under a prospectus dated June 30, 2011. The corporate office of Midas Gold is located at 1250-999 West Hastings Street, Vancouver, BC, V6C 2W2, Canada.

Midas Gold Corp | Management’s Discussion & Analysis

---

HIGHLIGHTS

Midas Gold Corp | Management's Discussion & Analysis

---

During the year ended December 31, 2013, the Corporation continued its exploration and evaluation program at the Golden Meadows Project (“Golden Meadows” or “Project”) and results of the programs reported to date are available on the Corporation’s website or under the Corporation’s profile on SEDAR. In an effort to advance the exploration and evaluation of the Project, the Corporation conducted two drill programs in 2013, the information generated from which will be used to update the mineral resource estimates for each of the three deposits comprising the Project as well as other mineral resources at Golden Meadows. The first drill program took place in early 2013; field operations were then scaled back through spring runoff and thereafter core drilling resumed for the summer and fall season. Engineering and Regulatory efforts continued through the year and will continue into 2014. The drill results from the 2012 and 2013 drilling will be incorporated in updated mineral resource estimates for all three of the known deposits and, as announced on October 7, 2013, a mineral resource estimate for the tailings from prior operating periods. All estimates will be incorporated into an independent Pre-feasibility Study (“PFS”) that is due for completion in mid-2014, along with results of extensive environmental baseline data collection, metallurgical testing, engineering studies. The Corporation plans to use the PFS as the basis to commence permitting on the Project with the filing of a Plan of Operations in late 2014, should results of the PFS and other circumstances warrant.

In October 2013, the Corporation achieved a quotation on the OTCQX International segment of OTCQX Marketplace in the USA, which should provide for greater access to U.S. capital markets and an additional trading platform for shareholders.

Financial highlights for the year ended December 31, 2013 were:

- Net loss and comprehensive loss for the year of \$3.8 million (2012 - \$7.2 million);
- Exploration and evaluation cash outflows of \$24.6 million (2012 - \$50.8 million) on Golden Meadows;

Midas Gold Corp | Management’s Discussion & Analysis

---

- C\$9.8 (\$9.3) million financing completed with Teck Resources Limited in July 2013 (2012 - \$40.5 million);
- Sale of royalty interest in the Golden Meadows Project plus two million warrants to Franco-Nevada Corporation for gross proceeds of \$15 million in May 2013,; and
- Cash and cash equivalents balance at December 31, 2013 of \$14.6 million (2012 - \$19.6 million).

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.

## FORWARD-LOOKING STATEMENTS

This MD&A contains “forward-looking information” within the meaning of applicable Canadian securities legislation and “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995 (collectively, “forward-looking information”).

In certain cases, forward-looking information can be identified by the use of words such as “plans”, “expects”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, or “believes”, or variations or the negative of these words and phrases, or statements that certain actions, events or results “may”, “could”, “would”, “might” or “will be taken”, “occur” or “be achieved” or the negative of these terms or comparable terminology. By their very nature, forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Corporation to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information.

Forward-looking information includes, but is not limited to, statements regarding:

- analyses and other information based on expectations of future performance and planned work programs;
- possible events, conditions or financial performance that is based on assumptions about future economic conditions and courses of action;
- timing, costs and potential success of future exploration activities on the Corporation's properties;
- permitting time lines and requirements, requirements for additional capital, requirements for additional water rights and the potential effect of proposed notices of environmental conditions relating to mineral claims;
- planned exploration and development of properties and the results thereof;
- planned expenditures and budgets and the execution thereof;
- evaluation of the potential impact of future accounting changes; and
- estimates concerning recovery of accounts receivable, share-based compensation and carrying value of properties.

Statements concerning mineral resource estimates may also be deemed to constitute forward-looking information to the extent that such statements involve estimates of the mineralization that may be encountered if a property is developed. Any forward-looking information is stated as of the date of this document and Midas Gold does not intend, and does not assume any obligation, to update such forward-looking information to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events unless required to do so by law or regulation.

With respect to forward-looking information contained herein, the Corporation has applied several material factors or assumptions including, but not limited to, certain assumptions as to production rates, operating cost, recovery and metal costs; that any additional financing needed will be available on reasonable terms; the exchange rates for the U.S. and Canadian currencies will be consistent with the Corporation's expectations; that the current exploration and other objectives concerning the Project can be achieved and that the Corporation's other corporate activities will proceed as expected; that the current price and demand for gold and other metals will be sustained or will improve; that general business and economic conditions will not change in a materially adverse manner and that all necessary governmental

approvals for the planned exploration on the Project will be obtained in a timely manner and on acceptable terms; and the continuity of economic and political conditions and operations of the Corporation.

The forward-looking information contained herein is subject to a variety of known and unknown risks, uncertainties and other factors which could cause actual events or results to differ materially from those expressed or implied by such forward-looking information. In addition to those discussed in the Corporation's public disclosure record, such risks and other factors include, among others, those related to:

- fluctuations in capital markets and share prices;
- the Corporation's ability to obtain necessary financing to fund the completion of further exploration programs or the development of its mineral properties and the expected use of proceeds;
- the Corporation's dependence on one mineral project;
- the Corporation's dependence on key personnel;
- the Corporation's operations and contractual obligations;
- changes in exploration programs based upon results of exploration;
- changes in estimated mineral reserves or mineral resources;
- future prices of metals;
- availability of third party contractors;
- availability of equipment;
- failure of equipment to operate as anticipated;
- accidents, effects of weather and other natural phenomena and other risks associated with the mineral exploration industry;
- the Corporation's principal property being located in the USA, including political, economic and regulatory uncertainty;
- environmental risks, including environmental matters under U.S. federal and Idaho rules and regulations;
- changes in environmental laws and regulations and changes in the application of standards pursuant to existing laws and regulations which may increase costs of doing business and restrict the Corporation's activities and operations;
- impact of environmental remediation requirements and the terms of existing and potential consent decrees on the Corporation's planned exploration on the Project;
- the Corporation's mineral properties being subject to prior unregistered agreements, transfers, or claims and other defects in title;
- community relations;
- delays in obtaining governmental approvals or financing;
- the nature of mineral exploration and mining and the uncertain commercial viability of certain mineral deposits;
- the Corporation's lack of operating revenues;
- governmental regulations and the ability to obtain necessary licences and permits;
- currency fluctuations (particularly the Canadian dollar and United States dollar); and
  - estimates used in the Corporation's financial statements proving to be incorrect.

This is not an exhaustive list of the factors that may affect the Corporation's forward-looking information. Although the Corporation has attempted to identify important factors that could affect the Corporation and may cause actual

actions, events or results to differ materially from those described in the forward-looking Information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such forward-looking information. Accordingly, readers should not place undue reliance on such forward-looking information.

Midas Gold Corp | Management's Discussion & Analysis

---



## SELECTED ANNUAL INFORMATION

The following is a summary of certain selected audited consolidated financial information of the Corporation for the years ended December 31, 2013, 2012 and 2011:

Year Ended	Revenue	Net Loss and Comprehensive Loss	Basic & Diluted Loss per Share	Total Assets	Long Term Liabilities	Cash Dividend
(All amounts in \$)						
December 31, 2013	-	(3,795,566)	(0.03)	201,415,074	918,877	-
December 31, 2012	-	(7,179,767)	(0.06)	195,821,058	379,491	-
December 31, 2011	-	(13,437,721)	(0.16)	156,467,170	562,708	-

Midas Gold Corp | Management's Discussion & Analysis

---

## RESULTS OF OPERATIONS

## Net Loss and Comprehensive Loss

	Three Months Ended		Twelve Months Ended	
	31-Dec-13	31-Dec-12	31-Dec-13	31-Dec-12
<b>EXPENSES</b>				
Consulting	\$ 10,514	\$ 3,293	\$ 158,942	\$ 61,489
Directors' fees	59,437	63,052	242,751	250,204
Office and administrative	82,693	80,591	325,396	331,924
Professional fees	110,783	154,225	266,671	343,919
Salaries and benefits	429,750	340,535	1,074,874	974,043
Share based compensation	24,628	719,192	1,372,998	5,267,392
Shareholder and regulatory	43,945	34,640	294,793	232,046
Travel and related costs	39,154	55,207	171,110	351,922
<b>OPERATING LOSS</b>	<b>\$ 800,904</b>	<b>\$ 1,450,735</b>	<b>\$ 3,907,535</b>	<b>\$ 7,812,939</b>
<b>OTHER (INCOME) EXPENSES</b>				
Change in fair value of warrant derivative	\$ (245,000)	\$ -	\$ (158,000)	\$ -
Foreign exchange loss (gain)	184,320	\$ 76,004	\$ 130,665	\$ (435,457)
Interest income	(29,378)	(45,458)	(84,634)	(197,715)
Total other income	\$ (90,058)	\$ 30,546	\$ (111,969)	\$ (633,172)
<b>NET LOSS AND COMPREHENSIVE LOSS</b>	<b>\$ 710,846</b>	<b>\$ 1,481,281</b>	<b>\$ 3,795,566</b>	<b>\$ 7,179,767</b>

Net loss and comprehensive loss for Midas Gold for the three month period ending December 31, 2013 was \$0.7 million or \$0.01 per common share, compared with \$1.5 million or \$0.01 loss per share for the corresponding period of 2012. Net loss and comprehensive loss for Midas Gold for the year ending December 31, 2013 was \$3.9 million or \$0.03 per common share, compared with \$7.2 million or \$0.06 loss per share for the corresponding period of 2012. The decreased losses primarily relate to decreased share based compensation expense and reduced travel expenses.

The Corporation's main focus was the exploration and evaluation program at Golden Meadows, and ensuring the Corporation has adequate funds to advance the Project into the permitting phase, should results warrant such treatment.

An analysis of each line item follows:

#### Consulting

This expense relates to consulting services provided to the Corporation that do not relate to the exploration and evaluation of Golden Meadows. Consulting costs for the three months ending December 31, 2013 are comparable with that of the corresponding quarter in 2012. Consulting costs were higher for the year ended December 31, 2013 as a result of listing on the OTCQX.

#### Directors' Fees

Each of the Corporation's independent directors were entitled to annual base fee of C\$24,000, paid in quarterly installments, with the Chair of the Board, Chairs of Board Committees and members of Board Committees receiving additional fees commensurate with each role. Directors' fees for the year ended December 31, 2013 are comparable to that of the prior year.

#### Office and Administrative

This expense is predominantly the maintenance of the corporate head office in Vancouver, BC. The office and administrative expenses for the year and quarter ended December 31, 2013 are comparable to that of the prior year and quarter.

#### Professional Fees

This expense relates to the legal and accounting costs of the Corporation. The legal and accounting expenses for the year and quarter ended December 31, 2013 have decreased from the prior year and quarter due to less corporate activity in the current year.

#### Salaries and Benefits

This expense results from salaries and benefits of the employees that are not directly related to the exploration and evaluation of Golden Meadows. The salaries and benefits for the year and quarter ended December 31, 2013 are higher compared to the prior year and quarter ended December 31, 2012 due to higher levels of bonuses accrued.

#### Share Based Compensation

This expense relates to the compensation of directors, officers, employees and consultants that are share based and not directly related to the exploration and evaluation of Golden Meadows. This expense is lower for the current quarter and year when compared to the prior corresponding quarter and year as more options were granted and vested in prior

periods. The fair value of options granted is estimated at the time of the grant using the Black-Scholes option pricing model which uses various assumptions that are outlined in the Corporation's consolidated financial statements for the period ended December 31, 2013.

#### Shareholder and Regulatory

This expense is associated with marketing, licenses and fees, and shareholder communications. This expense has increased for the quarter and the year when compared to the prior corresponding quarter and year as a result of the Corporation's listing on the OTCQX.

#### Travel and Related Costs

This expense is a result of travel and meal costs of the Corporation's directors, officers, employees and consultants while undertaking business on behalf of the Corporation. This expense has decreased in the current year and quarter when compared to the previous year and quarter as a result of less travel between the Corporation's head office in Vancouver, BC, its exploration office in Spokane, WA, the field office in Lake Fork, ID, technical office in Boise, ID, and the Project. The exploration office in Spokane, WA was closed in 2013.

#### Change in Fair Value of Warrant Derivative

The Corporation issued warrants in the second quarter of 2013 with an exercise price denominated in Canadian dollars. The Corporation determined that warrants with an exercise price denominated in a currency that is different from the entity's functional currency should be classified as a derivative and carried at their fair value. Any changes in their fair value from period to period have been recorded as a gain or loss in the consolidated loss. There are no circumstances under which Midas Gold will be required to pay cash upon exercise or expiry of the warrants.

#### Foreign Exchange

This expense results from a translation loss on the Corporation's Canadian dollar denominated balances as at December 31, 2013. The Canadian dollar decreased in value in relation to the U.S. dollar during 2013 resulting in a foreign exchange loss for

Midas Gold Corp | Management's Discussion & Analysis

---

the year. In 2013, the Corporation reduced its exposure to the Canadian dollar by converting the majority of its cash position into U.S. dollars in late 2012 and early 2013.

#### Interest Income

This income results from interest received on the Corporation's cash balances. This amount decreased in the current quarter and year as a result of the decreased cash balance.

#### Exploration and Evaluation Assets

A summary of additions to exploration and evaluation assets for the three and twelve month periods ended December 31, 2013 is as follows:

	Three Months Ended		Twelve Months Ended	
	31-Dec-13	31-Dec-12	31-Dec-13	31-Dec-12
Exploration and Evaluation Acquisition Costs				
Interest on notes payable	\$ 3,013	\$ 4,278	\$ 13,767	\$ 19,289
Mineral claims	-	129,222	294,460	559,547
Sale of Royalty interest	-	-	(13,548,460)	-
Exploration and Evaluation Expenditures				
Consulting and labour cost	1,744,171	3,139,145	6,641,174	10,079,382
Drilling	1,360,079	3,141,755	5,140,484	19,676,341
Field Operations & Drilling support	1,743,193	3,789,314	6,126,545	13,577,349
Engineering	865,702	227,531	3,071,536	3,740,518
Environmental and sustainability	889,951	1,533,700	3,503,753	4,515,872
Geochemistry and geophysics	265,516	499,425	531,632	2,419,071
Prepaid exploration and evaluation	(54,609)	(180,538)	(117,259)	(216,226)
NET ADDITIONS TO EXPLORATION AND EVALUATION ASSETS	\$ 6,817,016	\$ 12,283,832	\$ 11,657,632	\$ 54,371,143

An analysis of each line item is as follows:

#### Interest on Notes Payable

Interest on Notes Payable relates to two notes payable related to the acquisition of mineral claims and a royalty interest. Interest accrues at 3% and interest and principal payments of \$0.2 million in total are due on June 2 each year with the final payment in 2015. The interest for the three and twelve month period ended December 31, 2013 is consistent with the comparable period from the prior year.

#### Mineral Claims

This item is due to the cost associated with acquiring mineral claims through staking and option payments towards the acquisition of mineral claims. Annual fees on unpatented claims are paid in August each year. The decrease in the current quarter resulted from additional claim staking and surveying that took part in the quarter ended December 31, 2012 that were not repeated in 2013. On an annual basis, the prior period included acquisition costs for the Yellow Pine and additional claim staking.

### Sale of Royalty Interest

On May 9, 2013, Midas Gold and its subsidiaries completed a \$15.0 million transaction with Franco-Nevada Corporation (“Franco-Nevada”) and one of its subsidiaries whereby Midas Gold agreed to sell certain rights to a royalty on future gold production from the Golden Meadows Project for a cash payment of \$14.6 million, and included a subscription agreement for two million warrants exercisable for shares of Midas Gold, for proceeds of \$0.4 million. The Corporation incurred costs of \$0.6 million associated with this transaction. A value of \$0.9 million was assigned to the warrants at the date of the transaction and has been recorded as a warrant derivative. The net proceeds of \$13.5 million have been offset against exploration and evaluation assets. Midas Gold has a one-time right to repurchase one third of the royalty for \$9.0 million before May 9, 2016.

### Consulting and Labour Cost

This item is due to costs associated with staffing the Project. Staffing costs decreased in the current quarter and for the year when compared to the prior year due to decreased staffing on the Project. The current quarter includes \$0.02 million (2012 - \$0.9 million) in share based compensation reflecting the value of stock options to employees and consultants working on the project.

### Drilling

Drilling costs relate to the exploration and evaluation of mineralized areas at Golden Meadows. Costs incurred in the current quarter relate to continued drilling at Golden Meadows. For the year and quarter ended December 31, 2013, drilling costs were significantly lower as the Corporation completed a 11,655 metre (“m”) drill program in 2013 compared with a 50,546m drill program in 2012.

### Field Operations and Drilling Support

Field Operations and Drilling support includes the operation of the two camps the Corporation maintains, transportation of people and supplies into Golden Meadows and other costs at Golden Meadows to support drilling operations as well as other exploration and field activities. For the year and quarter ended December 31, 2013, drilling support costs were significantly lower as the Corporation completed a 11,655m drilling program compared with a 50,546m drill program in 2012 while, in addition, other exploration and field activities were also curtailed in 2013 as compared to 2012.

### Engineering

These costs are in relation to various studies and evaluations of the Project. For the year and quarter ended December 31, 2013, the Corporation’s independent consultants conducted work to support a Pre-Feasibility Study (“PFS”) that is scheduled for completion in mid-2014. The prior year had a higher level of engineering and resource estimation related to the completion of a Preliminary Economic Assessment, the results of which were announced on September 4, 2012.

## Environmental

In the current quarter and year, these items result from the costs associated with the preparation and review of an Environmental Assessment for future exploration activities, voluntary remediation of legacy environmental conditions and collection of environmental baseline information for potential future operations. The Corporation is in the planning phase for considering the permitting of an operating mine. In the comparable quarter in the prior year, activities were in their early stages. In the prior year, environmental costs predominantly related to the assessment of environmental conditions at Golden Meadows and some voluntary remediation of legacy environmental conditions.

## Geochemistry and Geophysics

These costs relate to the analysis of drill cores, rock and soil samples, and to the geophysical exploration programs completed at Golden Meadows. This expense has decreased in the current year as the Corporation had a smaller drilling program compared to the prior year and completed lesser amounts of exploration related activities.

An analysis of the December 31, 2013 and December 31, 2012 statements of financial position of the Corporation follows:

Midas Gold Corp | Management's Discussion & Analysis

---



## Total Assets

Total assets increased during the year ended December 31, 2013 from \$195.8 million to \$201.4 million primarily as a result of an increase in costs related to the exploration and evaluation of the Project.

## Equity

Equity increased during the year ended December 31, 2013 from \$190.3 million to \$198.1 million, primarily as a result of the issuance of shares through the Private Placement for proceeds of \$9.3 million and recognition of share based compensation of \$2.2 million.

## Total Liabilities

Total liabilities decreased during the year ended December 31, 2013 from \$5.5 million to \$3.4 million, primarily as a result of a decrease in trade and other payables as at December 31, 2013. This decrease is due to a lower level of activity at Golden Meadows.

## Cash Flows

Midas Gold's net change in cash and cash equivalents for the year was an outflow of \$5.0 million (2012 – \$17.3 million). Cash received from financing activities for the year was \$23.7 million (2012 - \$38.1 million), as a result of the issuance of shares through the Private Placement and the sale of the royalty interest. The inflows from financing activities were offset by outflows from operating and investing activities.

Operating cash outflows for the year were \$2.1 million (2012 - \$2.3 million). Operating cash out flows decreased in the current year compared to the prior year due to decreased corporate activity as professional fees, salaries and benefits and travel costs decreased.

Investing cash out flows for the year were \$26.1 million (2012 – \$53.0 million). For the year ended December 31, 2013 the Corporation completed a 11,655m drill program whereas in 2012 approximately 50,546m was drilled.



## QUARTERLY RESULTS

The net loss and comprehensive loss of Midas Gold for the previous eight calendar quarterly periods:

Quarter Ended accordance	(In Revenue	Net Loss and Comprehensive Loss	Basic & Diluted Loss per Share	Total Assets	Long Term Liabilities	Cash Dividend
with IFRS)						
December 31, 2013	-	(710,846)	(0.01)	201,415,074	918,877	-
September 30, 2013	-	(748,012)	(0.01)	202,582,489	1,165,302	-
June 30, 2013	-	(981,591)	(0.01)	192,371,819	972,728	-
March 31, 2013	-	(1,355,117)	(0.01)	192,759,053	378,138	-
December 31, 2012	-	(1,481,281)	(0.01)	195,821,058	379,491	-
September 30, 2012	-	(1,283,067)	(0.01)	195,340,848	380,875	-
June 30, 2012	-	(1,969,973)	(0.02)	196,071,222	382,259	-
March 31, 2012	-	(2,445,446)	(0.02)	194,892,281	561,287	-

The decrease in the net loss and comprehensive loss for the quarter ended December 31, 2013 is primarily related to the decreased share based compensation for the period when compared to the other quarters. The increase in long term liabilities in the second, third and fourth quarters of 2013 is the result of issuing and revaluing the warrants issued to Franco-Nevada.

Midas Gold Corp | Management's Discussion & Analysis

---

## CAPITAL RESOURCES AND LIQUIDITY

Capital resources of Midas Gold consist primarily of cash and liquid short-term investments. As at December 31, 2013, Midas Gold had cash and cash equivalents totalling approximately \$14.6 million, approximately \$0.2 million in other current assets and \$2.4 million in trade and other payables.

Midas Gold has sufficient funds to further advance Golden Meadows and plans to do so by:

- Continuing to upgrade the confidence level of the existing mineral resources;
- Continuing to undertake technical, economic and trade-off studies, including a Pre-Feasibility Study, on the defined mineral resources;
- Growing the mineral resource base through exploration; and
- Proceeding with the regulatory process for the mineral resources thus defined, assuming results justify such a step.

Midas Gold has long term liabilities of \$0.9 million related to the notes payable (\$0.2 million) on the acquisition of mineral claims and the warrant derivative (\$0.7 million). There are no circumstances under which Midas Gold will be required to pay any cash upon exercise or expiry of the warrants.

Midas Gold does not anticipate the payment of dividends in the foreseeable future.

It is management's opinion, based on the Corporation's current liquidity position, that the Corporation will have sufficient assets to discharge its liabilities as they become due, to advance the Golden Meadows project through 2014 and to meet its administrative and overhead requirements. However, no assurance can be given that these efforts will prove to be successful.

During the year ended December 31, 2013, the Corporation generated capital resources of \$23.7 million through the Private Placement financing and sale of royalty interest.

As discussed above in Highlights the Corporation subsequently closed a non-brokered private placement for gross proceeds of C\$12.8 million (\$11.5 million).

The business of mining and exploration involves a high degree of risk and there can be no assurance that current exploration and evaluation programs will result in profitable mining operations in the future. The Corporation's ability to raise funds and continue exploration, evaluation and potential future development activities is directly related to the results of its exploration and evaluation program, as well as the price of gold and other potential by-products and general market conditions.

Contractual Obligations

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		
	Within one year	After one year but not more than five years	Total
Minimum rental payments	\$ 277,883	\$ 371,908	\$ 649,791

Mining Claim Assessments

The Corporation currently holds mining claims on which it has an annual assessment obligation, in order to maintain the claims in good standing, of \$195,000. The Corporation is committed to this annual obligation for the indefinite future in order to maintain its title to these claims.

Options Payments on Mining Claims

The Cinnabar claims are subject to an option to purchase 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 will have paid \$750,000.

Midas Gold Corp | Management's Discussion & Analysis

---

Midas Gold Corp | Management's Discussion & Analysis

---

OFF BALANCE SHEET ARRANGEMENTS

The Corporation has no off balance sheet arrangements as of December 31, 2013 and the date of this MD&A.

Midas Gold Corp | Management's Discussion & Analysis

---

RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

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 benefit	\$ 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.

There were no balances outstanding with related parties at December 31, 2013.

Midas Gold Corp | Management's Discussion & Analysis

---



## MINERAL PROPERTIES

The technical information in this MD&A has been prepared in accordance with National Instrument 43-101 Standards of Disclosure for Mineral Projects ("NI 43-101") and reviewed and approved by Stephen P. Quin, P. Geo., President and CEO of Midas Gold, Robert Barnes, P. Eng., Chief Operating Officer of Midas Gold, Richard Moses, C.P.G., Site Operations Manager for the Project, and Christopher Dail, C.P.G., Exploration Manager for the Project. The exploration activities at Golden Meadows in 2013 were carried out under the supervision of Richard Moses, C.P.G., Qualified Person and Site Operations Manager, and Christopher Dail, C.P.G., Qualified Person and Exploration Manager for the Project. All of Mr. Quin, Mr. Barnes, Mr. Moses and Mr. Dail are "qualified persons" within the meaning of such term in NI 43-101.

For readers to fully understand the technical information in this MD&A, the technical information in this MD&A should be read in conjunction with the technical report entitled "Preliminary Economic Assessment Technical Report for the Golden Meadows Project, Idaho" and dated September 21, 2012 (the "Technical Report") prepared by SRK Consulting (Canada) Inc., an independent firm of consulting engineers and scientists, for the Project. The Technical Report is available for viewing under the Corporation's website [www.midasgoldcorp.com](http://www.midasgoldcorp.com) as well as under its profile on SEDAR at [www.sedar.com](http://www.sedar.com). The technical information in this MD&A and the Technical Report are intended to be read as a whole, and sections should not be read or relied upon out of context. In addition, the technical information in the Technical Report is subject to the assumptions and qualifications contained in such report.

### Golden Meadows Project

The Corporation's property holdings at the Golden Meadows Project are comprised of a contiguous package of unpatented federal lode claims, unpatented mill site claims, patented federal lode claims and patented mill site claims encompassing approximately 10,968 hectares. The Corporation acquired these rights through a combination of transactions and staking.

The Golden Meadows Project includes four known mineral deposits with identified mineral resources. During 2011, 107 holes were completed at the Project, totaling 23,860m of drilling. During 2012, the Corporation completed 50,546m of core, sonic, RC, geotechnical and monitor well drilling in 235 holes.

During 2013, a total of 123 holes were completed on the project totalling approximately 11,655m. This included 61 core holes and 62 auger, geotechnical, water well and environmental monitoring boreholes. The 2013 core drilling primarily focused on confirming and refining the interpretation of portions of the Yellow Pine, West End and Hangar Flats deposits to improve confidence in continuity of grade, thicknesses and spatial distribution of gold, silver and antimony mineralization, to provide additional samples for metallurgical testing and for geotechnical and environmental monitoring purposes. This program also included a 42-hole hollow stem auger drilling program evaluating the potential for the reprocessing of historic tailings located on the Project leading to an initial resource estimate for those materials that was announced on October 28, 2013.

During the fourth quarter of 2013 and included in the above totals, 25 core holes totalling approximately 3,807m were completed on the project including: 5 holes at Hangar Flats, totalling approximately 740m; 2 holes at West End, totalling approximately 450m; and 18 holes at Yellow Pine, totaling approximately 2616m. All of these holes were directed at improving confidence in the Project's mineral resources or as step-out holes from areas of known mineralization.

#### Hangar Flats

Hangar Flats is a structurally controlled gold deposit hosted in intrusive rocks, with gold associated with sulphides in both the fault zone and adjacent rock defined by historic drilling, the Corporation's drilling and in underground workings. Since the initial discovery in 2009, the Company has completed 126 core and reverse circulation ("RC") holes in order to define and improve the confidence of mineral resources in the deposit, an additional 10 holes totalling approximately 1,016m to provide geotechnical and environmental baseline information.

#### West End

The West End gold deposit has a primary structural control and secondary stratigraphic control, with gold occurring preferentially where certain rock types are cut by the West End or associated faults. From 2009 through the end of 2013, 54 holes totalling approximately 12,060m have been completed including 50 RC and core holes totalling approximately 11,701m

Midas Gold Corp | Management's Discussion & Analysis

---

directed towards resource definition and 5 holes totalling 321m for geotechnical engineering and baseline environmental purposes.

#### Yellow Pine

Yellow Pine is a structurally controlled gold deposit hosted in intrusive rocks, and to a lesser extent in metasedimentary rocks, with gold associated with sulphides in both the fault zones and adjacent rocks. There are six exploration data sets that support the current mineral resource estimation, five of which are historical, with no drilling completed by the Corporation in 2009 or 2010. During 2011, the Corporation initiated a drilling program at Yellow Pine with the objective of confirming historic drilling, developing and upgrading the confidence level in, and expanding, the existing mineral resources. Since initiation of drilling in 2011, the Corporation has completed approximately 46,305m in 228 holes at the Yellow Pine Deposit. This total includes 213 core and RC holes totalling approximately 45,715m directed at resource definition and metallurgical sample collection and 15 holes totalling approximately 590m for baseline environmental and geotechnical purposes.

#### Historic Tailings

The historic tailings from past sulfide milling operations have been tested over an area extending approximately 800m by 400m and the materials may be amenable to recovery and a mineral resource estimate was completed after completion of a 42-hole hollow stem auger drilling program on a grid across the tailings site this season, with the estimate announced on October 28, 2013.

#### District Exploration

During the first and second quarters of 2013, the Corporation completed minimal on-site exploration due to winter and break-up conditions. In late spring and throughout the rest of the summer and fall, a series of soil grids were established in various areas on the project. This work included additional rock chip sampling, mapping and evaluation of geophysical anomalies resulting in the delineation of several large gold-in-soils anomalies at a number of new prospects situated at various locations on the Project.

#### Environmental and Other Matters Pertaining to Golden Meadows

The Project is located in a historic mining district with exploration and mining activity, and related environmental effects, spanning nearly 100 years from the early 1900s until today. Actions by prior operators and government agencies have addressed some of the historic environmental issues.

For additional disclosure on the Environmental and Other Matters refer to the Corporation's Annual Information Form for the year ended December 31, 2012, the prospectus dated June 30, 2011 and the short form prospectus dated March 8, 2012.

The Corporation is, and in future will continue to be, subject to federal, state and local statutes, rules and regulations related to, among other things, environmental protection, site access and construction activities. The environmental effects, if any, of current and future activities will be monitored and, where appropriate, mitigated and reclaimed by the Corporation.

A number of environmental studies and regulatory investigations in the District identified numerous areas of potential environmental degradation related to historic mining. In the past, regulatory actions under the Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA"), the Resource Conservation and Recovery Act ("RCRA") and state law have been taken by the U.S. Environmental Protection Agency ("EPA"), the U.S. Forest Service and the Idaho Department of Environmental Quality against historic mining operators. All of these regulatory activities and related clean-up programs pre-date any ownership or activity by the Corporation. Prior to its acquisitions in the District, the Corporation conducted appropriate due diligence, comprising formal assessments of the properties comprising the Project, in order to mitigate potential liabilities related to past disturbance.

#### Consent Decrees under CERCLA

Several of the patented lode and mill site claims acquired by Midas Gold in the West End Deposit and the Cinnabar claim groups held under option are subject to a consent decree, which covers certain environmental liability and remediation responsibilities with respect to such claims. The consent decree provides the regulatory agencies that were party to the agreement access and the right to conduct remediation activities under their respective CERCLA and RCRA authorities as necessary and to prevent the release or potential release of hazardous substances. The consent decree also requires that heirs, successors and assigns refrain

Midas Gold Corp | Management's Discussion & Analysis

---

from activities that would interfere with or adversely affect the integrity of any remedial measures implemented by government agencies. Several of the patented claims in the Hangar Flats and Yellow Pine properties acquired by Idaho Gold Resources and contributed to Midas Gold are subject to a consent decree between the previous owner of those claims and the United States, which creates certain obligations on that previous owner, including that the previous owner will cooperate with the U.S. Environmental Protection Agency and U.S. Forest Service in those agencies' efforts to secure any government controls necessary to implement response activities.

#### Plans for the Environmental Issues

The Corporation expects to address areas of existing environmental concern as part of the permitting process for any future mining operations. The Corporation recognizes the need to maintain the current designated uses, to improve water quality, wildlife and aquatic habitat where practicable and to reduce sediment loads in the Project area wherever feasible as a component of its ongoing activities, as well as to provide for future mining activities, should they occur.

Midas Gold Corp | Management's Discussion & Analysis

---

## 2014 OUTLOOK AND GOALS

The core objective of the Corporation is to complete an updated comprehensive evaluation of the economic potential of the Golden Meadows Project through the completion of a PFS, building on the results of the PEA that was published in September 2012. Key areas of on-going activity include:

- Design optimization of the conceptual Golden Meadows Project that was described in the PEA, with a major focus on reclamation of existing historic disturbance and eventual restoration of the brownfields site, including enhancement of the local fishery, the re-establishment of fish passage upstream of existing barriers created by historic mining, and the development of wetlands in historically disturbed areas and on post-closure reclaimed areas.
  - Evaluation of the potential for reprocessing tailings deposited by historic milling operations conducted from the late 1920s through to the early 1950s, where the recent mineral resource estimate confirmed past indications of potentially economically attractive grades in those tailings. Reprocessing of these materials may also assist with remediation of past mining disturbance through their removal from their current location and their re-placement in a lined tailings facility, reducing potential for metal leaching into groundwater.
- Comprehensive remodelling of geology of the mineral deposits that comprise the Golden Meadows Project, incorporating the results of Midas Gold's approximately 43,180m of new resource-definition related drilling completed since the cut-off date used in the September 2012 PEA, as well as additional drill data recovered for holes completed pre-Midas Gold's involvement in Golden Meadows.
- Updated mineral resource estimates, utilizing the new geologic models and new drill data acquired since the date of the PEA mineral resource estimate, including additional data recovered from holes completed prior to Midas Gold's involvement in the project. The objective of incorporating the additional drilling and data is to maximize conversion of a significant portion of the inferred mineral resource into the indicated and measured categories in this mineral resource update and will be used as the basis for the planned PFS.
  - Optimization of pit scheduling (which deposit gets mined in what sequence, blending options, etc.), as well as evaluating the economic and environmental trade-offs of mining certain high strip ratio mineralization (such as the deeper portions of the Hangar Flats deposit) which yield only modest incremental cash flow in the PEA but generate substantial amounts of waste material - elimination of these more marginal ounces could result in a smaller project footprint and less sustaining capital (as the need for replacement of the mining fleet is reduced or eliminated) with minimal impact on the project net present value.
- Extensive metallurgical testing of mineralization from all three main deposits, plus the tailings, with the objective of optimizing economic performance, including grind size versus recovery testing, options for enhanced flotation recoveries, pressure oxidation versus bio-oxidation testing on concentrates, leaching optimization for oxides and oxidized concentrates, carbonate rejection work to reduce or eliminate the need for acidulation costs (capital and operating) when processing West End materials, options for historic tailings retreatment, and other such optimizations.
- Trade-off studies looking at the economic, environmental and post-closure impacts of power supply options, process plant locations, access routes, etc.

Midas Gold is continually evaluating opportunities to reduce the environmental footprint of the Project, while maintaining project economics, by evaluating opportunities to remediate, reclaim and restore the extensive disturbance from historic mining activities at the site. Midas Gold considers location, operation, closure and post-closure in the design of all aspects of the project, and the risks related thereto.

With the additional funding in place from the 2013 transactions with Franco-Nevada and Teck and the March 2014 private placement, the Corporation continues to balance the timing and prioritization of expenditures, looking to reduce costs while still delivering the Corporation's major objectives in a timely and cost effective manner. The Corporation has completed the closure of its office in Spokane, WA as part of its cost-reduction efforts. The major corporate objectives remain:

1. Completing updated mineral resource estimates for each of the mineral deposits incorporating substantial amounts of new data by the end of Q1/14;
2. Completion of a PFS in mid-2014 as opposed to the previously contemplated updating the PEA; and
3. Completion and filing of a draft Plan of Operations thereafter, should result of the PFS and other circumstances warrant.

With its current financial position, Midas Gold believes that it has sufficient funding to meet the above objectives.

Midas Gold Corp | Management's Discussion & Analysis

---

## CRITICAL ACCOUNTING ESTIMATES AND POLICIES

### Critical 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:

#### 1) 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.

#### 1) 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.

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

#### 1) 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 consider



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.

2) Depreciation and amortization rate for building and equipment

Depreciation and amortization expenses are allocated based on assumed 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.

3) Mineral resource estimates

The figures for mineral resources are determined in accordance with NI 43-101. 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.

4) Valuation of share based compensation and warrant derivative

Midas Gold Corp | Management's Discussion & Analysis

---

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 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.

#### Changes in Accounting Policies Including Initial Adoption

##### Standards Issued but not yet effective

Certain pronouncements were issued by the 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.

- (v) 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;
- (vi) 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;
  - (vii) IFRS 9 - New financial instruments standard that replaces IAS 39 for classification and measurement of financial assets and financial liabilities
- (viii) 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:

- (vii) IFRS 10 - New standard to establish principles for the presentation and preparation of consolidated financial statements when an entity controls multiple entities
- (viii) IFRS 11 - New standard to account for the rights and obligations in accordance with a joint arrangement
- (ix) IFRS 12 - New standard for the disclosure of interests in other entities not within the scope of IFRS 9/IAS 39
- (x) IAS 27 – New standard to account for investments at cost or in accordance with IFRS 9 Financial Instruments
- (xi) IAS 28 - New standard issued that supercedes IAS 28 (2003) to prescribe the accounting for investments in associates and joint ventures

(xii)IFRS 13 - New standard on the measurement and disclosure of fair value

Midas Gold Corp | Management's Discussion & Analysis

---

Midas Gold Corp | Management's Discussion & Analysis

---

## FINANCIAL INSTRUMENTS

The Corporation's cash balance decreased from \$19,618,855 at December 31, 2012 to \$14,589,264 at December 31, 2013. The warrant derivative value decreased from \$886,000 at May 9, 2013 to \$728,000 at December 31, 2013.

The fair value hierarchy establishes three levels to classify the inputs of valuation techniques used to measure fair value. The three levels of the fair value hierarchy are described below:

Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities. Investments in common shares and warrants held that have direct listings on an exchange are classified as Level 1.

Level 2 - Quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liabilities. Investments in common shares and warrants held that are not listed on an exchange are classified as Level 2.

Level 3 - Prices or valuation techniques that require inputs that are both significant to fair value measurement and unobservable (supported by little or no market activity).

As required by IFRS 13, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. At December 31, 2013, the warrant derivative was classified as a Level 2 financial instrument. None of the Corporation's other financial instruments are measured and recognized in the consolidated statement of financial position at fair value. At December 31, 2012, none of the Corporation's financial instruments were measured and recognized in the consolidated statement of financial position at fair value.

The carrying values of cash and cash equivalents, trade and other receivables, trade and other payables, notes payable and accrued interest payable, approximate their fair value due to the short-term nature of the instruments.

The risks and the management of these risks are:

### 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.

#### Liquidity Risk

There is the risk that the Corporation will not be able to meet its financial obligations. Since its inception, the Corporation has raised capital through sales of its securities and royalty interest. If such funding is not available in the future, either through the sale of securities through private placements, the expected sale of the Corporation's securities on public markets or through the sale of royalty interest, the Corporation's operations could be adversely effected. The Corporation manages its liquidity risk by planning, budgeting, monitoring and making necessary adjustments to cash flow to support its operating requirements.

#### 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 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 of 3% until June 2, 2015 and therefore has no interest rate risk.

#### Foreign Currency Risk

The Corporation's functional and reporting currency is the US dollar and major purchases are transacted in US dollars. The Corporation is exposed to the risk of changes in US dollar 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:

	December 31, 2013	December 31, 2012
Cash and cash equivalents	US\$ 5,576,038	US\$ 5,190,659
Trade and other receivables	59,473	52,088
Trade and other payables	(321,764)	(280,800)
	US\$ 5,313,747	US\$ 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 past board approved expenditures.

Midas Gold Corp | Management's Discussion & Analysis

---



OUTSTANDING SHARE DATA

	March 12, 2014	December 31, 2013
Common shares issued and outstanding	141,705,090	127,534,136
Options outstanding (1)	11,854,417	10,095,000
Warrants outstanding (2)	10,622,519	3,333,334
Total	164,182,026	140,962,470

i) Options outstanding include 410,750 Finder's Options that are exercisable into a Unit.

(2) Warrants outstanding include 205,375 warrants that become outstanding on the exercise of the Finder's Options.

A summary of share purchase option activity within the Corporation's share based compensation plan for the years 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.

Edgar Filing: VISTA GOLD CORP - Form 10-K

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).

A summary of warrant activity for the year ended December 31, 2013 is as follows:

	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

Midas Gold Corp | Management's Discussion & Analysis

---

Midas Gold Corp | Management's Discussion & Analysis

---

Midas Gold Corp | Management's Discussion & Analysis

---

DISCLOSURE CONTROL AND PROCEDURES AND INTERNAL CONTROL OF FINANCIAL REPORTING

Midas Gold Corp | Management's Discussion & Analysis

---

The Corporation's management, under the supervision of the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), has designed disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings, based on the Internal Control – Integrated Framework (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

DC&P are designed to provide reasonable assurance that material information relating to the Corporation is made known to the CEO and CFO during the reporting period and the information required to be disclosed by the Corporation is recorded, processed, summarized and reported in a timely and appropriate manner. ICFR is designed to provide reasonable assurance regarding the reliability of financial reporting for external purposes in accordance with international financial reporting standards. Due to the inherent limitations associated with any such controls and procedures, management recognizes that, no matter how well designed and operated, they may not prevent or detect misstatements on a timely basis.

The Corporation's management, under the supervision of the CEO and CFO, has evaluated the design and operating effectiveness of its DC&P and ICFR and concluded that, as of December 31, 2013, they are effective in providing reasonable assurance regarding required disclosures and the reliability of external financial reporting.

Midas Gold Corp | Management's Discussion & Analysis

---

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

National Instrument 52-109 also requires Canadian public companies to disclose any changes in ICFR during the most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, ICFR. No changes were made to the Company's ICFR in the three months ended December 31, 2013 which have materially affected, or are reasonably likely to materially affect, ICFR.

Midas Gold Corp | Management's Discussion & Analysis

---



Midas Gold Corp | Management's Discussion & Analysis

---

## RISKS AND UNCERTAINTIES

Midas Gold is subject to a number of significant risks due to the nature of its business and the present stage of its business development. Only those persons who can bear risk of the entire loss of their investment should invest in the Corporation's common shares. Readers should carefully consider the risks and uncertainties described below, in addition to the risk factors discussed under the heading "Risk Factors" in the Corporation's final prospectus dated June 30, 2011 and short form prospectus dated March 8, 2012, each available under the Corporation's profile on SEDAR at [www.sedar.com](http://www.sedar.com), before deciding whether to invest in Midas Gold common shares.

Midas Gold's failure to successfully address such risks and uncertainties could have a material adverse effect on its business, financial condition and/or results of operations, and the future trading price of its common shares may decline and investors may lose all or part of their investment. Midas Gold cannot give assurance that it will successfully address these risks or other unknown risks that may affect its business. Estimates of mineral resources are inherently forward-looking statements subject to error. Although mineral resource estimates require a high degree of assurance in the underlying data when the estimates are made, unforeseen events and uncontrollable factors can have significant adverse or positive impacts on the estimates. Actual results will inherently differ from estimates. The unforeseen events and uncontrollable factors include: geologic uncertainties including inherent sample variability, metal price fluctuations, variations in mining and processing parameters, and adverse changes in environmental or mining laws and regulations. The timing and effects of variances from estimated values cannot be accurately predicted.

Below is a brief summary of some of Midas Gold's risks and uncertainties. These risk factors are not a definitive list of all risk factors associated with an investment in the common shares of Midas Gold or in connection with the Corporation's operations.

### Industry Risks

Metal prices have fluctuated widely in the past and are expected to continue to do so in the future, which may adversely affect the amount of revenues derived from production of mineral reserves.

The commercial feasibility of the Project and Midas Gold's ability to arrange funding to conduct its planned exploration projects is dependent on, among other things, the price of gold and other potential by-products. Depending on the price to be received for any minerals produced, Midas Gold may determine that it is impractical to commence or continue commercial production. A reduction in the price of gold or other potential by-products may prevent the Project from being economically mined or result in the write-off of assets whose value is impaired as a result of low precious metals prices.

Future revenues, if any, are expected to be in large part derived from the future mining and sale of gold and other potential by-products or interests related thereto. The prices of these commodities fluctuate and are affected by

numerous factors beyond Midas Gold's control, including, among others:

- international economic and political conditions,
- expectations of inflation or deflation,
- international currency exchange rates,
- interest rates,
- global or regional consumptive patterns,
- speculative activities,
- levels of supply and demand,
- increased production due to new mine developments,
- decreased production due to mine closures,
- improved mining and production methods,
- availability and costs of metal substitutes,
- metal stock levels maintained by producers and others, and
- inventory carrying costs.

The effect of these factors on the price of gold and other potential by-products cannot be accurately predicted. If the price of gold and other potential by-products decreases, the value of Midas Gold's assets would be materially and adversely affected, thereby materially and adversely impacting the value and price of Midas Gold's common shares.

Global financial markets can have a profound impact on the global economy, in general and on the mining industry in particular.

Many industries, including the precious metal mining industry, are impacted by global market conditions. Some of the key impacts of financial market turmoil can include contraction in credit markets resulting in a widening of credit risk, devaluations and high volatility in global and specifically mining equity markets, commodity, foreign exchange and precious metal markets, and a lack of market liquidity. A slowdown in the financial markets or other economic conditions, including but not limited to, reduced consumer spending, increased unemployment rates, deteriorating business conditions, inflation, deflation, volatile fuel and energy costs, increased consumer debt levels, lack of available credit, lack of future financing, changes in interest rates and tax rates may adversely affect Midas Gold's growth and profitability potential.

Specifically:

- " a global credit/liquidity crisis could impact the cost and availability of financing and Midas Gold's overall liquidity;
- " the volatility of gold and other potential by-product prices may impact Midas Gold's future revenues, profits and cash flow;
- " volatile energy prices, commodity and consumables prices and currency exchange rates impact potential production costs; and
- " the devaluation and volatility of global stock markets impacts the valuation of the Corporation's equity securities, which may impact its ability to raise funds through the issuance of equity.

Mineral exploration in the Western United States is subject to numerous regulatory requirements on land use.

The exploration for and development of mineral resources in the western United States is subject to Federal, State and local regulatory processes and evolving application of environmental and other regulations can and has affected the ability to advance mineral projects as effectively as in prior years. A number of mineral projects in the western United States have been subjected to regulatory delays or actions that have impeded the progress of these projects towards production.

Resource exploration and development is a high risk, speculative business.

Exploration for and development of mineral resource is a speculative business, characterized by a high number of failures. Substantial expenditures are required to discover new deposits and to develop the infrastructure, mining and processing facilities at any site chosen for mining. Most exploration projects do not result in the discovery of commercially viable deposits and no assurance can be given that any particular level of recovery or mineral reserves will in fact be realized by Midas Gold or that any mineral deposit identified by Midas Gold will ever qualify as a commercially mineable (or viable) deposit which can be legally and economically exploited.

Mineral exploration is subject to numerous industry operating hazards and risks, many of which are beyond Midas Gold's control and any one of which may have an adverse effect on its financial condition and operations.

The Project and any future operations in which Midas Gold has a direct or indirect interest will be subject to all the hazards and risks normally incidental to resource companies. Fires, power outages, labour disruptions, flooding, explosions, cave-ins, landslides and the inability to obtain suitable or adequate machinery, equipment or labour are some of the industry operating risks involved in the conduct of exploration programs and the operation of mines. If any of these events were to occur, they could cause injury or loss of life, severe damage to or destruction of property. As a result, Midas Gold could be the subject of a regulatory investigation, potentially leading to penalties and suspension of operations. In addition, Midas Gold may have to make expensive repairs and could be subject to legal liability. The occurrence of any of these operating risks and hazards may have an adverse effect on Midas Gold's financial condition and operations, and correspondingly on the value and price of Midas Gold's common shares.

Exploration activities are subject to geologic uncertainty and inherent variability.

There is inherent variability between duplicate samples taken adjacent to each other and between sampling points that cannot be reasonably eliminated. There may also be unknown geologic details that have not been identified or

correctly appreciated at the current level of delineation. This results in uncertainties that cannot be reasonably eliminated from the estimation process.

Midas Gold Corp | Management's Discussion & Analysis

---

Some of the resulting variances can have a positive effect and others can have a negative effect on mining and processing operations.

The quantification of mineral resources is based on estimates and is subject to great uncertainty.

The calculations of amounts of mineralized material within a mineral resource are estimates only. Actual recoveries of gold and other potential by-products from mineral resources may be lower than those indicated by test work. Any material change in the quantity of mineralization, grade or stripping ratio, or the price of gold and other potential by-products may affect the economic viability of a mineral property. In addition, there can be no assurance that the recoveries of gold and other potential by-products in small-scale laboratory tests will be duplicated in larger scale tests under on-site conditions or during production. Notwithstanding the results of any pilot plant tests for metallurgy and other factors, there remains the possibility that the ore may not react in commercial production in the same manner as it did in testing.

Mining and metallurgy are an inexact science and, accordingly, there always remains an element of risk that a mine may not prove to be commercially viable. Until a deposit is actually mined and processed, the quantity of mineral reserves, mineral resources and grades must be considered as estimates only. In addition, the quantity of mineral reserves and mineral resources may vary depending on, among other things, metal prices. Any material change in quantity of mineral reserves, mineral resources, grade, percent extraction of those mineral reserves recoverable by underground mining techniques or stripping ratio for those mineral reserves recoverable by open pit mining techniques may affect the economic viability of a mining project.

Increased operating and capital costs may adversely affect the viability of existing and proposed mining projects.

The mining industry has recently been subjected to conditions that have resulted in significant increases in the cost of equipment, labour and materials. The Corporation uses benchmarked data for the operation and capital costs included in its PEA and Technical Report dated September 21, 2012, however there is no guarantee that development or operations of the Project will eventuate, and if it did, such operating or capital costs will prevail.

#### Risks Related to the Corporation

Midas Gold will need to raise additional capital through the sale of its securities or other interests, which may result in dilution to the existing shareholders and, if such funding is not available, Midas Gold's operations would be adversely effected.

Midas Gold does not generate any revenues and does not have sufficient financial resources to undertake by itself all of its planned exploration programs. Midas Gold has limited financial resources and has financed its operations primarily through the sale of Midas Gold's securities such as common shares. Midas Gold will need to continue its reliance on the sale of its securities for future financing, resulting in dilution to existing shareholders. Further exploration programs will depend on Midas Gold's ability to obtain additional financing, which may not be available under favourable terms, if at all. If adequate financing is not available, Midas Gold may not be able to commence or continue with its exploration programs.

Future sales of Midas Gold's common shares into the public market by holders of Midas Gold options and warrants may lower the market price, which may result in losses to Midas Gold's shareholders.

Sales of substantial amounts of Midas Gold's common shares into the public market by unrelated shareholders, Midas Gold's officers or directors or pursuant to the exercise of options or warrants, or even the perception by the market that such sales may occur, may lower the market price of the Corporation's common shares.

Midas Gold is subject to numerous government regulations which could cause delays in carrying out its operations, and increase costs related to its business.

Midas Gold's mineral exploration and development activities are subject to various laws and regulations governing operations, taxes, labour standards and occupational health, mine safety, toxic substances, land use, water use, land claims of local people and other matters. No assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail exploration, development or production. Amendments to current laws and regulations governing operations, or more stringent implementation thereof could substantially increase the costs associated with Midas Gold's business or prevent it from exploring or developing its properties.

Amendments to current laws, regulations and permits governing operations and activities of mining and exploration companies, or more stringent implementation thereof, could have a material adverse impact on Midas Gold and cause increases in exploration expenses, capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

Midas Gold Corp | Management's Discussion & Analysis

---

Midas Gold has not completed an environmental impact statement, nor has it received the necessary permits for water or explosives to conduct mining operations.

The department responsible for environmental protection in the USA has broad authority to shut down and/or levy fines against facilities that do not comply with environmental regulations or standards. Failure to obtain the necessary permits would adversely affect progress of Midas Gold's operations and would delay or prevent the beginning of commercial operations.

Midas Gold's activities are subject to environmental liability.

Midas Gold is not aware of any claims for damages related to any impact that its operations have had on the environment but it may become subject to such claims in the future. An environmental claim could adversely affect Midas Gold's business due to the high costs of defending against such claims and its impact on senior management's time. Also, environmental regulations may change in the future which could adversely affect Midas Gold's operations including the potential to curtail or cease exploration programs or to preclude entirely the economic development of a mineral property. The extent of any future changes to environmental regulations cannot be predicted or quantified, but it should be assumed that such regulations would become more stringent in the future. Generally, new regulations will result in increased compliance costs, including costs for obtaining permits, delays or fines resulting from loss of permits or failure to comply with the new regulations.

Midas Gold faces substantial competition within the mining industry from other mineral companies with much greater financial and technical resources and Midas Gold may not be able to effectively compete.

The mineral resource industry is intensively competitive in all of its phases, and Midas Gold competes with many companies possessing much greater financial and technical research resources. Competition is particularly intense with respect to the acquisition of desirable undeveloped gold properties. The principal competitive factors in the acquisition of such undeveloped properties include the staff and data necessary to identify, investigate and purchase such properties, and the financial resources necessary to acquire and develop such properties. Competition could adversely affect Midas Gold's ability to acquire suitable prospects for exploration in the future.

Midas Gold's exploration efforts may be unsuccessful in locating viable mineral resources.

Mineral resource exploration and, if warranted, development, is a speculative business, characterized by a number of significant risks, including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits, which, though present, are insufficient in volume and/or grade to return a profit from production. There is no certainty that the expenditures that have been made and may be made in the future by Midas Gold related to the exploration of its properties will result in discoveries of mineralized material in commercial quantities.

Most exploration projects do not result in the discovery of commercially viable mineral deposits and no assurance can be given that any particular level of recovery or mineral reserves will in fact be realized or that any identified mineral deposit will ever qualify as a commercially viable deposit which can be legally and economically exploited.



If Midas Gold's mineral resource estimates are not indicative of the actual gold that can be mined, the mineable gold that can be recovered from Golden Meadows may be less than the mineral resource estimate and the Project may not be a viable project.

Assays results from core drilling or reverse circulation drilling can be subject to errors at the laboratory analyzing the drill samples. In addition, reverse circulation or core drilling may lead to samples which may not be representative of the gold or other metals in the entire deposit. Mineral resource estimates are based on interpretation of available facts and extrapolation or interpolation of data and may not be representative of the actual deposit. All of these factors may lead to a mineral resource estimate which is overstated.

If Midas Gold's mineral resource estimates for the Project are not indicative of actual recoveries of gold and other potential by-products, Midas Gold will have to continue to explore for a viable deposit or cease operations.

Midas Gold has a limited history as an exploration company and does not have any experience in putting a mining project into production.

Midas Gold has only been actively engaged in exploration since 2009. Midas Gold does not hold any mineral reserves and does not generate any revenues from production. Midas Gold's success will depend largely upon its ability to locate, define and develop commercially viable mineral reserves, which may never happen. Further, putting a mining project into production requires substantial planning and expenditures and, as a corporation, Midas Gold does not have any experience in taking a mining project to production. As a result of these factors, it is difficult to evaluate Midas Gold's prospects, and its future success is more uncertain than if it had a longer or more proven history.

Midas Gold expects to continue to incur losses and may never achieve profitability, which in turn may harm the future operating performance and may cause the market price of Midas Gold's common shares to decline.

Midas Gold Corp | Management's Discussion & Analysis

---

Midas Gold has incurred net losses every year since inception. Midas Gold currently has no commercial production and has never recorded any revenues from mining operations. Midas Gold expects to continue to incur losses, and will continue to do so until such time, if ever, as its properties commence commercial production and generate sufficient revenues to fund continuing operations.

The development of new mining operations will require the commitment of substantial resources for operating expenses and capital expenditures, which may increase in subsequent years as Midas Gold adds, as needed, consultants, personnel and equipment associated with advancing exploration, development and commercial production of the Project or any other properties. The amounts and timing of expenditures will depend on the progress of ongoing exploration and development, the results of consultants' analyses and recommendations, the rate at which operating losses are incurred, the execution of any joint venture or other agreements with others in the future, its acquisition of additional properties, and other factors, many of which are unknown today and may be beyond the Corporation's control. Midas Gold may never generate any revenues or achieve profitability. If Midas Gold does not achieve profitability, it will have to raise additional financing or shut down its operations.

Midas Gold's title to its mineral properties and its validity may be disputed in the future by others claiming title to all or part of such properties.

Midas Gold's properties consist of various mining concessions in the USA. Under USA law, the concessions may be subject to prior unregistered agreements or transfers, which may affect the validity of Midas Gold's ownership of such concessions. A claim by a third party asserting prior unregistered agreements or transfer on any of Midas Gold's mineral properties, especially where commercially viable mineral reserves have been located, could adversely result in Midas Gold losing commercially viable mineral reserves. Even if a claim is unsuccessful, it may potentially affect Midas Gold's current operations due to the high costs of defending against such claims and its impact on senior management's time. If Midas Gold loses a commercially viable mineral reserve, such a loss could lower Midas Gold's revenues or cause it to cease operations if this mineral reserve represented all or a significant portion of Midas Gold's operations at the time of the loss.

Midas Gold's ability to explore and, if warranted, exploit its mineral resources may be impacted by litigation or consent decrees entered into or proposed to be entered into by previous owners of mineral rights that now comprise the Project, related to disturbance related to past mining and exploration activities.

Several of the patented lode and mill site claims acquired by Midas Gold in the West End Deposit and the Cinnabar claim groups held under option are subject to a consent decree, which covers certain environmental liability and remediation responsibilities with respect to such claims. The consent decree requires that heirs, successors and assigns refrain from activities that would interfere with or adversely affect the integrity of any remedial measures implemented by government agencies. Several of the patented claims in the Hangar Flats and Yellow Pine properties that were recently purchased are subject to a consent decree between the owner of those claims and the United States, which creates certain obligations on that owner, including that that owner will cooperate with the U.S. Environmental Protection Agency and U.S. Forest Service in those agencies' efforts to secure any government controls necessary to implement response activities.

All industries, including mining, are subject to legal claims with or without merit. Defense and settlement costs can be substantial, even with respect to claims without merit. Due to the inherent uncertainty of the litigation process, the resolution of any particular claim could have an effect on the Corporation's financial position. It is possible that any proposal to develop a mine on the Project, or any governmental approval for such a development, could be challenged in court by third parties, the effect of which would be to delay and possibly entirely impede the Corporation from developing the Project or commencing production.

Midas Gold depends on key personnel for critical management decisions and industry contacts but does not maintain key person insurance.

Midas Gold is dependent on a relatively small number of key personnel, the loss of any of whom could have an adverse effect on the operations of Midas Gold. Midas Gold's success is dependent to a great degree on its ability to attract and retain highly qualified management personnel. The loss of any such key personnel, through incapacity or otherwise, would require Midas Gold to seek and retain other qualified personnel and could compromise the pace and success of its exploration activities. Midas Gold does not maintain key person insurance in the event of a loss of any such key personnel.

Midas Gold does not have a full staff of technical people and relies upon outside consultants to provide critical services.

Midas Gold has a relatively small staff and depends upon its ability to hire consultants with the appropriate background and expertise as such persons are required to carry out specific tasks. Midas Gold's inability to hire the appropriate consultants at the appropriate time could adversely impact Midas Gold's ability to advance its exploration activities.

Certain Midas Gold directors also serve as officers and/or directors of other mineral resource companies, which may give rise to conflicts.

Midas Gold Corp | Management's Discussion & Analysis

---

Certain Midas Gold directors and officers are also directors, officers or shareholders of other companies that are similarly engaged in the business of acquiring, developing and exploiting natural resource properties. Such associations may give rise to conflicts of interest from time to time. Directors and officers of the Corporation with conflicts of interest will be subject to and will follow the procedures set out in applicable corporate and securities legislation, regulations, rules and policies.

Midas Gold has no history of paying dividends, does not expect to pay dividends in the immediate future and may never pay dividends.

Since incorporation, neither Midas Gold nor any of its subsidiaries have paid any cash or other dividends on its common shares, and the Corporation does not expect to pay such dividends in the foreseeable future, as all available funds will be invested primarily to finance its mineral exploration programs.

Midas Gold's business involves risks for which Midas Gold may not be adequately insured, if it is insured at all.

In the course of exploration, development and production of mineral properties, certain risks, and in particular, unexpected or unusual geological operating conditions including landslides, ground failures, fires, flooding and earthquakes may occur. It is not always possible to fully insure against such risks. Midas Gold does not currently have insurance against all such risks and may decide not to take out insurance against all such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the securities of Midas Gold.

Additionally, the Corporation is not insured against most environmental risks. Insurance against environmental risks (including potential liability for pollution or other hazards as a result of the disposal of waste products by third-parties occurring as part of historic exploration and production) has not been generally available to companies within the industry. The Corporation periodically evaluates the cost and coverage of the insurance that is available against certain environmental risks to determine if it would be appropriate to obtain such insurance. Without such insurance, and if the Corporation becomes subject to environmental liabilities, the payment of such liabilities would reduce or eliminate its available funds or could exceed the funds the Corporation has to pay such liabilities and result in bankruptcy. Should the Corporation be unable to fund fully the remedial cost of an environmental problem it might be required to enter into interim compliance measures pending completion of the required remedy.

A shortage of supplies and equipment could adversely affect Midas Gold's ability to operate its business.

Midas Gold is dependent on various supplies and equipment to carry out its operations. The shortage of such supplies, equipment and parts could have a material adverse effect on Midas Gold's ability to carry out its operations and therefore have a material adverse effect on the cost of doing business.



CAUTIONARY NOTE IN RESPECT OF MINERAL RESOURCES

Mineral resources that are not mineral reserves do not have demonstrated economic viability. Mineral resource estimates do not account for mineability, selectivity, mining loss and dilution. These mineral resource estimates include 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 also no certainty that these inferred mineral resources will be converted to the measured and indicated categories through further drilling, or into mineral reserves, once economic considerations are applied.

The mineral resources at Golden Meadows are contained within areas that have seen historic disturbance resulting from prior mining activities. In order for Midas Gold to advance its interests at Golden Meadows, the project will be subject to a number of Federal, State and local laws and regulations and will require permits to conduct its activities.

This MD&A and the mineral resource estimates referenced in this MD&A use the terms “Measured Mineral Resources”, “Indicated Mineral Resources”, “Measured & Indicated Mineral Resources” and “Inferred Mineral Resources.” We advise you that, while these terms are defined in and required by Canadian regulations, these terms are not defined terms under the U.S. Securities and Exchange Commission (“SEC”) Industry Guide 7 and are normally not permitted to be used in reports and registration statements filed with the SEC. “Inferred Mineral Resources” have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. The SEC normally only permits issuers to report mineralization that does not constitute SEC Industry Guide 7 compliant “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 mineral deposits in these categories will ever be converted into reserves. Midas Gold is not a SEC registered Corporation nor is any of its subsidiaries.

Midas Gold Corp | Management’s Discussion & Analysis

---

CAUTIONARY NOTE IN RESPECT OF PRELIMINARY ECONOMIC ASSESSMENTS

Readers should note that the PEA mine plan and economic model referred to herein are preliminary in nature and include the use of inferred mineral resources. Mineral resources that are not mineral reserves do not have demonstrated economic viability. Inferred mineral resources are considered to be too speculative geologically to be used in an economic analysis except as allowed for by NI 43-101 in preliminary economic assessment studies. There is no guarantee that inferred mineral resources can be converted to indicated or measured mineral resources and, as such, there is no certainty the Project economics described in the PEA will be realized. The inferred mineral resource used in the PEA mine plan is 37% of the total life-of-mine mineral resource.