

VISTA GOLD CORP
Form 10-Q
October 29, 2015
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2015

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)

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British Columbia 98-0542444
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

Suite 5, 7961 Shaffer Parkway
Littleton, Colorado 80127
(Address of Principal Executive Offices) (Zip Code)

(720) 981-1185

(Registrant's Telephone Number, including Area Code)

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

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

Indicate by 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 Exchange Act): Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practical date: 82,883,562 common shares, without par value, outstanding as of October 27, 2015.

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VISTA GOLD CORP.

(An Exploration Stage Enterprise)

FORM 10-Q

For the Quarter Ended September 30, 2015

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PART I

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS.

VISTA GOLD CORP.

CONDENSED CONSOLIDATED BALANCE SHEETS

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

	(Unaudited) September 30, 2015	December 31, 2014
Assets:		
Current assets:		
Cash and cash equivalents	\$ 2,868	\$ 3,714
Short-term investments (Note 8)	11,880	—
Other investments, at fair value (Note 2)	1,717	6,163
Other current assets	598	1,485
Total current assets	17,063	11,362
Non-current assets:		
Mineral properties (Note 3)	3,874	5,406
Plant and equipment, net (Note 4)	2,334	2,842
Assets held for sale (Note 4)	6,500	6,500
Long-term deferred tax asset	438	1,916
Total non-current assets	13,146	16,664
Total assets	\$ 30,209	\$ 28,026
Liabilities and Shareholders' Equity:		
Current liabilities:		
Accounts payable	\$ 176	\$ 457
Accrued liabilities and other	495	370
Current deferred tax liability	438	1,916
Total current liabilities	1,109	2,743
Total liabilities	1,109	2,743

Commitments and contingencies – (Note 7)

Shareholders' equity:

Common shares, no par value - unlimited shares authorized; shares outstanding: 2015 - 82,883,562 and 2014 - 82,390,217	405,086	404,912
Additional paid-in capital (Note 5)	33,684	33,171
Accumulated other comprehensive income/(loss) (Note 6)	(37)	11
Accumulated deficit	(409,633)	(412,811)
Total shareholders' equity	29,100	25,283
Total liabilities and shareholders' equity	\$ 30,209	\$ 28,026

Approved by the Board of Directors

Racy A. S

/s/ Tracy A. Stevenson /s/ John M. Clark

Tracy A. Stevenson John M. Clark

Director Director

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

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VISTA GOLD CORP.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF INCOME/(LOSS) AND COMPREHENSIVE INCOME/(LOSS)

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Operating expense:				
Exploration, property evaluation and holding costs	\$ (1,306)	\$ (755)	\$ (3,265)	\$ (3,176)
Corporate administration	(832)	(134)	(2,674)	(2,497)
Depreciation and amortization	(163)	(219)	(531)	(660)
Write-down value-added tax receivable	(572)	—	(572)	—
Gain on disposal of mineral property, net (Note 3)	—	—	1,958	—
Total operating expense	(2,873)	(1,108)	(5,084)	(6,333)
Non-operating income/(expense):				
Gain/(loss) on sale of marketable securities	—	2	12	24
Unrealized loss on other investments (Note 2)	(624)	(3,792)	(1,326)	(2,370)
Realized gain/(loss) on other investments, net (Note 2)	—	—	(348)	155
Research and development grant, net (Note 10)	4,357	—	10,220	—
Interest income	11	2	14	9
Interest expense	—	—	—	(78)
Other income/(expense)	(335)	(12)	(310)	(374)
Total non-operating income/(expense)	3,409	(3,800)	8,262	(2,634)
Income/(loss) before income taxes	536	(4,908)	3,178	(8,967)
Deferred income tax/(expense) benefit	—	—	—	—
Net income/(loss)	\$ 536	\$ (4,908)	\$ 3,178	\$ (8,967)
Other comprehensive income/(loss):				
Unrealized fair value increase/(decrease) on available-for-sale securities	(21)	(40)	(48)	22
Comprehensive income/(loss)	\$ 515	\$ (4,948)	\$ 3,130	\$ (8,945)
Basic:				
Weighted average number of shares outstanding	82,618,766	82,275,217	82,466,677	82,275,217
Net income/(loss) per share	\$ 0.01	\$ (0.06)	0.04	\$ (0.11)

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Diluted:

Weighted average number of shares outstanding	82,790,051	82,275,217	82,566,906	82,275,217
Net income/(loss) per share	\$ 0.01	\$ (0.06)	0.04	\$ (0.11)

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

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VISTA GOLD CORP.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

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

	Common shares	Common stock	Additional paid-in capital	Accumulated deficit	Accumulated other comprehensive income/(loss)	Total shareholders' equity
Balances at December 31, 2013	82,275,217	\$ 404,470	\$ 32,487	\$ (393,885)	\$ (59)	\$ 43,013
Shares issued (RSUs vested)	115,000	—	—	—	—	—
Stock-based compensation	—	442	684	—	—	1,126
Other comprehensive loss	—	—	—	—	70	70
Net loss	—	—	—	(18,926)	—	(18,926)
Balances at December 31, 2014	82,390,217	\$ 404,912	\$ 33,171	\$ (412,811)	\$ 11	\$ 25,283
Shares issued (RSUs vested)	493,345	—	—	—	—	—
Stock-based compensation	—	174	513	—	—	687
Other comprehensive income	—	—	—	—	(48)	(48)
Net income	—	—	—	3,178	—	3,178
Balances at September 30, 2015	82,883,562	\$ 405,086	\$ 33,684	\$ (409,633)	\$ (37)	\$ 29,100

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

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VISTA GOLD CORP.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

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

	Nine months ended September 30,	
	2015	2014
Cash flows from operating activities:		
Net income/(loss) for the period	\$ 3,178	\$ (8,967)
Adjustments to reconcile net income/(loss) for the period to net cash used in operations:		
Depreciation and amortization	531	660
Stock-based compensation	687	167
Gain on disposal of marketable securities	(12)	(24)
Gain on disposal of mineral property	(1,958)	—
Write-down of value-added tax receivable	572	—
Unrealized loss on other investments	1,326	2,370
Other non-cash items	—	(162)
Change in working capital account items:		
Other current assets	573	671
Accounts payable, accrued liabilities and other	(156)	(226)
Net cash provided by/(used in) operating activities	4,741	(5,511)
Cash flows from investing activities:		
Proceeds from sales of marketable securities	41	61
Proceeds from sale of other investments, net	2,772	10,560
Acquisition of short-term investments	(11,880)	—
Additions to plant and equipment	(10)	(7)
Proceeds from option/sale agreements, net	3,490	1,028
Net cash (used in)/provided by investing activities	(5,587)	11,642
Cash flows from financing activities:		
Repayment of debt	—	(6,344)
Net cash used in financing activities	—	(6,344)
Net decrease in cash and cash equivalents	(846)	(213)
Cash and cash equivalents, beginning of period	3,714	5,475
Cash and cash equivalents, end of period	\$ 2,868	\$ 5,262

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

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VISTA GOLD CORP.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

(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 and Basis of Presentation

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

Our principal asset is our flagship Mt Todd gold project (“Mt Todd”) in Northern Territory (“NT”), Australia. We also hold 4.9% of the outstanding common shares in the capital of Midas Gold Corp. (“Midas Gold Shares”), non-core projects in Mexico and the United States, and royalty interests in projects in Bolivia and Indonesia.

The interim Condensed Consolidated Financial Statements (“interim statements”) of the Company are unaudited. In the opinion of management, all adjustments and disclosures necessary for a fair presentation of these interim statements have been included. The results reported in these interim statements are not necessarily indicative of the results that may be reported for the entire year. These interim statements should be read in conjunction with the Company’s Consolidated Financial Statements for the year ended December 31, 2014 as filed on March 3, 2015 on Form 10-K. The year-end balance sheet data was derived from the audited financial statements and, in accordance with the instructions to Form 10-Q, certain information and footnote disclosures required by United States generally accepted accounting principles (“GAAP”) have been condensed or omitted.

References to C\$ refer to Canadian currency, A\$ to Australian currency and \$ to United States currency.

2. Other Investments

Midas Gold Shares

During February 2014, we sold 16,000,000 Midas Gold Shares at a price of C\$0.80 (\$0.73) per Midas Gold Share, for net proceeds of \$10,560, reducing the total Midas Gold Shares we owned to 15,802,615 or approximately 11.2% of the Midas Gold Shares outstanding, on a non-dilutive basis, at that time. This sale resulted in a realized gain on other investments of \$155 based on the realized value at the time of the sale compared to the fair value of the Midas Gold Shares at December 31, 2013, net of costs to sell.

During March 2015, we sold 8,000,000 Midas Gold Shares, at a price of C\$0.46 (\$0.36) per Midas Gold Share, for net proceeds of \$2,772, reducing the total Midas Gold Shares we own to 7,802,615 or approximately 4.9% of the Midas Gold Shares outstanding, on a non-dilutive basis. This sale resulted in a realized loss on other investments of \$348 based on the realized value at the time of the sale compared to the fair value of the Midas Gold Shares at December 31, 2014, net of costs to sell.

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 Condensed Consolidated Balance Sheets. Subsequent changes in fair value are recorded in the Condensed Consolidated Statements of Income/(Loss) and Comprehensive Income/(Loss) in the period in which they occur.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

(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 summarizes our investment in Midas Gold Shares as of September 30, 2015 and December 31, 2014.

	September 30, 2015	December 31, 2014
Fair value at beginning of period	\$ 6,163	\$ 20,990
Sale of Midas Gold Shares, net of costs to sell	(2,772)	(10,560)
Realized and unrealized loss during the period	(1,674)	(4,267)
Fair value at end of period	\$ 1,717	\$ 6,163
Estimated tax benefit for the period	\$ 414	\$ 1,478
Midas Gold Shares held at the end of the period	7,802,615	15,802,615

3. Mineral Properties

	At September 30, 2015	At December 31, 2014
Mt Todd, Australia	\$ 2,146	\$ 2,146
Guadalupe de los Reyes, Mexico	1,728	2,224
Los Cardones, Mexico	—	1,036
	\$ 3,874	\$ 5,406

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

During April 2014, Minera Gold Stake S.A. de C.V. (“MGS”), Vista’s wholly-owned subsidiary, entered into a definitive option agreement (the “Option Agreement”) to option a 70% interest in the Guadalupe de los Reyes gold/silver project

in Sinaloa, Mexico to Great Panther Silver Limited (formerly Cangold Limited) (“Great Panther”) for consideration of \$5,000 in payments over a three-year period, with payments totaling \$1,000 in the first year (\$500 received in 2014 and \$496 net of legal costs was received in March 2015), \$1,500 in January 2016 and \$2,500 in January 2017.

The Option Agreement provides that all cash payments are non-refundable and optional to Great Panther, and in the event Great Panther 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 Great Panther will have no interest in the Guadalupe de los Reyes gold/silver project. Provided it is not in breach of the Option Agreement, Great Panther may at its discretion advance the above payment schedule and exercise the initial option for a 70% interest in the Guadalupe de los Reyes gold/silver project any time during the three-year period.

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

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

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VISTA GOLD CORP.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

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

Los Cardones

In October 2013, we sold our 100% debt and equity participation in the Los Cardones gold project located in Baja California Sur, Mexico (“Los Cardones Sale”) to Investure Group, S.A. de C.V. (“Investure”) and RPG Structured Finance S.a.r.l. (together the “Purchasers”) for a total of \$13,000 (\$7,000 of which was paid in October 2013 and \$6,000 of which was originally payable in January 2014 (the “Subsequent Payment”) subject to the Purchasers’ option to elect to not make the Subsequent Payment). In 2014, the due date for the Subsequent Payment was extended to January 30, 2015 for additional consideration of \$500. In October 2014, Investure announced that the Los Cardones gold project had been suspended because the conditions for its development were not favorable at that time, which introduced substantial doubt that the Subsequent Payment would be made. After making this announcement, there were no apparent significant favorable changes to incentivize Investure to lift the suspension. In January 2015, we agreed to amend the payment terms (the “Amendment”) of the Los Cardones Sale. Under the Amendment, the Company received a payment of \$496 net of legal costs from the Purchasers as the final payment for 100% of the Company’s interest in the project. This resulted in a realized gain of \$1,958.

4. Plant and Equipment

	September 30, 2015			December 31, 2014		
	Cost	Accumulated depreciation	Net	Cost	Accumulated depreciation	Net
Mt Todd, Australia	\$ 5,493	\$ 3,203	\$ 2,290	\$ 5,483	\$ 2,756	\$ 2,727
Guadalupe de los Reyes, Mexico	17	9	8	17	8	9
Corporate, United States	403	367	36	403	297	106
	\$ 5,913	\$ 3,579	\$ 2,334	\$ 5,903	\$ 3,061	\$ 2,842

	September 30, 2015			December 31, 2014		
	Book value beginning of period	Write-downs during the period	Book value end of period	Book value beginning of period	Write-downs during the period	Book value end of period

Assets held for sale (mill equipment)	\$ 6,500	\$ —	\$ 6,500	\$ 6,500	\$ —	\$ 6,500
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5. Additional Paid-in Capital

Warrants

Warrant activity is summarized in the following table:

	Warrants outstanding	Weighted average exercise price per share	Weighted average remaining life (yrs.)	Intrinsic value
As of December 31, 2014	15,219,802	\$ 5.00	0.8	\$ —
As of September 30, 2015	15,219,802	\$ 5.00	0.1	\$ —

The 15,219,802 warrants outstanding expired October 22, 2015. Warrants were excluded from weighted average diluted shares as the exercise price is greater than the average price per common share.

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 restricted stock units (“RSUs”) or restricted stock awards to our directors, officers, employees and consultants. The combined maximum number of shares in the capital of Vista (“Common Shares”) that may be reserved

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VISTA GOLD CORP.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

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

for issuance under the Plan and the LTIP is a variable number equal to 10% of the issued and outstanding Common Shares on a non-diluted basis. Options and RSUs under the Plan and LTIP, respectively, are granted from time to time at the discretion of the Board of Directors of the Company (“Board”), with vesting periods and other terms as determined by the Board. Stock-based compensation expense for the three and nine months ended September 30, 2015 and 2014 is as follows:

	Three Months		Nine Months	
	Ended		Ended	
	September 30,		September 30,	
	2015	2014	2015	2014
Stock options	\$ 2	\$ 35	\$ 6	\$ 158
Restricted stock units	218	(616)	681	9
	\$ 220	\$ (581)	\$ 687	\$ 167

As of September 30, 2015, stock options and RSUs had unrecognized compensation expense of \$24 and \$598, respectively, which is expected to be recognized over a weighted average period of 3.25 and 1.29 years, respectively. Stock options were excluded from weighted average diluted shares as the exercise prices are greater than the average price per common share. The restricted costs recovery for the three months ended September 30, 2014 is due to the cancellation of RSUs that had been expenses in prior periods but did not satisfy the vesting conditions. Certain RSUs were excluded from weighted average diluted shares as they are considered anti-dilutive.

Stock Options

A summary of options under the Plan as of September 30, 2015 is set forth in the following table:

	Number of	Weighted average	Weighted average	Aggregate
	options	exercise price	remaining	intrinsic
		per option	contractual term	value
Outstanding - December 31, 2014	2,257,500	\$ 1.60	3.02	\$ —

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Outstanding - September 30, 2015	2,257,500	\$	1.60	2.27	\$	—
Exercisable - September 30, 2015	2,011,250	\$	1.75	2.15	\$	—

A summary of our unvested stock options as of September 30, 2015 is set forth in the following table:

	Number of options	Weighted average grant-date fair value per option	Weighted average remaining amortization period (Years)
Unvested - December 31, 2014	246,250	\$ 0.22	3.99
Unvested - September 30, 2015	246,250	\$ 0.22	3.25

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

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

Restricted Stock Units

The following table summarizes the RSUs under the LTIP as of September 30, 2015:

	Number of units	Weighted average grant-date fair value per unit
Unvested - December 31, 2014	3,692,829	\$ 0.74
Cancelled/forfeited	(725,013)	0.80
Vested	(493,345)	1.62
Granted	1,727,000	0.27
Unvested - September 30, 2015	4,201,471	\$ 0.43

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

6. Accumulated Other Comprehensive Income/(Loss)

	Accumulated other comprehensive income/(loss)	Accumulated other comprehensive income/(loss), net of tax
As of December 31, 2014	\$ 11	\$ 10
Other comprehensive loss due to change in fair market value of marketable securities during period before reclassifications	(36)	(31)
Reclassifications due to realization of gain on sale of marketable securities (1)	(12)	(10)

As of September 30, 2015

\$ (37)

\$ (31)

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

7. 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. During May 2015, we settled a contract dispute for \$295.

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 mining licenses. 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.

8. 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.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

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

	Fair value at September 30, 2015		
	Total	Level 1	Level 3
Assets:			
Short-term investments	\$ 11,880	\$ 11,880	\$ —
Marketable securities	59	59	—
Other investments (Midas Gold Shares)	1,717	1,717	—
Mill equipment, held for sale	6,500	—	6,500

	Fair value at December 31, 2014		
	Total	Level 1	Level 3
Assets:			
Marketable securities	\$ 137	\$ 137	\$ —
Other investments (Midas Gold Shares)	6,163	6,163	—
Mill equipment, held for sale	6,500	—	6,500

Our short-term investments (as defined below), 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. Marketable securities are included in other current assets on the Consolidated Balance Sheets for each period presented.

Short-term investments consist of government securities with original maturity dates greater than ninety days and less than one year. Short-term investments are recorded at amortized cost and are classified as debt securities held-to-maturity as the Company has the intention and ability to hold these instruments until their original maturity date at the time of purchase.

The mill equipment is classified as Level 3 of the fair value hierarchy as its value is based on a third party assessment of the projected sale value less costs to sell giving full consideration to current market conditions and an orderly sale process. The mill equipment is categorized as assets held for sale on the Condensed Consolidated Balance Sheets.

At September 30, 2015, the assets classified within Level 3 of the fair value hierarchy represent 32% of the total assets measured at fair value. There have been no transfers between levels in 2015 nor have there been any changes in valuation techniques.

9. 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 three and nine months ended September 30, 2015 and 2014. Geographic location of mineral properties and plant and equipment is provided in Notes 3 and 4, respectively.

10. Research and Development Grant

In June 2015, the Company received an A\$7,608 (\$5,863) Research & Development (“R&D”) Tax Incentive refund, net of costs to prepare and file, paid under the Australian Government’s R&D Tax Incentive Program, a program designed to encourage industry to engage in R&D activities that benefit Australia. This refund is related to costs we incurred during the 2012 fiscal year for qualifying R&D programs.

In July 2015, the Company received an additional approximately A\$5,862 (\$4,357) R&D Tax Incentive refund, net of costs to prepare and file, paid under the Australian Government’s R&D Tax Incentive Program. This refund is related to costs we incurred during the 2013 fiscal year for qualifying R&D programs.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

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

Accounting practice generally refers to International Accounting Standard 20 “Accounting for Government Grants and Disclosure of Government Assistance” (“IAS 20”) to determine the most appropriate accounting for payments of this type. The Company’s activities in Australia do not generate revenue subject to Australian income tax. Consequently, under IAS 20, the R&D Tax Incentive payment is considered a government grant, as opposed to an income tax refund. Grants are recognized when there is reasonable assurance that the grant will be received and that conditions attached to the grant have been met.

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The following discussion and analysis should be read in conjunction with our unaudited condensed consolidated financial statements for the three and nine months ended September 30, 2015, 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 and forward-looking information that involve risks, uncertainties and assumptions. Our actual results may differ materially from those anticipated in these forward-looking statements and information as a result of many factors. See section heading "Note Regarding Forward-Looking Statements" below.

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

Overview

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

Our principal asset is our flagship Mt Todd gold project ("Mt Todd") in Northern Territory ("NT"), Australia. We also hold 4.9% of the outstanding common shares in the capital of Midas Gold Corp. ("Midas Gold Shares"), non-core projects in Mexico and the United States, and royalty interests in projects in Bolivia and Indonesia.

Outlook

We do not currently generate cash flows from mining operations. The prices for gold equities, particularly those with early stage projects, have decreased significantly during the past few years, and capital raising on reasonable terms has become more difficult for mining companies which do not have producing assets. These market conditions are expected to continue for the foreseeable future, and could affect our ability to raise sufficient capital to advance our

Mt Todd gold project on reasonable terms, if at all.

Since 2013 we have raised cash without share dilution and significantly reduced our costs to strengthen our balance sheet and mitigate the effects of these difficult markets. We believe we have sufficient working capital to fund our currently planned programs into 2018, while retaining opportunities to access additional financing from non-dilutive sources such as the sale of our used mill equipment and monetization of other non-core assets. We believe we have addressed our liquidity needs and positioned the Company to continue to evaluate and execute programs that could better position the Mt Todd gold project for fast-track development when economic conditions permit. With our improved treasury position and strong management team we are in a position to judiciously evaluate and pursue other near-term value creating opportunities.

The Company's flagship asset is its 100% owned Mt Todd gold project. Completion of a feasibility study or the development of the project is not justified at this time due to the current low gold price. However, with the completion of the environmental impact study in 2014 and the previous completion of a significant amount of the project engineering and design, much of which is contained in the previously released preliminary feasibility study, the permitting risk is substantially reduced and the potential development timeline at Mt Todd is well defined. We are now well positioned, subject to 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 six months of its commencement and at a cost of approximately \$2,500.

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Results from Operations

Summary

As a result of our commitment to non-dilutive financing, together with our strict cost management policies, the Company continues to be well funded and able to execute selected strategic discretionary programs.

Consolidated net income/(loss) for the three months ended September 30, 2015 and 2014 was \$536 and \$(4,908) or \$0.01 and \$(0.06) per share, respectively. Consolidated net income/(loss) for the nine months ended September 30, 2015 and 2014 was \$3,178 and \$(8,967) or \$0.04 and \$(0.11) per share, respectively. The principal components of these year-over-year changes are discussed below.

Exploration, property evaluation and holding costs

Exploration, property evaluation and holding costs were \$1,306 and \$755 during the three months ended September 30, 2015 and 2014, respectively, and \$3,265 and \$3,176 during the nine months ended September 30, 2015 and 2014, respectively. The cost increases in 2015 resulted mainly from discretionary technical studies and drilling programs at the Mt Todd exploration licenses and at the Batman deposit, substantially completed during the three months ended September 30, 2015. These increases are offset partly by a weaker Australian dollar in 2015, and the Government of the Northern Territory's sharing of the costs for water treatment and discharge at Mt Todd in 2015. There was no similar program in 2014. In addition, 2014 costs included a non-cash cost recovery related to certain RSU's that did not meet the vesting criteria.

Corporate administration

Corporate administration costs were \$832 and \$134 during the three months ended September 30, 2015 and 2014, respectively, and \$2,674 and \$2,497 during the nine months ended September 30, 2015 and 2014, respectively. Cash costs during the three months ended September 30, 2015 were substantially the same as those for the same period of 2014. For the nine months ended September 30, 2015 cash costs were slightly lower than those for the same period in 2014, mainly due the effects of cost cutting initiatives introduced in 2013 and 2014. In addition, 2014 costs included a non-cash cost recovery related to certain RSU's that did not meet the vesting criteria.

Write-down value-added tax receivable

For three and nine months ended September 30, 2015, we incurred a non-cash write-down associated with value-added tax (“VAT”) receivable in Mexico of \$572. As the Mexican tax authorities have denied our claim for the VAT recovery; we are contesting their position. No similar write-down occurred during the three and nine months ended September 30, 2014.

Non-operating income and expenses

Unrealized gain/(loss) on other investments

Unrealized gain/(loss) on other investments was \$(624) and \$(3,792) for the three months ended September 30, 2015 and 2014, respectively, and \$(1,326) and \$(2,370) for the nine months ended September 30, 2015 and 2014, respectively. These amounts are the result of changes in fair value of our Midas Gold Shares. The Company also holds approximately half the number of Midas Gold Shares in 2015 compared to the number held in 2014.

Realized gain/(loss) on other investments

Realized loss on other investments of \$348 for the nine months ended September 30, 2015 was due to the sale of 8,000,000 Midas Gold Shares during March 2015. Realized gain on other investments of \$155 for the nine months ended September 30, 2014 was due to the sale of 16,000,000 Midas Gold Shares during February 2014. No similar transactions occurred during the three months ended September 30, 2015 or 2014.

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Research and development grant

During the three and nine months ended September 30, 2015, the Company received \$4,357 and \$10,220, respectively, net of costs to prepare and file, from the Australian Government related to research and development activities at Mt Todd. No similar transactions occurred in 2014.

Financial Position, Liquidity and Capital Resources

Operating activities

Net cash provided by/(used in) operating activities was \$4,741 and \$(5,511) for the nine months ended September 30, 2015 and 2014, respectively. Cash provided in 2015 includes grants totaling \$10,220 from the Government of Australia related to research and development expenditures we incurred in 2012 and 2013. Other factors that contributed to the positive year-over-year change are the lower 2015 operating expenses as discussed in “Results from Operations” above.

Investing activities

The Company continues to monetize non-core assets as a non-dilutive means of financing. Net cash of \$5,587 for the nine months ended September 30, 2015 was provided from proceeds received from the Los Cardones Sale (defined in Project Updates below) of \$2,994 net of legal costs, the Guadalupe de los Reyes Option Agreement (defined in Project Updates below) of \$496 net of legal costs, and the sale of 8,000,000 Midas Gold Shares for net proceeds of \$2,772, offset by the purchase of U.S. Treasury bills of \$11,880.

Net cash of \$11,642 for the nine months ended September 30, 2014 was provided mainly from the sale of 16,000,000 Midas Gold Shares.

Financing activities

There were no cash transactions from financing activities during the nine months ended September 30, 2015. Net cash of \$6,344 was used in financing activities for the nine months ended September 30, 2014 for the repayment of the loan facility entered into in 2013.

Liquidity and capital resources

Capital raising during the nine months ended September 30, 2015 included the receipt of \$2,772 net proceeds from the sale of 8,000,000 Midas Gold Shares; the receipt of \$2,994 net of legal costs as the final payment for the Los Cardones gold project; the receipt of a scheduled \$496 option payment net of legal costs for the Guadalupe de los Reyes gold/silver project; and receipt of grants totaling \$10,220, net of costs to prepare and file, from the Government of Australia related to a Research & Development (“R&D”) Tax Incentive refund regarding R&D expenditures we incurred in 2012 and 2013. As a result of these transactions, our cash and short term investments (comprised mainly of U.S. Treasury Bills) as of September 30, 2015 increased to \$14,748, from \$3,714 as at December 31, 2014; and our working capital increased to \$15,954 compared with working capital of \$8,619 at December 31, 2014. We believe that we are able to fund our currently planned programs into 2018.

As a result of the cost cutting measures introduced during 2013 and 2014 and continued to date, the Company’s fixed costs, those expenditures necessary to ensure that we preserve our property rights and meet all of our safety, regulatory and environmental responsibilities, are expected to average \$1,500 to \$1,700 per quarter for the foreseeable future. In addition, we have undertaken and will continue to consider selected discretionary programs, mainly consisting of technical studies and exploration programs, that are expected to add value to Mt Todd and better position the project for fast-track development when economic conditions warrant.

Potential future sources of financing include the \$1,500 option payment which we expect to receive in the first quarter of 2016 pursuant to the Guadalupe de los Reyes Option Agreement (defined in Project Updates below). In addition, we

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will continue to seek additional financing with priority given to non-dilutive sources such as the sale of our used mill equipment, other non-core assets, and, depending on market conditions, our remaining Midas Gold Shares.

The continuing long-term viability of the Company is dependent upon our ability to secure sufficient funding and ultimately to generate future profits from operations. The underlying value and recoverability of the amounts shown as mineral properties and plant and equipment in our Condensed Consolidated Balance Sheets are dependent on our ability to fund exploration and development activities that could lead to profitable production or proceeds from the disposition of these assets.

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 September 30, 2015		
	Total	Level 1	Level 3
Assets:			
Short-term investments	\$ 11,880	\$ 11,880	\$ —
Marketable securities	59	59	—
Other investments (Midas Gold Shares)	1,717	1,717	—
Mill equipment, held for sale	6,500	—	6,500

	Fair value at December 31, 2014		
	Total	Level 1	Level 3
Assets:			
Marketable securities	\$ 137	\$ 137	\$ —
Other investments (Midas Gold Shares)	6,163	6,163	—
Mill equipment, held for sale	6,500	—	6,500

Our short-term investments (as defined below), 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. Marketable securities are included in other current assets on the Consolidated Balance Sheets for each period presented.

Short-term investments consist of government securities with original maturity dates greater than ninety days and less than one year. Short-term investments are recorded at amortized cost and are classified as debt securities held-to-maturity as the Company has the intention and ability to hold these instruments until their original maturity date at the time of purchase.

The mill equipment is classified as Level 3 of the fair value hierarchy as its value is based on a third party assessment of the projected sale value giving full consideration to current market conditions and an orderly sale process. The mill equipment is categorized as assets held for sale on the Condensed Consolidated Balance Sheets.

At September 30, 2015, the assets classified within Level 3 of the fair value hierarchy represent 32% of the total assets measured at fair value. There have been no transfers between levels in 2015 nor have there been any changes in valuation techniques.

Off-Balance Sheet Arrangements

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

Contractual Obligations

We have no material contractual obligations as of September 30, 2015.

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Project Updates

Mt Todd Gold Project, Northern Territory, Australia

The focus of our activities at Mt Todd during 2015 has been principally on water management and related activities; permitting, specifically the authorization required under the Environmental Protection and Biodiversity Conservation Act 1999 ("EPBC Act") from the federal government, as it relates to the Gouldian Finch; and identifying and evaluating project optimization opportunities. We recently completed certain technical studies designed to better position the Mt Todd gold project for fast track development when economic conditions permit; and we substantially completed proof of concept drilling on three targets, two of which are within the Mt Todd exploration license areas and the other of which is below the Batman deposit mineralized zone. Analysis of the results is in progress.

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

During April 2014, Minera Gold Stake S.A. de C.V. ("MGS"), Vista's wholly-owned subsidiary, entered into a definitive option agreement (the "Option Agreement") to option a 70% interest in the Guadalupe de los Reyes gold/silver project in Sinaloa, Mexico to Great Panther Silver Limited (formerly Cangold Limited) ("Great Panther") for consideration of \$5,000 in payments over a three-year period, with payments totaling \$1,000 in the first year \$500 received in 2014 and \$496 net of legal costs was received in March 2015), \$1,500 in January 2016 and \$2,500 in January 2017.

The Option Agreement provides that all cash payments are non-refundable and optional to Great Panther, and in the event Great Panther 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 Great Panther will have no interest in the Guadalupe de los Reyes gold/silver project. Provided it is not in breach of the Option Agreement, Great Panther may at its discretion advance the above payment schedule and exercise the initial option for a 70% interest in the Guadalupe de los Reyes gold/silver project any time during the three-year period.

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

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

In July 2015, Great Panther announced a significant drilling campaign for the Guadalupe de los Reyes gold/silver project, to further define and expand zones of higher grade mineralization, upon which to base new resource estimates. The Company believes that Great Panther's commitment of capital to the Guadalupe de los Reyes gold/silver project supports the likelihood that MGS will receive the Guadalupe de los Reyes option payments when due.

Los Cardones Gold Project

In October 2013, we sold our 100% debt and equity participation in the Los Cardones gold project located in Baja California Sur, Mexico ("Los Cardones Sale") to Investure Group, S.A. de C.V. ("Investure") and RPG Structured Finance S.a.r.l. (together the "Purchasers") for a total of \$13,000 (\$7,000 of which was paid in October 2013 and \$6,000 of which was originally payable in January 2014 (the "Subsequent Payment") subject to the Purchasers' option to elect to not make the Subsequent Payment. In 2014, the due date for the Subsequent Payment was extended to January 30, 2015 for additional consideration of \$500. In October 2014, Investure announced that the Los Cardones gold project had been

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suspended because the conditions for its development were not favorable at that time, which introduced substantial doubt that the Subsequent Payment would be made. After making this announcement, there were no apparent significant favorable changes to incentivize Invecture to lift the suspension. In January 2015, we agreed to amend the payment terms (the “Amendment”) of the Los Cardones Sale. Under the Amendment, the Company received a payment of \$2,994 net of legal costs from the Purchasers as the final payment for 100% of the Company’s interest in the project.

Cautionary Note to U.S. Investors Regarding Estimates of Measured, Indicated and Inferred Resources and Proven and Probable Reserves

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

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

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

Certain U.S. Federal Income Tax Considerations

Vista has been a “passive foreign investment company” (“PFIC”) as defined under Section 1297 of the U.S. Internal Revenue Code of 1986, as amended, in recent years and expects to continue to be a PFIC in the future. Current and prospective United States shareholders should consult their tax advisors as to the tax consequences of PFIC classification and the U.S. federal tax treatment of PFICs. Additional information on this matter is included in Vista’s Annual Report on Form 10-K for the year ended December 31, 2014, under “Part II. Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities — Certain United States Federal Income Tax Considerations.”

Note Regarding Forward-Looking Statements

This quarterly report on Form 10-Q 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 quarterly report on Form 10-Q, 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

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expect or anticipate will or may occur in the future are forward-looking statements and forward-looking information, including, but not limited to, such things as those listed below:

- the Company's ability to sustain its fixed costs at \$1,500 to \$1,700 per quarter for the foreseeable future;
- the ability to fund the Company's currently planned programs into 2018;
 - the potential monetization of our non-core assets, including our mill equipment which is for sale;
- our belief that the commitment from Great Panther of capital to the Guadalupe de los Reyes gold/silver project increases the likelihood that the Company will receive all of the \$4,000 of option payments related to the Option Agreement;