

VISTA GOLD CORP
Form 10-Q
August 02, 2013

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 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 1-09025

VISTA GOLD CORP.

(Exact name of registrant as specified in its charter)

British Columbia, Canada
(State or other jurisdiction of incorporation or organization)

98-0542444
(IRS Employer Identification No.)

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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)

Indicate by check mark whether the registrant: (1) has 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 the 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 (§232.405 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 x No

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

Large accelerated filer Accelerated filer x

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 x

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 81,788,835 common shares, without par value, outstanding as of July 29, 2013.

VISTA GOLD CORP.

(An Exploration Stage Enterprise)

FORM 10-Q

For the Quarter Ended June 30, 2013

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VISTA GOLD CORP. (An Exploration Stage Enterprise)

CONDENSED CONSOLIDATED BALANCE SHEETS

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

	(Unaudited)	
	June 30, 2013	December 31, 2012
Assets:		
Current assets:		
Cash and cash equivalents	\$ 9,299	\$ 18,281
Restricted cash	100	70
Marketable securities (Note 4)	239	626
Other investments (Note 5)	22,167	69,489
Other current assets	2,100	2,963
Total current assets	33,905	91,429
Non-current assets:		
Mineral properties (Note 6)	13,701	13,701
Plant and equipment, net (Note 7)	5,256	3,592
Assets held for sale (Note 7)	10,000	10,000
Amayapampa interest (Note 15)	4,813	4,813
Long-term investments	65	65
Long-term deferred tax asset	7,472	9,465
Total non-current assets	41,307	41,636
Total assets	\$ 75,212	\$ 133,065
Liabilities and Shareholders' Equity:		
Current liabilities:		
Accounts payable	\$ 2,209	\$ 4,409
Debt (Note 8)	9,500	-
Accrued liabilities and other	1,836	1,839
Current deferred tax liability	7,472	24,839
Total current liabilities	21,017	31,087
Non-current liabilities:		
Other long-term liabilities	635	635
Total non-current liabilities	635	635
Total liabilities	21,652	31,722

Commitments and contingencies – (Note 14)

Shareholders' equity:

Common shares, no par value - unlimited shares authorized; shares outstanding: 2013 - 81,788,835 and 2012 - 81,563,498 (Note 9)	404,252	403,583
Additional paid-in capital (Note 10)	32,489	32,155
Accumulated other comprehensive income (loss) (Note 11)	(363)	2
Accumulated deficit (including during exploration stage: 2013 - \$183,746 and 2012 - \$135,325)	(382,818)	(334,397)
Total shareholders' equity	53,560	101,343
 Total liabilities and shareholders' equity	 \$ 75,212	 \$ 133,065

Approved by the Board of Directors

/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 condensed consolidated financial statements.

VISTA GOLD CORP. (An Exploration Stage Enterprise)

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

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

	Three Months Ended June		Six Months Ended June		Cumulative during
	30,	2012	30,	2012	Exploration
	2013		2013		Stage
Operating income and (expenses):					
Exploration, property evaluation and holding costs	\$ (5,877)	\$ (6,758)	\$ (13,007)	\$ (12,465)	\$ (108,266)
Corporate administration	(1,225)	(2,003)	(3,135)	(4,077)	(47,242)
Depreciation and amortization	(267)	(132)	(542)	(258)	(2,940)
Loss on extinguishment of convertible debt	-	-	-	-	(1,218)
Gain/(loss) on currency translation	793	(60)	372	(84)	142
Gain on disposal of mineral property, net	-	-	-	934	79,766
Write-down of mineral property	-	-	-	-	(250)
Total operating expense	(6,576)	(8,953)	(16,312)	(15,950)	(80,008)
Non-operating income and (expenses):					
Gain/(loss) on sale of marketable securities	(24)	-	(18)	143	8,031
Unrealized loss on other investments (Note 5)	(18,541)	(34,951)	(47,322)	(42,316)	(60,338)
Write-down of marketable securities	-	-	-	-	(959)
Write-down of plant and equipment	-	-	-	-	(7,117)
Interest income	12	8	25	21	2,803
Interest expense	(200)	-	(206)	-	(4,318)
Other income/(expense)	(97)	182	38	173	(1,706)

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Total non-operating expense	(18,850)	(34,761)	(47,483)	(41,979)	- (63,604)
Loss from continuing operations before income taxes	(25,426)	(43,714)	(63,795)	(57,929)	(143,612)
Deferred income tax benefit	4,411	13,210	15,374	16,201	(1)
Loss from continuing operations after income taxes	(21,015)	(30,504)	(48,421)	(41,728)	(143,613)
Loss from discontinued operations	-	-	-	-	(5,192)
Net loss	\$ (21,015)	\$ (30,504)	\$ (48,421)	\$ (41,728)	\$ (148,805)
Other comprehensive loss:					
Unrealized fair value decrease on available-for-sale securities	(145)	(23)	(365)	(83)	(363)
Comprehensive loss	\$ (21,160)	\$ (30,527)	\$ (48,786)	\$ (41,811)	\$ (149,168)
Basic:					
Weighted average number of shares outstanding	81,745,476	72,112,543	81,671,873	71,830,466	
Net loss per share	\$ (0.26)	\$ (0.42)	(0.59)	\$ (0.58)	
Diluted:					
Weighted average number of shares outstanding	81,745,476	72,112,543	81,671,873	71,830,466	
Net loss per share	\$ (0.26)	\$ (0.42)	(0.59)	\$ (0.58)	

Common shares	Common stock	Additional paid-in capital	Accumulated Deficit	Accumulated other comprehensive income/(loss)	Total shareholders' equity
4,535,752	\$ 197,900	\$ 2,786	\$ (199,072)	\$ -	\$ 1,614

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Balances at December 31, 2001						
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)
Balances 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 loss	-	-	-	-	(754)	(754)
Net income	-	-	-	51,546	-	51,546
Balances 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 loss	-	-	-	(70,656)	-	(70,656)
Balances at December 31, 2012	81,563,498	\$ 403,583	\$ 32,155	\$ (334,397)	\$ 2	\$ 101,343
Shares issued, net of transaction costs	225,337	259	-	-	-	259
Warrants and options	-	410	334	-	-	744
Other comprehensive loss	-	-	-	-	(365)	(365)
Net loss	-	-	-	(48,421)	-	(48,421)
Balances at June 30, 2013	81,788,835	\$ 404,252	\$ 32,489	\$ (382,818)	\$ (363)	\$ 53,560

	Six Months Ended		
	June 30,	2012	Cumulative during
	2013		exploration stage
Cash flows from operating activities:			
Net loss for the period	\$ (48,421)	\$ (41,728)	\$ (148,805)
Adjustments to reconcile net loss for the period to net cash used in operations:			
Depreciation and amortization	542	258	2,940
Stock-based compensation	744	1,992	12,795
Loss/ (gain) on disposal of marketable securities	18	(143)	(8,031)
Loss on extinguishment of convertible notes	-	-	1,218
Accrued interest and accretion of interest	-	-	3,519
Gain on disposal of mineral property	-	(934)	(80,035)
Write-down of non-current assets	-	-	7,367
Unrealized loss on other investments	47,322	42,316	60,338
Write down of marketable securities	-	-	959
Transaction costs	-	-	1,841
Deferred tax benefit	(15,374)	(16,201)	1
Other non-cash items	(264)	-	1,931
Change in working capital account items:			
Other current assets	1,142	(538)	(1,072)
Interest paid	-	-	(7,586)
Accounts payable, accrued liabilities and other	(2,204)	(227)	2,592
Net cash used in operating activities	(16,495)	(15,205)	(150,028)
Cash flows from investing activities:			
Purchases of marketable securities	-	(135)	(1,841)
Proceeds from sales of marketable securities	112	230	11,655
Acquisition of long-term investments	-	(45)	(3,632)
Additions to mineral property	-	-	(11,571)
Additions to plant and equipment	(2,206)	(589)	(24,849)
Change in restricted cash at Awak Mas	(30)	41	(100)
Proceeds from non-current asset disposals	-	3,500	6,740
Cash transferred to Allied Nevada Gold Corp., net of receivable	-	-	(24,517)
Net cash (used in)/provided by investing activities	(2,124)	3,002	(48,115)
Cash flows from financing activities:			
Proceeds from debt financing, net (Note 8)	9,637	-	9,637
Proceeds from equity financings, net	-	-	161,542
Repayment of convertible notes	-	-	(26,108)
Proceeds from exercise of warrants	-	1,100	40,754
Proceeds from exercise of compensation options	-	733	733
Proceeds from exercise of stock options	-	-	4,068
Issuance of convertible notes	-	-	28,345
Cash paid in lieu of capital stock issuances	-	-	(107)
Transaction costs	-	-	(1,841)

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Net cash provided by financing activities	9,637	1,833	217,023
Increase/(decrease) in cash and cash equivalents	(8,982)	(10,370)	18,880
Decrease in cash and cash equivalents - discontinued operations	-	-	(10,255)
Net increase/(decrease) in cash and cash equivalents	(8,982)	(10,370)	8,625
Cash and cash equivalents, beginning of period	18,281	17,873	674
Cash and cash equivalents, end of period	\$ 9,299	\$ 7,503	\$ 9,299

1. Nature of Operations and Basis of Presentation

Vista Gold Corp. and its subsidiaries (collectively, “Vista,” the “Company,” the “Corporation,” “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 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.

These unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States (“U.S. GAAP”) and should be read in conjunction with the audited consolidated financial statements as of December 31, 2012 and 2011, in our Annual Report on Form 10-K for the year ended December 31, 2012. The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect reported amounts, which are based on information available as of the date of the financial statements. In the opinion of management, the accompanying unaudited condensed consolidated financial statements contain all adjustments, which are of a normal and recurring nature, necessary to present fairly in all material respects the financial results for the period presented. Operating results for the three and six months ended June 30, 2013 are not necessarily indicative of the results that may be expected for the year ending December 31, 2013 or for any future period. The December 31, 2012 condensed consolidated balance sheets were derived from audited financial statements, but do not include all disclosures required in the annual financial statements by U.S. GAAP.

2. Liquidity

These unaudited condensed 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 unaudited condensed consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded assets or liabilities which might be necessary should we not be able to continue as a going-concern.

The Company's cash burn rate is expected to be reduced to approximately \$3,500 to \$4,500 per quarter through the remainder of 2013, with further material reductions planned for 2014. The reduction in cash burn rate is expected to result from reductions in the corporate staff, reductions in cash compensation for executives, senior management and the Company's Board of Directors, and the delay or elimination of various discretionary programs. The Company believes that its current position is sufficient for the remainder of 2013. The Company continues to seek financing with a focus on non-dilutive sources such as monetization of non-core assets, however, there can be no assurance that we will be able to monetize the non-core assets.

3. Recent Accounting Pronouncements

Reporting of Amounts Reclassified out of Accumulated Other Comprehensive Income

In February 2013, the Financial Accounting Standards Board ("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.

VISTA GOLD CORP. (An Exploration Stage Enterprise)

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Dollar amounts in U.S. dollars and in thousands, except per share and per ounce amounts unless otherwise noted)

Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, As 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.

4. Marketable Securities

	At June 30, 2013			At December 31, 2012		
	Cost	Unrealized loss	Fair value	Cost	Unrealized gain	Fair value
Current Marketable Equity Securities	\$ 602	\$ (363)	\$ 239	\$ 624	\$ 2	\$ 626
	\$ 602	\$ (363)	\$ 239	\$ 624	\$ 2	\$ 626

During the year ended December 31, 2012, we determined that certain of our securities had an other-than-temporary decline in value and a write-down of \$39 was recorded in other income/(expense) in our Consolidated Statements of Income/(Loss) and Comprehensive Income/(Loss). There were no such write-downs during the six months ended June 30, 2013. In January 2013, we received a non-cash distribution of \$109 that was paid in shares from an investment we held recorded in other income/(expense) 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 (the “Combination”) with Midas Gold, Inc. 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 assets in the Yellow Pine-Stibnite District, Vista Gold U.S., Inc. (“Vista US”) was issued 30,402,615 common shares in the capital of Midas Gold. Concurrently with the Combination, we purchased 1,400,000 Midas Gold common shares for an aggregate purchase price of \$3,632 as part of a Midas Gold private placement. Following completion of these transactions, Vista holds a total of 31,802,615 Midas Gold shares, or 27.7% of the total Midas Gold shares outstanding at March 31, 2013.

During the three and six months ended June 30, 2013, we recorded an unrealized loss on the Midas Gold shares of \$18,541 and \$47,322 with a corresponding US tax benefit of \$6,806 and \$17,371. As of June 30, 2013, the fair value of the Midas Gold shares we hold was \$22,167.

6. Mineral Properties

	At June 30, 2013	At December 31, 2012
Mt. Todd, Australia	\$ 2,146	\$ 2,146
Guadalupe de los Reyes, Mexico	2,752	2,752
Los Cardones, Mexico	8,053	8,053
Long Valley, United States	750	750
	\$ 13,701	\$ 13,701

VISTA GOLD CORP. (An Exploration Stage Enterprise)

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Dollar amounts in U.S. dollars and in thousands, except per share and per ounce amounts unless otherwise noted)

7. Plant and Equipment

	June 30, 2013			December 31, 2012		
	Cost	Accumulated depreciation and write downs	Net	Cost	Accumulated depreciation and write downs	Net
Mt. Todd, Australia	\$ 5,485	\$ 1,586	\$ 3,899	\$ 3,497	\$ 1,124	\$ 2,373
Los Cardones, Mexico	1,194	119	1,075	1,194	109	1,085
Guadalupe de los Reyes, Mexico	21	5	16	21	3	18
Corporate, United States	774	508	266	556	440	116
Awak Mas, Indonesia	242	242	-	242	242	-
	\$ 7,716	\$ 2,460	\$ 5,256	\$ 5,510	\$ 1,918	\$ 3,592
Assets held for sale (mill equipment)	\$ 10,000	\$ -	\$ 10,000	\$ 10,000	\$ -	\$ 10,000

8. Debt

On March 28, 2013, the Company entered into a credit agreement with Sprott Resources Lending Partnership (the "Lender") for purposes of establishing a C\$10,000 (\$9,500) loan facility (the "2013 Facility"). The 2013 Facility matures March 28, 2014, however early repayment of the 2013 Facility, at the Company's option, is allowed provided that at least four months interest has been paid. The maturity date can be extended by one year, to March 28, 2015, by mutual agreement of the Company and the Lender, subject to the payment of a 3.5% extension fee, which is payable in Vista common shares, and the Lender's satisfaction in Vista's capacity to repay the loan and that Vista's assets are not, or are not about to become, impaired.

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 associated with the closing of the 2013 Facility of 3.5% of the 2013 Facility amount, including C\$100 (\$99) in cash and the issue of 125,798 Vista common shares. The 2013 Facility is secured by a general security agreement (“GSA”) with exclusions for the Mt. Todd gold project and the mill equipment. If the Company completes an asset disposition, other than of the assets excluded from the GSA, or a debt or equity financing 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. The Company is in compliance with all related debt covenants.

9. Capital Stock

Common shares issued and outstanding

	Number of shares issued
As of December 31, 2012	81,563,498
Shares issued for restricted stock units	99,539
Shares issued in connection with debt issuance	125,798
As of June 30, 2013	81,788,835

During the six months ended June 30, 2013, the Company issued 99,539 common shares in connection with the vesting of restricted stock units (“RSUs”). The Company also issued 125,798 common shares as part of the 2013 Facility (Note 8) which had a fair value of \$272 at the time of the debt issuance.

VISTA GOLD CORP. (An Exploration Stage Enterprise)

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Dollar amounts in U.S. dollars and in thousands, except per share 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, 2012	\$ 12,936	\$ 7,655	\$ 294	\$ 11,270	\$ 32,155
Stock options amortization	-	218	-	-	218
Restricted stock units expensed	-	526	-	-	526
Restricted stock units exercised	-	(410)	-	-	(410)
Compensation options expired	-	-	(294)	294	-
As of June 30, 2013	\$ 12,936	\$ 7,989	\$ -	\$ 11,564	\$ 32,489

Warrants

Warrant activity is summarized in the following table:

	Warrants outstanding	Valuation	Weighted average exercise price per share	Weighted average remaining life (yrs.)	Intrinsic value
As of December 31, 2012	19,977,743	\$ 12,936	\$ 4.25	2.6	\$ -
As of June 30, 2013	19,977,743	\$ 12,936	\$ 4.25	2.1	\$ -

The 19,977,743 outstanding warrants expire in the following time frames: 2,666,666 expire in July 2014, 2,091,275 expire in December 2014, and 15,219,802 expire in October 2015.

Compensation Options

	Compensation options outstanding	Valuation	Weighted average exercise price per share	Expiry date	Weighted average remaining life (yrs.)
As of December 31, 2012	225,000	\$ 294	\$ 3.30	April 2013	0.3
Expired	(225,000)	(294)			
As of June 30, 2013	-	\$ -			

Stock-Based Compensation

Under our Stock Option Plan (the “Plan”) and our Long-Term Equity Incentive Plan (the “LTIP”), we may grant stock options and/or restricted stock units (defined above as “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 (“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 three and six months ended June 30, 2013 and 2012 is as follows:

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	2013	2012
Stock options	\$ 110	\$ 205	\$ 218	\$ 442
Restricted stock units	(242)	775	526	1,550
	\$ (132)	\$ 980	\$ 744	\$ 1,992

As of June 30, 2013, stock options and RSUs had unrecognized compensation expense of \$96 and \$1,888, respectively, which is expected to be recognized over a weighted average period of 0.32 and 1.62 years, respectively. The negative RSU expense during the three months ended June 30, 2013 is due to cancelled or forfeited RSUs during the period.

Stock Options

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A summary of stock option activity under the Plan as of June 30, 2013 and changes during the period then ended is set forth in the following table:

	Number of options	Weighted average exercise price per option	Weighted average remaining contractual term	Aggregate intrinsic value
Outstanding - December 31, 2012	3,102,500	\$ 2.80	2.68	\$ 637
Cancelled/Forfeited	(130,000)	3.16		
Expired	(120,000)	3.57		
Outstanding - June 30, 2013	2,852,500	\$ 2.76	2.09	\$ -
Exercisable - June 30, 2013	2,552,500	\$ 2.73	1.88	\$ -

A summary of the status of our unvested stock options as of June 30, 2013 and changes during the period then ended is set forth in the following table:

	Number of options	Weighted average grant-date fair value per option	Weighted average remaining amortization period (Years)
Unvested - December 31, 2012	300,000	\$ 1.47	
Unvested - June 30, 2013	300,000	\$ 1.47	0.32

Restricted Stock Units

A summary of RSU activity under the LTIP as of June 30, 2013 and changes during the period then ended is set forth in the following table:

	Number of units	Weighted average fair value
Unvested - December 31, 2012	1,994,507	\$ 3.52
Cancelled/forfeited	(351,340)	3.58
Vested	(116,875)	3.51
Granted	51,424	1.68
Unvested - June 30, 2013	1,577,716	\$ 3.43

In general, a portion of the RSUs vest over a defined period of time, usually three years, and the remainder vest subject to certain Company and/or share price performance criteria, provided the recipient continues to be affiliated with Vista on the vesting date.

VISTA GOLD CORP. (An Exploration Stage Enterprise)

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Dollar amounts in U.S. dollars and in thousands, except per share and per ounce amounts unless otherwise noted)

11. Accumulated Other Comprehensive Income (Loss)

	Accumulated other comprehensive income (loss)	Accumulated other comprehensive income (loss), net of tax
As of December 31, 2012	\$ 2	\$ 2
Other comprehensive loss due to change in fair market value of marketable securities during period before reclassifications	(347)	(295)
Reclassifications due to realization of gain/loss on sale of marketable securities ⁽¹⁾	(18)	(15)
Net current-period other comprehensive loss	(365)	(310)
As of June 30, 2013	\$ (363)	\$ (308)

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

12. Geographic and Segment Information

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, North America and Indonesia. We reported no revenues during the three and six months ended June 30, 2013 and 2012. Geographic location of mineral properties and plant and equipment is provided in Notes 6 and 7, respectively. The Company has one reportable operating segment, consisting of evaluation, acquisition, and exploration activities.

13. Related Party Transactions

On April 1, 2009, we entered into an agreement with Sierra Partners LLC (“Sierra”) pursuant to which Sierra agreed to provide 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 have agreed to pay Sierra a monthly retainer fee of \$10 for the duration of the agreement. We paid to Sierra \$30 and \$60 during each of the three and six month periods ended June 30, 2013 and 2012.

14. Commitments and Contingencies

The Company's 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. The Company conducts its operations to minimize effects on the environment and believes its operations are in compliance with applicable laws and regulations in all material respects.

The Company has entered into, or may enter into, various agreements to find, lease or purchase mineral interests. These agreements typically require initial payments plus future payments for the life of the agreement, and may include provisions requiring the Company to pay a net smelter return ("NSR") royalty on the gold produced. The Company can at its discretion terminate any of these agreements within defined notice periods.

15. Fair Value Accounting

U.S. GAAP defines fair value as the price that would be received to sell an asset or be paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price) and establishes a fair value hierarchy that prioritizes the inputs used to measure fair value using the following definitions (from highest to lowest priority):

- 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.

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	Fair value at June 30, 2013		
	Total	Level 1	Level 3
Assets:			
Cash equivalents	\$ 6,660	\$ 6,660	\$ -
Marketable securities	239	239	-
Other investments (Midas Gold shares)	22,167	22,167	-
Amayapampa interest	4,813	-	4,813
Mill equipment	10,000	-	10,000
	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 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 \$1,038 to \$1,247 per ounce, depending on timing of assumed start-up), estimated life-of-mine gold production (ranging from 350,000 to 650,000 ounces) and the expected timing of commercial production (periods ranging from 3 to 6 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 measurement. As a result of our analysis no change in fair value was deemed necessary as of June 30, 2013.

The Company incurred an impairment loss on certain mill equipment in 2012. This equipment was valued at \$10,000 based on a third party assessment of the projected sale value. The mill equipment is categorized as assets held for sale on the Consolidated Balance Sheets.

At June 30, 2013, the assets classified within Level 3 of the fair value hierarchy represent 34% of the total assets measured at fair value. There were no transfers between levels in 2013.

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

The following Management's Discussion and Analysis ("MD&A") should be read in conjunction with our interim unaudited condensed consolidated financial statements for the three and six months ended June 30, 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 MD&A 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. See "Note Regarding Forward-Looking Statements" below.

All dollar amounts stated herein are in thousands of U.S. dollars, except per share amounts and per ounce amounts. 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," the "Corporation," "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 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 holdings include the Mt. Todd gold project in Australia, the Guadalupe de los Reyes gold/silver project in Mexico, the Los Cardones gold project in Mexico, the Long Valley gold project in California, the Awak Mas gold project in Indonesia, and mining claims in Utah. In addition, as of March 31, 2013, we owned approximately 28% of the common shares of Midas Gold Corp. ("Midas Gold", TSX: MAX), a company exploring for gold and developing the Golden Meadows project in the Yellow Pine-Stibnite District in Idaho.

Outlook

Our Mt. Todd gold project in the Northern Territory, Australia is currently our principal focus. Through the remainder of 2013, we plan to complete an environmental impact statement for the project, establish a mutually agreeable level of participation in the project with the Jawoyn Association Aboriginal Corporation, and advance discussions with respect to several key project issues including natural gas supply and pricing, taxation, environmental matters and labor readiness initiatives. The latter discussions will be conducted with the Government of the Northern Territory under the auspices of Major Project Status accorded to the Mt. Todd gold project in April 2013. Other programs, particularly significant development commitments, will be deferred until market conditions improve.

We do not currently generate operating cash flows. Our principal source of financing in the past has been the issuance of our common shares. The prices for gold equities, particularly those with early stage projects, have decreased steadily during the past six months, and capital raising has become more difficult for junior mining companies which do not have producing assets. Consequently, raising sufficient amounts of equity capital on reasonable terms has become increasingly difficult. These conditions are expected to continue in 2013, and could affect our ability to raise sufficient capital on reasonable terms, if at all.

Recent Corporate Events

On June 11, 2013, Vista Gold Corp. changed its jurisdiction of incorporation from the Yukon Territory, Canada to the Province of British Columbia, Canada under the Business Corporations Act (British Columbia) by way of a continuation (the "Continuation"). Our shareholders approved the Continuation at the annual general and special meeting of shareholders held on April 30, 2013. On June 11, 2013, we completed the filing of a continuation application with the Registrar of Companies for the Province of British Columbia and received a Certificate of Continuation from the Registrar of Companies. For further details see our Current Report on Form 8-K filed on June 12, 2013.

Results from Operations

Summary

For the three- and six-month periods ended June 30, 2013, we continued to advance our Mt. Todd gold project in Northern Territory, Australia with a view towards potential development. Consolidated net loss for the three months ended June 30, 2013 was \$21,015 or \$0.26 per basic share compared to consolidated net loss for the same period in 2012 of \$30,504 or \$0.42 per basic share. Consolidated net loss for the six months ended June 30, 2013 was \$48,421 or \$0.59 per basic share compared to consolidated net loss for the same period in 2012 of \$41,728 or \$0.58 per basic share. The principal components of these period-over-period changes are discussed below.

Exploration, property evaluation and holding costs

Exploration, property evaluation and holding costs were \$5,877 during the three-month period ended June 30, 2013 compared to \$6,758 for the same period in 2012. Exploration, property evaluation and holding costs were \$13,007 during the six-month period ended June 30, 2013 compared to \$12,465 for the same period in 2012. During 2013 costs were primarily due to expenses at our Mt. Todd gold project associated with the significant water treatment program completed in the existing open pit, the pre-feasibility study and related activities, and environmental impact statement (“EIS”) preparation/environmental permitting. 2012 costs at Mt. Todd did not include water treatment costs but included a significant development drilling program. At our Los Cardones gold project, costs decreased substantially in 2013 from 2012 since, as of February 2012, Invecture Group, S.A. de C.V. (“Invecture”) has incurred all costs associated with the progression of this project under an earn-in right agreement (“Earn-in Right Agreement”). At our Guadalupe de los Reyes gold/silver project, costs decreased significantly in 2013 from 2012 as we incurred drilling costs in 2012 that were not incurred in 2013.

Corporate administration

Corporate administration costs of \$1,225 during the three-month period ended June 30, 2013 compared to \$2,003 for the same period in 2012. Corporate administration costs of \$3,135 during the six-month period ended June 30, 2013 compared to \$4,077 for the same period in 2012. The decrease period over period was due to a decrease in legal fees and stock based compensation expense.

Depreciation and amortization

Depreciation and amortization expense was \$267 and \$132 for the three-month periods ended June 30, 2013 and 2012, respectively. Depreciation and amortization expense was \$542 and \$258 for the six-month periods ended June 30, 2013 and 2012, respectively. The increase period-to-period was primarily attributable to increased capital expenditures at the Mt. Todd gold project.

Gain on disposal of mineral property

Pursuant to a joint venture agreement with Awak Mas Holdings Pty. Ltd. (“AM Holdings”), whereby AM Holdings may 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 \$934 during the six months ended June 30, 2012.

The Company had no similar transactions during the six months ended June 30, 2013.

Non-operating income and expenses

Unrealized loss on other investments

Unrealized loss on other investments was \$18,541 and \$34,951 for the three months ended June 30, 2013 and 2012, respectively. Unrealized loss on other investments was \$47,322 and \$42,316 for the six months ended June 30, 2013 and 2012, respectively. These amounts are the result of changes in fair value of our Midas Gold common shares.

Deferred income tax benefit

The deferred income tax benefit/(expense) will fluctuate period-to-period based primarily on the change in the fair value of Vista Gold U.S., Inc.’s investment in Midas Gold. To the extent our U.S. deferred tax assets exceed our U.S. deferred tax liabilities that primarily relate to Vista Gold U.S., Inc.’s investment in Midas Gold, we establish a valuation allowance on our net U.S. deferred tax assets due to inability to determine that it is more likely than not that we will realize the benefit of the deferred tax assets. Deferred income tax benefit was \$4,411 and \$15,374 for the three and six months ended June 30, 2013, respectively, compared to \$13,210 and \$16,201 for the three and six months ended June 30, 2012, respectively.

Financial Position, Liquidity and Capital Resources

Cash used in operations

Net cash used in operating activities was \$16,495 for the six-month period ended June 30, 2013, compared to \$15,205 for the same period in 2012. The increase of \$1,290 was primarily the result of increases in exploration, property evaluation and holding costs as discussed above.

Investing activities

Net cash used in investing activities was \$2,124 for the six-month period ended June 30, 2013 was primarily due to capitalized water treatment facility costs at the Mt. Todd gold project. Net cash provided by investing activities of \$3,002 for the same period in 2012 was primarily due to receipt of \$3,500 in accordance with option and earn-in agreements associated with certain mineral properties, which was partially offset by additions to plant and equipment of \$589.

Financing activities

Net cash provided by financing activities was \$9,637 for the six months ended June 30, 2013 due to the completion of a loan facility in March 2013, as discussed below.

We received cash of \$733 from the exercise of compensation options and \$1,100 from the exercise of compensation warrants during the six months ended June 30, 2012.

Liquidity and Capital Resources

At June 30, 2013, we had working capital of \$12,888 compared with working capital of \$60,342 at December 31, 2012, representing a decrease of \$47,454. Our working capital decreased primarily due to the decrease in the fair value of our shares of Midas Gold, net of deferred tax benefit, the use of cash to fund operations and the addition of the 2013 Facility. Included in the \$12,888 working capital amount is \$9,299 of cash and cash equivalents.

Management is strongly committed to careful cash management and maintaining liquidity. We continue to advance several important value-adding initiatives, including the authorization process for the Mt. Todd project environmental impact statement, none of which are particularly capital intensive. Discretionary programs requiring material capital commitments, exploration programs and technical studies in particular, have been deferred until market conditions improve. The Company's cash burn rate is expected to be reduced to approximately \$3,500 to \$4,500 per quarter through the remainder of 2013, with further material reductions planned for 2014. The expected reduction in cash burn rate includes reductions in the corporate staff, voluntary reductions of up to 50% in executive, senior management and Board cash compensation and the delay or elimination of various discretionary programs. The Company believes that its current position is sufficient for the remainder of 2013.

We continue to prioritize our capital raising efforts on non-dilutive sources. Potential near-term sources of additional cash include the proceeds from the sale of the mill equipment, which is currently being actively marketed, and has an estimated net value of \$10,000; and the completion of the earn-in at the Los Cardones gold project in Mexico by the Investure Group, which would result in a \$20,000 payment to Vista. The Company is also considering options to monetize other non-core assets. However, there can be no assurance that any of these events will occur.

On March 28, 2013, we closed and drew a C\$10,000 (\$9,500) loan facility (the "2013 Facility"). The 2013 Facility matures March 28, 2014 and bears interest rate of 8% per annum. The 2013 Facility is secured by a general security agreement on our assets, with carve-outs for our Mt. Todd gold project and our mill equipment. In the event that we complete a sale of the mill equipment, we are not required to use any portion of the proceeds to repay the 2013 Facility, and may instead use the proceeds on general operating expenses and the advancement of the Mt. Todd gold project. We have the option to extend the 2013 Facility for an additional year to March 28, 2015 subject to the payment of a 3.5% fee, which is payable in our common shares, and the Lender's satisfaction in our capacity to repay the loan and that our assets are not, or are not about to become, impaired. Should we be unable to raise the cash necessary for full repayment of the 2013 Facility when it is due on March 28, 2014, we will likely seek to extend the 2013 Facility and we may also seek additional sources of financing through debt or issuance of our common shares. 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 in 2013 and possibly 2014. Consequently, we may not be able to raise capital in sufficient amounts on reasonable terms, if 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 unaudited condensed 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.

Common shares issued and outstanding

	Number of shares issued
As of December 31, 2012	81,563,498
Shares issued for restricted stock units	99,539
Shares issued in connection with debt issuance	125,798
As of June 30, 2013	81,788,835

During the six months ended June 30, 2013, the Company issued 99,539 common shares in connection with the vesting of restricted stock. The Company also issued 125,798 common shares as part of the 2013 Facility, which had a fair value of \$272 at the time of the debt issuance.

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

At June 30, 2013, our contractual obligations consist of our 2013 Facility, discussed above, and a \$635 obligation for the balance due on our acquisition of certain land for our Los Cardones gold project, which is due upon the achievement of certain milestones and is recorded in other long-term liabilities in our Consolidated Balance Sheets.

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 agreed to provide 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 have agreed to pay Sierra a monthly retainer fee of \$10 for the duration of the agreement. We paid to Sierra \$30 and \$60 during each of the three month periods ended June 30, 2013 and 2012.

Project Updates

Mt. Todd Gold Project, Australia

In April 2013, the Northern Territory (“NT”) Government 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. Major Project Status is awarded by the NT Government to projects that have the potential to provide significant economic opportunities for the Northern Territory and its citizens. Major Project Status prospectively provides a process and structure for decisions regarding matters of importance to the project to be made in an efficient and timely manner. Major Project Status is coordinated by a Cabinet-level committee and implementation is supervised by the office of the Chief Minister, thereby hopefully minimizing potential for delays in obtaining critical decisions.

In May 2013, we completed a prefeasibility study (the “PFS”) at our Mt. Todd gold project in Northern Territory, Australia pursuant to Canadian National Instrument 43-101 Standards of Disclosure for Mineral Projects (“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 tonne per day (“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:

- a 5% increase in contained gold ounces in the measured and indicated categories (+394,361 ozs) compared to the previous resource estimate (September 2012); 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, an increase of 44% from the Company's January 2011 prefeasibility study⁽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_{5%} 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 30,000 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_{5%} 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” below.

Base Case Scenario Presented in PFS

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

	Years	Life of Mine ("LOM")
Base Case (50,000 tpd) @ \$1,450/oz Au	1-5	(13 years)