

VISTA GOLD CORP
Form 10-Q
October 29, 2018
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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, 2018

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 every Interactive Data File required to be submitted 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 such files). Yes No

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

Large Accelerated Filer Accelerated Filer Non-Accelerated Filer

Smaller Reporting Company Emerging Growth Company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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: 100,145,811 common shares, without par value, outstanding as of October 22, 2018.

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VISTA GOLD CORP.

(An Exploration Stage Enterprise)

FORM 10-Q

For the Quarter Ended September 30, 2018

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PART I

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS.

VISTA GOLD CORP.

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

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

| | September 30, 2018 | December 31, 2017 |
|---|-----------------------|----------------------|
| Assets: | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 1,163 | \$ 1,431 |
| Short-term investments (Note 3) | 9,029 | 15,144 |
| Other investments, at fair value (Note 3) | 5,500 | 3,746 |
| Other current assets | 227 | 794 |
| Total current assets | 15,919 | 21,115 |
| Non-current assets: | | |
| Mineral properties (Note 4) | 2,471 | 2,471 |
| Plant and equipment, net (Note 5) | 7,389 | 7,555 |
| Total non-current assets | 9,860 | 10,026 |
| Total assets | \$ 25,779 | \$ 31,141 |
| Liabilities and Shareholders' Equity: | | |
| Current liabilities: | | |
| Accounts payable | \$ 217 | \$ 830 |
| Accrued liabilities and other | 493 | 986 |
| Provision for environmental liability | 242 | 242 |
| Total current liabilities | 952 | 2,058 |
| Total liabilities | 952 | 2,058 |

Commitments and contingencies – (Note 7)

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Shareholders' equity:

| | | |
|--|-----------|-----------|
| Common shares, no par value - unlimited shares authorized; shares outstanding: 2018 - 100,089,561 and 2017 - 99,412,007 (Note 6) | 456,730 | 456,053 |
| Accumulated other comprehensive loss | — | (2) |
| Accumulated deficit | (431,903) | (426,968) |
| Total shareholders' equity | 24,827 | 29,083 |
| Total liabilities and shareholders' equity | \$ 25,779 | \$ 31,141 |

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 condensed consolidated financial statements.

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VISTA GOLD CORP.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF 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, | |
|--|-------------------------------------|------------|------------------------------------|------------|
| | 2018 | 2017 | 2018 | 2017 |
| Operating expense: | | | | |
| Exploration, property evaluation and holding costs | \$ (960) | \$ (1,635) | \$ (3,560) | \$ (4,695) |
| Corporate administration | (969) | (823) | (3,280) | (2,619) |
| Depreciation and amortization | (12) | (137) | (252) | (455) |
| Gain on disposal of mineral properties, net (Note 4) | — | — | — | 358 |
| Total operating expense | (1,941) | (2,595) | (7,092) | (7,411) |
| Non-operating income/(expense): | | | | |
| (Loss)/gain on other investments (Note 3) | (274) | (78) | 1,754 | (858) |
| Interest income | 72 | 38 | 322 | 117 |
| Other income/(expense) | 81 | (20) | 83 | (32) |
| Total non-operating income/(expense) | (121) | (60) | 2,159 | (773) |
| Net loss | \$ (2,062) | \$ (2,655) | \$ (4,933) | \$ (8,184) |
| Other comprehensive loss: | | | | |
| Unrealized fair value increase/(decrease) on available-for-sale securities | — | 1 | — | (20) |
| Comprehensive loss | \$ (2,062) | \$ (2,654) | \$ (4,933) | \$ (8,204) |
| Basic: | | | | |
| Weighted average number of shares outstanding | 99,805,266 | 98,993,395 | 99,600,267 | 98,363,761 |
| Net loss per share | \$ (0.02) | \$ (0.03) | \$ (0.05) | \$ (0.08) |
| Diluted: | | | | |
| Weighted average number of shares outstanding | 99,805,266 | 98,993,395 | 99,600,267 | 98,363,761 |
| Net loss per share | \$ (0.02) | \$ (0.03) | \$ (0.05) | \$ (0.08) |

The accompanying notes are an integral part of these condensed 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 | Amount | Accumulated deficit | Accumulated other comprehensive income/(loss) | Total shareholders' equity |
|---|------------------|------------|------------------------|---|----------------------------------|
| Balances at December 31, 2016 | 97,786,608 | \$ 455,443 | \$ (414,933) | \$ 15 | \$ 40,525 |
| Shares issued (RSUs vested, net of shares withheld) | 1,625,399 | (264) | — | — | (264) |
| Stock-based compensation | — | 874 | — | — | 874 |
| Other comprehensive loss | — | — | — | (17) | (17) |
| Net loss | — | — | (12,035) | — | (12,035) |
| Balances at December 31, 2017 | 99,412,007 | \$ 456,053 | \$ (426,968) | \$ (2) | \$ 29,083 |
| Cumulative adjustment related to Accounting Standard Update 2016-01 | — | — | (2) | 2 | — |
| Adjusted balance at January 1, 2018 | 99,412,007 | 456,053 | (426,970) | — | 29,083 |
| Shares issued (RSUs vested, net of shares withheld) | 637,554 | (122) | — | — | (122) |
| Shares issued (exercise of stock options) | 40,000 | 16 | — | — | 16 |
| Stock-based compensation | — | 855 | — | — | 855 |
| Option amendment (Note 6) | — | (72) | — | — | (72) |
| Net loss | — | — | (4,933) | — | (4,933) |
| Balances at September 30, 2018 | 100,089,561 | \$ 456,730 | \$ (431,903) | \$ — | \$ 24,827 |

The accompanying notes are an integral part of these condensed 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, | |
|--|------------------------------------|------------|
| | 2018 | 2017 |
| Cash flows from operating activities: | | |
| Net loss for the period | \$ (4,933) | \$ (8,184) |
| Adjustments to reconcile net loss for the period to net cash used in operations: | | |
| Depreciation and amortization | 252 | 455 |
| Stock-based compensation | 855 | 680 |
| Gain on disposal of mineral property | — | (358) |
| (Gain)/loss on other investments | (1,754) | 858 |
| Change in working capital account items: | | |
| Other current assets | 411 | 104 |
| Accounts payable, accrued liabilities and other | (1,178) | 378 |
| Net cash used in operating activities | (6,347) | (6,067) |
| Cash flows from investing activities: | | |
| Proceeds from sales of marketable securities | 156 | — |
| Disposition of short-term investments, net of acquisitions | 6,115 | 5,317 |
| Additions to plant and equipment | (86) | — |
| Proceeds from option/sale agreements, net | — | 358 |
| Net cash provided by investing activities | 6,185 | 5,675 |
| Cash flows from financing activities: | | |
| Payment of taxes from withheld shares | (122) | (264) |
| Proceeds from exercise of stock options | 16 | — |
| Net cash used in financing activities | (106) | (264) |
| Net decrease in cash and cash equivalents | (268) | (656) |
| Cash and cash equivalents, beginning of period | 1,431 | 1,904 |
| Cash and cash equivalents, end of period | \$ 1,163 | \$ 1,248 |

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

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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.

The Company’s flagship asset is its 100% owned Mt Todd gold project (“Mt Todd”) in the Northern Territory (“NT”) Australia. Mt Todd is the largest undeveloped gold project in Australia. In January 2018, the Company received authorization for the last major environmental permit and we announced the positive results of an updated preliminary feasibility study (the “PFS”) for Mt Todd. Subsequently, Vista has completed additional metallurgical testing, including ongoing fine grinding evaluations, which demonstrate further improvements in gold recovery. With these important milestones and subsequent project improvements complete, Vista is in a better position to identify and pursue those strategic alternatives that may provide the best opportunity for shareholders to realize fair value for Mt Todd. We also hold 7.8 million shares of the outstanding common shares in the capital of Midas Gold Corp. (“Midas Gold Shares”), a non-core project in Mexico and royalty interests in the United States 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, 2017 as filed with the United States Securities and Exchange Commission and Canadian securities regulatory authorities on March 6, 2018 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 have been condensed or omitted.

References to A\$ are to Australian currency and \$ are to United States currency.

2. Significant Accounting Policies

Revenue Recognition

New FASB guidance issued under ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606), as amended, is effective for interim and annual periods beginning after December 15, 2017. Under ASU No. 2014-09, an entity should recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU No. 2014-09 also requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts. This includes significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract.

Effective January 1, 2018, the Company adopted the new guidance retrospectively. The Company performed an assessment of the revised guidance and the impacts on the Company's Consolidated Financial Statements and disclosures. We also evaluated the potential for future variable consideration from option payments, net smelter return royalties ("NSR"), and other production related payments, and determined that there is no impact to the Company's current accounting. The Company determined that the adoption of this guidance will primarily impact the timing of revenue recognition on certain option agreements based on the Company's determination of when control is transferred for accounting purposes. Based on the contracts outstanding as of December 31, 2017, there was no cumulative effect adjustment required to be recognized at January 1, 2018. Under the Company's adoption approach, results for reporting periods beginning after January 1, 2018, will be presented in the Consolidated Financial Statements under the new guidance, while prior period amounts will not be adjusted and continue to be reported under the guidance in effect for those periods.

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Currently, proceeds received from option agreements are ascribed to recovery of the carrying value of the related project until the carrying value reaches zero. After that, any additional proceeds received will be recognized as a contract liability until control has transferred to the buyer or the related contract has terminated. None of the projects which could provide the Company with future variable consideration are currently in production, and in all cases, we believe there is low probability of future production from these projects. Accordingly, the Company believes its NSRs and other production related payments are fully constrained, and the Company did not record a receivable for them. When it becomes probable that a project which could provide the Company with an NSR or other production related payments could begin production, the Company will evaluate the accounting treatment at that time.

Lease Accounting

In February 2016 the FASB issued ASU No. 2016-02, Leases. The new standard establishes a right-of-use (“ROU”) model that requires a lessee to record an ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for interim and annual periods beginning after December 15, 2018. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. Based upon our initial review, we expect to recognize additional operating liabilities of approximately \$125 to \$225 on adoption, with corresponding ROU assets of the same amount, based on the present value of the remaining lease payments.

Nonemployee Share-Based Payments

The FASB issued ASU No. 2018-07, Compensation - Stock Compensation (Topic 718) - Improvements to Nonemployee Share-Based Payment Accounting. ASU No. 2018-07, supersedes the guidance for equity-based payments to non-employees (Topic ASC 505-50). Under the new standard, an entity should treat equity-based payments to nonemployees the same as stock-based compensation to employees in most cases. The new guidance is effective for interim and annual periods beginning after December 15, 2018, with early adoption permitted. Effective July 1, 2018, the Company adopted the new guidance. The Company performed an assessment of the standard and the impacts on the Company’s Consolidated Financial Statements and disclosures. Based on our analysis, adoption of the standard will not materially change the Company’s expense recognition and disclosures.

3. Short-term and Other Investments

Short-term investments

As of September 30, 2018 and December 31, 2017, the amortized cost basis of our short-term investments was \$9,029 and \$15,144, respectively. The amortized cost basis approximates fair value at September 30, 2018 and December 31, 2017. Short-term investments at September 30, 2018 and December 31, 2017 are comprised of U.S. government treasury bills and/or notes, all of which have maturity dates on the date of purchase greater than 90 days but less than one year.

Other investments - Midas Gold Shares

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

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The following table summarizes our investment in Midas Gold Shares as of September 30, 2018 and December 31, 2017.

| | September 30, 2018 | December 31, 2017 |
|---|--------------------|-------------------|
| Fair value at beginning of period | \$ 3,746 | \$ 4,994 |
| Gain/(loss) during the period | 1,754 | (1,248) |
| Fair value at end of period | \$ 5,500 | \$ 3,746 |
| Midas Gold Shares held at the end of the period | 7,802,615 | 7,802,615 |

4. Mineral Properties

| | At September 30, 2018 | At December 31, 2017 |
|--------------------------------|--------------------------|-------------------------|
| Mt Todd, Australia | \$ 2,146 | \$ 2,146 |
| Guadalupe de los Reyes, Mexico | 325 | 325 |
| | \$ 2,471 | \$ 2,471 |

During October 2017, we entered into an agreement (the “Option Agreement”) to option our interest in the Guadalupe de los Reyes gold and silver project in Sinaloa, Mexico (the “GdIR Project”) to Minera Alamos Inc. and its subsidiary Minera Alamos de Sonora S.A. de C.V. (“Minera Alamos”).

Pursuant to the terms of the Option Agreement, we granted Minera Alamos an exclusive right and option right to earn a 100% interest in the GdIR Project by:

- making payments totaling \$6,000 comprised of a payment of \$1,500 made at the execution of the Option Agreement (“Option Grant Date”); two successive payments of \$1,500 each to be made at the one-year and two-year anniversaries of the Option Grant Date; and a final \$1,500 payment to be made before the four-year anniversary of the Option Grant Date;
- maintaining the concessions comprising the GdIR Project in good standing;

fulfilling all of our obligations to the Ejido La Tasajera (the “Ejido”) as set out in the temporary occupation contract between us and the Ejido;

- granting us a capped NSR on production from open pit mining (the “Open Pit NSR”) at rates that range from 1% (at gold prices of \$1,400/oz or less) to a maximum of 2% (at gold prices above \$1,600/oz) up to an aggregate of \$2,000 in royalty payments;
- granting us a perpetual NSR on production from underground mining (the “Underground NSR”) at rates that range from 1% (at gold prices of \$1,400/oz or less) to a maximum of 2% (at gold prices above \$1,600/oz); and
- granting us the right to assume a 49% non-carried interest in an underground project if Minera Alamos decides to develop an underground mine at the GdlR Project (the “Back-in Right”).

The Option Agreement provides that all cash payments are non-refundable and optional to Minera Alamos, and in the event Minera Alamos fails to pay any of the required amounts as set out in the Option Agreement, or fails to comply with its other obligations, the Option Agreement will terminate and Minera Alamos will have no interest in the GdlR Project. Provided it is not in breach of the Option Agreement, Minera Alamos may at its discretion advance the above payment schedule.

Subject to Minera Alamos timely making all the option payments, and fulfilling its other obligations with respect to the Option Agreement, we will transfer 100% of the shares of the Company’s 100% owned subsidiary Minera Gold Stake S.A. de C.V., the entity which owns the GdlR Project, to Minera Alamos and the Open-Pit NSR and Underground NSR will be granted to us.

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If Minera Alamos discovers, and decides to develop, an underground mine at the GdIR Project and we exercise the Back-in Right, we and Minera Alamos have agreed to form a joint venture to develop and operate the underground mine. If the joint venture is formed, the Underground NSR will terminate.

The Company has determined that control of the GdIR Project has not been transferred for accounting purposes. The first option payment of \$1,500 received in October 2017 has been accounted for as reduction to carrying value. Subsequent option payments received, if any, will be accounted for as further reductions to carrying value. After the carrying value has been reduced to zero, remaining option payment proceeds, if any, will be recognized as a contract liability until control of the GdIR Project has transferred to the buyer or the Option Agreement has been terminated. In addition, in accordance with our policy, potential royalty revenue and future option payments have been fully constrained. See also Note 10.

Long Valley Claims

During the three months ended March 31, 2017, we sold our Long Valley unpatented mining claims located in California for consideration, net of transaction costs, of \$358 which was paid at closing; a future payment of \$500 one month after the start of commercial production; a future payment of \$500 on or prior to the first anniversary of the start of commercial production; and a NSR on any future production from said claims at a variable rate between 0.5% and 2.0% depending on the average gold price realized. This NSR is fully constrained. The Company has determined that control of the Long Valley claims were transferred to the buyer at the time of sale for accounting purposes. This sale resulted in a realized gain of \$358.

5. Plant and Equipment

| | September 30, 2018 | | | December 31, 2017 | | |
|-----------------------------|--------------------|--------------------------|----------|-------------------|--------------------------|----------|
| | Cost | Accumulated depreciation | Net | Cost | Accumulated depreciation | Net |
| Mt Todd, Australia | \$ 5,719 | \$ 4,830 | \$ 889 | \$ 5,646 | \$ 4,591 | \$ 1,055 |
| Corporate, United States | 333 | 333 | — | 333 | 333 | — |
| Used mill equipment, Canada | 6,500 | — | 6,500 | 6,500 | — | 6,500 |
| | \$ 12,552 | \$ 5,163 | \$ 7,389 | \$ 12,479 | \$ 4,924 | \$ 7,555 |

6. Common Shares

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, 2017 | 6,514,625 | \$ 1.92 | 1.6 | \$ — |
| As of September 30, 2018 | 6,514,625 | \$ 1.92 | 0.9 | \$ — |

Stock-Based Compensation

Under the Company's stock option plan (the "Plan"), we may grant options to purchase common shares of the Company ("Common Shares") to our directors, officers, employees and consultants. The maximum number of our Common Shares that may be reserved for issuance under the Plan, together with RSUs currently outstanding under the LTIP, is a variable number equal to 10% of the issued and outstanding Common Shares on a non-diluted basis at any one time. Options under the Plan are granted from time to time at the discretion of the Board, with vesting periods and other terms as determined by the Board.

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Stock-based compensation expense for the three and nine months ended September 30, 2018 and 2017 is as follows:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---------------------------------|--|--------|---------------------------------------|--------|
| | 2018 | 2017 | 2018 | 2017 |
| Stock options | \$ 107 | \$ 8 | \$ 307 | \$ 32 |
| Restricted stock units | 164 | 245 | 548 | 648 |
| | \$ 271 | \$ 253 | \$ 855 | \$ 680 |
| Phantom units (Discussed below) | 11 | — | 11 | — |

As of September 30, 2018, stock options, RSUs, and phantom units had unrecognized compensation expense of \$223, \$324, and \$122 respectively, which is expected to be recognized over a weighted average period of 1.2, 0.9, and 1.8 years, respectively.

Stock Options

A summary of options under the Plan as of September 30, 2018 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, 2017 | 1,144,500 | \$ 0.42 | 1.15 | \$ 346 |
| Granted | 1,142,000 | 0.71 | | |
| Exercised | (40,000) | 0.40 | | |
| Outstanding - September 30, 2018 | 2,246,500 | \$ 0.57 | 2.51 | \$ 130 |
| Exercisable - September 30, 2018 | 1,240,581 | \$ 0.52 | 1.71 | \$ 94 |

A summary of our unvested stock options as of September 30, 2018 is set forth in the following table:

| Weighted | Weighted average |
|----------|---------------------|
|----------|---------------------|

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| | Number of options | average grant-date fair value per option | remaining amortization period (Years) |
|-------------------------------|----------------------|---|--|
| Unvested - December 31, 2017 | 246,250 | \$ 0.22 | 0.99 |
| Granted | 1,142,000 | 0.45 | |
| Vested | (382,331) | 0.45 | |
| Unvested - September 30, 2018 | 1,005,919 | \$ 0.39 | 1.24 |

No stock options were granted for the nine months ended September 30, 2017. The fair value of stock options granted during the nine months ended September 30, 2018 to employees, directors and consultants was estimated at the grant date using the Black-Scholes option pricing model using the following assumptions:

| | |
|-------------------------|--------|
| | 2018 |
| Expected volatility | 76.2 % |
| Risk-free interest rate | 2.7 % |
| Expected life (years) | 5 |
| Dividend yield | — |
| Forfeiture assumption | — % |

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Option Amendment

In July 2018, the Company amended certain 2013 stock option agreements, expiring December 30, 2018 subject to the potential for a temporary extension under the terms of the Plan, for seven executives and directors (the “Option Amendment”). The amendment provides each grantee the opportunity to receive a cash buyout of certain vested, unexercised 2013 options in lieu of exercising the option to purchase shares. This cash buyout is based on the intrinsic value of each option at the time of the buyout. As a result of this modification, the Company will account for these options as awards classified as liabilities with \$72 included in current liabilities. The options were previously accounted for as awards classified as equity. The Company recognized no additional compensation expense for these options in the nine months ended September 30, 2018.

Restricted Stock Units

The following table summarizes the RSUs outstanding under the LTIP as of September 30, 2018:

| | Number of RSUs | Weighted average grant-date fair value per RSU |
|--------------------------------|-------------------|--|
| Unvested - December 31, 2017 | 1,567,907 | \$ 0.85 |
| Cancelled/forfeited | (246,683) | 0.90 |
| Vested, net of shares withheld | (637,554) | 0.88 |
| Granted | 319,000 | 0.75 |
| Unvested - September 30, 2018 | 1,002,670 | \$ 0.78 |

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 minimum vesting period for RSUs is one year.

During the nine months ended September 30, 2018, the Company withheld shares with an equivalent value to meet the employee withholding tax obligations which resulted from RSUs that vested in the period. Shares withheld are considered cancelled/forfeited.

New RSUs will not be granted under the LTIP until the allocation of such awards is duly approved by the shareholders of the Company.

Phantom Units

| | Number of phantom units | Weighted average remaining contractual term |
|-------------------------------|----------------------------|---|
| Unvested - December 31, 2017 | — | |
| Granted | 265,000 | |
| Unvested - September 30, 2018 | 265,000 | 1.75 |

The Company granted a total of 265,000 phantom units to certain employees during the nine months ended September 30, 2018. The value of each unit is equal to the Company's share price on the vesting date and is payable in cash. The phantom units vest on fixed future dates provided the recipient continues to be affiliated with Vista on those dates. The company will account for these units as awards classified as liabilities with \$11 included in current liabilities as of September 30, 2018. The Company recognized \$11 of compensation expense for these options in the nine months ended September 30, 2018.

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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 in an effort to minimize effects on the environment and believe our operations are in compliance with applicable laws and regulations in all material respects.

Under our agreement with the Jawoyn Association Aboriginal Corporation (the “JAAC”), we have agreed to offer the JAAC the opportunity to establish a joint venture with Vista holding a 90% participating interest and the JAAC holding a 10% participating interest in Mt Todd. 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 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.

| | Fair value at September 30, 2018 | | |
|---------------------------------------|-------------------------------------|---------|---------|
| | Total | Level 1 | Level 3 |
| Marketable securities | \$ 14 | \$ 14 | \$ — |
| Other investments (Midas Gold Shares) | 5,500 | 5,500 | — |

| | Fair value at December 31, 2017 | | |
|---------------------------------------|---------------------------------|---------|---------|
| | Total | Level 1 | Level 3 |
| Marketable securities | \$ 90 | \$ 90 | \$ — |
| Other investments (Midas Gold Shares) | 3,746 | 3,746 | — |
| Used mill equipment (non-recurring) | 6,500 | — | 6,500 |

Our 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 Condensed Consolidated Balance Sheets for each period presented.

The used mill equipment is classified as Level 3 of the fair value hierarchy as its value at December 31, 2017 was based on an independent third-party valuation. As of September 30, 2018, an independent third-party evaluation was not deemed necessary. The mill equipment is included in plant and equipment on the Condensed Consolidated Balance Sheets for each period presented.

There have been no transfers between levels in 2018, nor have there been any changes in valuation techniques.

9. Geographic and Segment Information

The Company has one reportable operating segment. 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 currently focused principally in Australia. We reported no revenues during the three and nine months ended September 30, 2018 and 2017. Geographic location of mineral properties and plant and equipment is provided in Notes 4 and 5, respectively.

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10. Subsequent Event

During October 2018, the Company agreed to extend the due date for the second \$1,500 option payment for the Guadalupe de los Reyes project by six months to April 23, 2019. As consideration for the deferral, the Company will receive an additional \$150 in cash, \$50 of which was paid to the Company on October 24, 2018 and \$100 of which Mineral Alamos has agreed to pay by January 23, 2019. In addition, Minera Alamos will pay interest at a rate of 1.5% per month on the unpaid balance of the \$1,500 beginning January 24, 2019.

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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, 2018, and the related notes thereto, which have been prepared in accordance with generally accepted accounting principles in the United States. 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 and per ounce amounts and currency exchange rates unless specified otherwise. References to A\$ are to Australian currency and to \$ are to United States currency.

Overview

Vista Gold Corp. and its subsidiaries (collectively, "Vista," the "Company," "we," "our," or "us") operate in the gold mining industry. We are focused on the evaluation, acquisition, exploration and advancement of gold exploration and potential development projects, which may lead to gold production or value adding strategic transactions such as earn-in right agreements, option agreements, 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. We do not currently generate cash flows from mining operations.

The Company's flagship asset is its 100% owned Mt Todd gold project ("Mt Todd" or the "Project") in the Northern Territory ("NT") Australia. Mt Todd is the largest undeveloped gold project in Australia. In January 2018, the Company received authorization for the last major environmental permit and we announced the positive results of the updated PFS for Mt Todd. See "Project Updates" below for a summary of the PFS results. Subsequently, Vista has completed additional metallurgical testing, including ongoing fine grinding evaluations, which demonstrate further improvements in gold recovery. With these important milestones and subsequent project improvements complete, Vista is in a better position to identify and pursue those strategic alternatives that may provide the best opportunity for shareholders to realize fair value for Mt Todd.

Results from Operations

Summary

Consolidated net loss for the three months ended September 30, 2018 and 2017 was \$2,062 and \$2,655 or \$0.02 and \$0.03 per share, respectively. Consolidated net loss for the nine months ended September 30, 2018 and 2017 was \$4,933 and \$8,184 or \$0.05 and \$0.08 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 \$960 and \$1,635 during the three months ended September 30, 2018 and 2017, respectively, and \$3,560 and \$4,695 for the nine months ended September 30, 2018 and 2017, respectively. These costs are predominantly associated with Mt Todd and are comprised of fixed costs and discretionary costs. For the nine months ended September 30, 2018 and 2017, our fixed costs (which include cash expenditures necessary to ensure that we preserve our property rights and meet all of our safety, regulatory and environmental responsibilities) trended approximately 20% higher in 2018 compared to the same period in 2017 as baseline monitoring activities have been introduced as part of our compliance with the terms of the permit granted under the Australian Environmental Protection and Biodiversity Conservation Act of 1999 (“EPBC”) in January 2018. In addition, we have added site employees to complement site environmental, maintenance and exploration activities. We expect 2018 fixed

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costs, in Australian dollar terms, to continue to trend 20% to 25% (approximately A\$650 to A\$800) higher than 2017 fixed costs.

The magnitude of discretionary program spending during the three and nine months ended September 30, 2018 was lower than the discretionary program spending during the three and nine months ended September 30, 2017. The principal 2018 program was the drilling of four additional PQ core holes designed to extract approximately 6 tonnes of higher-grade material from the Batman pit, for the completion of two additional 2.5 tonne bulk HPGR crushing, XRT and laser sorting tests using the same equipment as previous test work; and a single 1 tonne sample for completing an HPGR test with a competing HPGR manufacturer. The two 2.5 tonne tests were conducted to confirm the efficiency of sorting higher-grade ores and to develop feasibility-level data demonstrating the relationship between grind size and recovery over a wide range of sample head grades. The material 2017 discretionary programs included: the completion of the drilling program to generate the 20 tonne sample used in the ore sorting testing program; the ore sorting testing program and subsequent metallurgical studies including grinding studies to confirm the potential for improved gold recoveries and preparation of the draft mine management plan. Based on these studies, the Company completed the PFS, the results of which were announced during the first quarter of 2018. See “Project Updates” below for a summary of the PFS results. We expect 2018 discretionary costs, in Australian dollar terms, to be 45% to 50% (approximately A\$2,000 to A\$2,250) lower than 2017 discretionary costs.

Corporate administration

Corporate administration costs were \$969 and \$823 during the three months ended September 30, 2018 and 2017, respectively, and \$3,280 and \$2,619 for the nine months ended September 30, 2018 and 2017, respectively. Higher 2018 fixed costs were incurred principally as a result of the completion of the Mt Todd PFS update, which affected investor relations, regulatory and compensation costs. In addition, insurance coverage was increased in 2018, resulting in higher 2018 insurance costs. We expect 2018 fixed costs to trend approximately 15% - 20% (approximately \$450 to \$600) higher than 2017 fixed costs.

Gain on disposal of mineral property

Long Valley claims

During the three months ended March 31, 2017, we sold our Long Valley unpatented mining claims located in California for consideration, net of transaction costs, of \$358 which was paid at closing; a future payment of \$500 one month after the start of commercial production; a future payment of \$500 on or prior to the first anniversary of the start of commercial production; and a net smelter return royalty (“NSR”) on any future production from said claims at a variable rate between 0.5% and 2.0% depending on the average gold price realized. This sale resulted in a realized gain of \$358.

Non-operating income and expenses

Gain/(loss) on other investments

Gain/(loss) on other investments was \$(274) and \$(78) for the three months ended September 30, 2018 and 2017, respectively, and \$1,754 and \$(858) for the nine months ended September 30, 2018 and 2017, respectively. These amounts are the result of changes in fair value of the common shares we hold in Midas Gold Corp. (“Midas Gold Shares”).

Financial Position, Liquidity and Capital Resources

Operating activities

Net cash used in operating activities was \$6,347 and \$6,067 for the nine months ended September 30, 2018 and 2017, respectively. The increased use of cash in 2018 was driven mainly by the reduction in accounts payable and accrued liabilities during the first quarter. Relatively high discretionary program activity and completion of the Mt Todd PFS, in particular, resulted in higher than normal accounts payable at the end of 2017.

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Investing activities

Net cash of \$6,185 and \$5,675 for the nine months ended September 30, 2018 and 2017, respectively, was provided primarily by the disposition of short-term investments, net of acquisitions.

Financing activities

During the nine months ended September 30, 2018, in lieu of issuing common shares of the Company on vesting of RSUs, cash of \$122 was used for the payment of related employee withholding tax obligations. \$16 was received from the exercise of stock options.

Net cash of \$264 for the nine months ended September 30, 2017 was utilized for the payment of certain employee withholding tax obligations in lieu of the issuance of common shares.

Liquidity and capital resources

Our cash and short-term investments as of September 30, 2018 decreased to \$10,192 from \$16,575 at December 31, 2017 due mainly to expenditures for operating activities and the reduction of payables. Our net working capital decreased to \$14,967 at September 30, 2018 from \$19,057 at December 31, 2017 due mainly to the decrease in cash and short-term investments to fund operating activities, partially offset by an increase in the market value of our Midas Gold Shares.

We believe that our existing working capital, together with potential future sources of non-dilutive financing, will be sufficient to fully fund our currently planned fixed costs and discretionary programs into 2020.

Potential future sources of non-dilutive financing include the sale of non-core assets such as our used mill equipment and future option payments for the Guadalupe de los Reyes gold/silver project; and, depending on market conditions, the sale of some or all of 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 or sales of assets. 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, 2018 | | |
|---------------------------------------|-------------------------------------|---------|---------|
| | Total | Level 1 | Level 3 |
| Marketable securities | \$ 14 | \$ 14 | \$ — |
| Other investments (Midas Gold Shares) | 5,500 | 5,500 | — |

| | Fair value at December 31, 2017 | | |
|---------------------------------------|---------------------------------|---------|---------|
| | Total | Level 1 | Level 3 |
| Marketable securities | \$ 90 | \$ 90 | \$ — |
| Other investments (Midas Gold Shares) | 3,746 | 3,746 | — |
| Used mill equipment (non-recurring) | 6,500 | — | 6,500 |

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Our 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 Condensed Consolidated Balance Sheets for each period presented.

The used mill equipment is classified as Level 3 of the fair value hierarchy as its value at December 31, 2017 was based on an independent third-party valuation. As of September 30, 2018, an independent third-party evaluation was not deemed necessary. The used mill equipment is included in plant and equipment on the Condensed Consolidated Balance Sheets for each period presented.

There have been no transfers between levels in 2018, nor have there been any changes in valuation techniques.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements.

Contractual Obligations

We have no material contractual obligations as of September 30, 2018.

Project Updates

Mt Todd Gold Project, Northern Territory, Australia

The following scientific and technical information about Mt Todd has been reviewed and approved by Mr. John Rozelle, Senior Vice President of Vista. Mr. Rozelle is a qualified person as defined by Canadian National Instrument 43-101 – Standards of Disclosure for Mineral Projects.

In January 2018, we announced the results of an updated preliminary feasibility study (the “PFS”) for Mt Todd project (the “Project”). The PFS is based on the results of a comprehensive review of the Project and the re-design of elements of the process flow sheet, incorporating automated sorting and grinding circuit design changes. The process improvement efforts have resulted in reduced operating costs, increased gold recovery and higher gold production at Mt Todd. Management believes that the design changes have resulted in significantly improved Project economics compared to the previous preliminary feasibility study, at a \$1,300/oz gold price.

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

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

| @ \$1,300/oz Au | Years 1-5 | Life of Mine (13 years) |
|---|-----------|----------------------------|
| Average Milled Grade (g Au/t) | 0.98 | 0.82 |
| Payable Gold Annual Average (000's ozs) | 479 | 382 |
| Payable Gold Total (000's ozs) | 2,397 | 4,956 |
| Gold Recovery | 86.4 % | 85.8 % |
| Cash Costs (\$/oz) | \$ 571 | \$ 645 |
| Strip Ratio (waste:ore) | 2.8 | 2.5 |
| Initial Capital (\$ millions) | | \$ 839 |
| Pre-tax NPV _{5%} (\$ millions) | | \$ 1,178 |
| After-tax NPV _{5%} (\$ millions) | | \$ 679 |
| IRR (Pre-tax/After-tax) | | 27.3 / 20.5 % |
| After-tax Payback (Production Years) | | 3.2 |

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Note: Economics presented using \$1,300/oz gold and a flat \$0.80 USD : \$1.00 AUD exchange rate and assumes deferral of certain Northern Territory tax obligations as well as realization of equipment salvage values at the end of the mine life.

The following table illustrates the sensitivity of the Base Case after-tax economics to variable gold prices and foreign exchange assumptions:

| Foreign Exchange | Gold Price | | \$1,200 | | \$1,300 | | \$1,400 | | \$1,500 | |
|------------------|------------|------------------|---------|------------------|---------|------------------|---------|------------------|---------|------------------|
| | IRR | NPV ₅ | IRR | NPV ₅ | IRR | NPV ₅ | IRR | NPV ₅ | IRR | NPV ₅ |
| (US\$/AUD) | | | | | | | | | | |
| 0.70 | 15.9% | \$439 | 20.5%* | \$632* | 24.9% | \$825 | 29.1% | \$1,016 | 33.2% | \$1,208 |
| 0.75 | 13.8% | \$366 | 18.3% | \$559 | 22.6% | \$752 | 26.8% | \$944 | 30.8% | \$1,136 |
| 0.80 | 11.9% | \$292 | 16.3% | \$486 | 20.5%† | \$679† | 24.6% | \$872 | 28.6% | \$1,063 |
| 0.85 | 10.1% | \$222 | 14.3% | \$412 | 18.5% | \$606 | 22.5% | \$799 | 26.4% | \$991 |
| 0.90 | 8.3% | \$150 | 12.5% | \$339 | 16.6% | \$532 | 20.6% | \$726 | 24.4% | \$918 |

* Approximate current conditions † Assumptions used in the PFS

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

Highlights of the PFS Alternate Case are presented in the table below:

| @ \$1,300/oz Au | Years 1-5 | Life of Mine (11 years) |
|---|-----------|-------------------------|
| Average Milled Grade (g Au/t) | 0.95 | 0.90 |
| Payable Gold Annual Average (000's ozs) | 302 | 273 |
| Payable Gold Total (000's ozs) | 1,509 | 3,003 |
| Gold Recovery | 86.4 % | 85.5 % |
| Cash Costs (\$/oz) | \$ 581 | \$ 593 |
| Strip Ratio (waste:ore) | 1.7 | 1.7 |
| Initial Capital (\$ millions) | | \$ 641 |
| Pre-tax NPV _{5%} (\$ millions) | | \$ 722 |
| After-tax NPV _{5%} (\$ millions) | | \$ 418 |
| IRR (Pre-tax/After-tax) | | 23.4 / 17.8 % |
| After-tax Payback (Production Years) | | 3.6 |

Note: Economics presented using \$1,300/oz gold and a flat \$0.80 USD : \$1.00 AUD exchange rate and assumes deferral of certain Northern Territory tax obligations as well as realization of equipment salvage values at the end of the mine life.

For additional information on Mt Todd, see our technical report entitled "NI 43-101 Technical Report Mt Todd Gold Project 50,000 tpd Preliminary Feasibility Study Northern Territory, Australia" with an effective date of January 24, 2018 and an issue date of March 2, 2018. See Cautionary Note to Investors regarding Estimates of Mineral Reserves

and Resources below.

Also in January 2018, we announced that the “authorization of a controlled activity” at Mt Todd, as required under the EPBC, as it relates to the Gouldian Finch, has been approved by the Australian Commonwealth Department of Environment and Energy. With this authorization, Vista has all the major environmental approvals necessary to allow development of Mt Todd.

During the nine months ended September 30, 2018, we completed four additional PQ core holes designed to extract approximately 6 tonnes of higher-grade material from the Batman pit, for the completion of two additional 2.5 tonne bulk HPGR crushing, XRT and laser sorting tests using the same equipment as previous test work; and a single 1 tonne sample for completing an HPGR test with a competing HPGR manufacturer. The two 2.5 tonne tests were conducted to confirm the efficiency of sorting higher-grade ores. We are completing additional feasibility-study-level grinding tests with the manufacturers of the secondary grinding mills in order to obtain material for ongoing metallurgical studies and

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specific operating data for future design and evaluation work. Similar tests on low-grade samples were conducted earlier this year with Glencore, who manufacture the ISAMill referenced in the PFS, and with FLSmidth, who produce a competing mill known as a Vertimill. We have also completed additional testing with an impeller manufacturer in order to optimize the design of the leach tanks to achieve the lowest possible electrical power consumption at designed slurry densities.

In August 2018, we completed tests of the second stage grinding circuit undertaken, under the direction of Resource Development Inc. These tests suggest that the Mt Todd ore can be efficiently ground to a finer final product size with lower power consumption than estimated in the PFS. Leaching the finer final product size material has again confirmed higher recoveries at finer grind sizes. Based on these initial results, we are now undertaking additional testing to: confirm results over a broad range of feed grades, justify design changes and support a possible update of the project economics. We believe that the results of these ongoing grinding and leaching tests indicate that gold recoveries exceeding 90% may be achieved for the Mt Todd gold project, as compared to 86.4% assumed in our January 2018 PFS. Analysis indicates that each 1% improvement in gold recoveries could add approximately 0.5% to Mt Todd's after-tax IRR, and approximately \$25 million to after-tax NPV.

We are undertaking additional definition drilling at Quigleys, intended to investigate the possibility of providing the mill with future supplemental higher-grade ore. We are also undertaking exploration programs on the Mt Todd exploration licenses (each, an "EL"), designed to continue investigating some of the known geophysical and geochemical anomalies.

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

During October 2017, we entered into an agreement (the "Option Agreement") to option our interest in the Guadalupe de los Reyes gold and silver project in Sinaloa, Mexico (the "GdlR Project") to Minera Alamos Inc. and its subsidiary Minera Alamos de Sonora S.A. de C.V. ("Minera Alamos").

Pursuant to the terms of the Option Agreement, we have granted Minera Alamos an exclusive right and option right to earn a 100% interest in the GdlR Project by:

- making payments totaling \$6,000 comprised of a payment of \$1,500 made at the execution of the Option Agreement ("Option Grant Date"); two successive payments of \$1,500 each to be made at the one-year and two-year anniversaries of the Option Grant Date; and a final \$1,500 payment to be made before the four-year anniversary of the Option Grant Date;
- maintaining the concessions comprising the GdlR Project in good standing;
- fulfilling all of our obligations to the Ejido La Tasajera (the "Ejido") as set out in the temporary occupation contract between us and the Ejido;
- granting us a capped NSR on production from open pit mining (the "Open-Pit NSR") at rates that range from 1% (at gold prices of \$1,400/oz or less) to a maximum of 2% (at gold prices above \$1,600/oz) up to an aggregate of \$2,000 in royalty payments;
- granting us a perpetual NSR on production from underground mining (the "Underground NSR") at rates that range from 1% (at gold prices of \$1,400/oz or less) to a maximum of 2% (at gold prices above \$1,600/oz); and
-

granting us the right to assume a 49% non-carried interest in an underground project if Minera Alamos decides to develop an underground mine at the GdlR Project (the “Back-in Right”).

The Option Agreement provides that all cash payments are non-refundable and optional to Minera Alamos, and in the event Minera Alamos fails to pay any of the required amounts as set out in the Option Agreement, or fails to comply with its other obligations, the Option Agreement will terminate and Minera Alamos will have no interest in the GdlR Project. Provided it is not in breach of the Option Agreement, Minera Alamos may at its discretion advance the above payment schedule.

Subject to Minera Alamos timely making all the option payments, and fulfilling its other obligations with respect to the Option Agreement, we will transfer 100% of the shares on the Company’s 100% owned subsidiary Minera Gold Stake

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S.A. de C.V., the entity which owns the GdLR Project, to Minera Alamos and the Open-Pit NSR and Underground NSR will be granted to us.

If Minera Alamos discovers, and decides to develop, an underground mine at the GdLR Project and we exercise the Back-in Right, we and Minera Alamos have agreed to form a joint venture to develop and operate the underground mine. If the joint venture is formed, the Underground NSR will terminate. See also Note 10 of the Condensed Consolidated Financial Statements.

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, 2017, 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 for U.S. Residents.”

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 Securities and Exchange Commission and Canadian securities commissions and in press releases and public statements by our officers or representatives that address activities, events or developments that we expect or anticipate will or may occur in the future are forward-looking statements and forward-looking information, including, but not limited to, such things as those listed below:

- our belief that Mt Todd is the largest undeveloped gold project in Australia;
- our belief that the results of the current PFS demonstrate a technically sound project with solid economics at \$1,300/oz gold;
- our plans and available funding to continue to identify and study potential Mt Todd optimizations, project improvements and efficiencies;
- our expectation that our fixed costs will be higher and our discretionary costs will be lower in 2018 than in 2017;
- our plans to identify and pursue strategic alternatives that may provide the best opportunity for shareholders to realize fair value for Mt Todd;
- the feasibility of Mt Todd;
- our belief that selectively screening and rejecting sub-economic material will improve gold recoveries and lower process operating costs at Mt Todd;
- our belief that these design changes can be implemented without materially changing the Project’s capital requirements;

- our belief that design changes have resulted in significantly improved Project economics compared to the previous preliminary feasibility study;
- our belief that the Mt Todd ore can be ground to a finer final product size with lower power consumption than previously estimated;
- our belief that gold recoveries at Mt Todd could exceed 90%;

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- Our belief that each 1% improvement in gold recoveries could add approximately 0.5% to Mt Todd's after-tax IRR, and approximately \$25 million to after-tax NPV₅.
- our belief that we will complete additional definition drilling at Quigleys and exploration programs on the ELs in 2018;
- our intention to investigate the possibility of providing the mill with future supplemental higher-grade ore from Quigleys;
- our belief that our existing working capital, coupled with potential future sources of non-dilutive financing will be sufficient to fully fund our currently planned fixed costs and discretionary programs into 2020;
- our belief that the At-the-Market program will provide additional financing flexibility at a low cost, if accessed;
- the potential monetization of our non-core assets, including our mill equipment which is for sale, and our Midas Gold Shares will realize fair values;
- estimates of future operating and financial performance;
- potential funding requirements and sources of capital, including near-term sources of additional cash;
- our expectation that the Company will continue to incur losses and will not pay dividends for the foreseeable future;
- the timing, performance and results of feasibility studies;
 - our potential entry into agreements to find, lease, purchase, option or sell mineral interests;
- our estimation of Mt Todd's environmental and economic impacts;
- plans and estimates concerning potential project development, including the use of high pressure grinding roll crushers and access to a water supply, as well as the ability to obtain all required permits;
- our belief that we are in compliance in all material respects with applicable laws and regulations including applicable mining, health, safety and environmental statutes and regulations in all of the jurisdictions in which we operate;
- our belief that we maintain reasonable amounts of insurance;
- estimates of mineral reserves and mineral resources;
- our intention to improve the value of our gold projects and our expectation that the selected discretionary programs will add value to Mt Todd;
- our belief that future exploration and development activities could lead to profitable production or proceeds from the sale of assets;
- potential changes in regulations or taxation initiatives;
- our expectation that we will continue to be a PFIC;
- the possibility that we may grant options to our directors, officers, employees and consultants;
- the possibility that future expenditures may be required for compliance with various laws and regulations governing the protection of the environment;
- the possibility that development projects may lead to gold production or value adding strategic transactions;
- our belief that Minera Alamos will have no interest in the Guadalupe de los Reyes gold/silver project if the Option Agreement is terminated;
- the possibility that we will receive any future payments and that we will be granted the Open-Pit NSR and the Underground NSR pursuant to the terms of the Guadalupe de los Reyes gold/silver project Option Agreement;

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- our belief that if we exercise the Guadalupe de los Reyes gold/silver project Back-in Right we will enter into a joint venture agreement on acceptable terms, if at all; and
- preliminary estimates of the reclamation and other related costs associated with certain mining claims in British Columbia.

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

- pre-feasibility and feasibility study results and preliminary assessment results and the accuracy of estimates and assumptions on which they are based;
- resource and reserve estimate results, the accuracy of such estimates and the accuracy of sampling and subsequent assays and geologic interpretations on which they are based;
- technical and operational feasibility and the economic viability of deposits;
- our ability to obtain, renew or maintain the necessary authorizations and permits for Mt Todd, including its development plans and operating activities;
- the timing and results of a feasibility study and the timing of the potential development of Mt Todd;
- increased costs that affect our operations or our financial condition;
- our reliance on third parties to fulfill their obligations under agreements with us;
- whether projects not managed by us will comply with our standards or meet our objectives;
- a shortage of skilled labor, equipment and supplies;
- whether our acquisition, exploration and development activities, as well as the realization of the fair value of our assets, will be commercially successful;
- the lack of cash dividend payments by us;
 - the success of future joint ventures, partnerships and other arrangements relating to our properties;
- perception of potential environmental impact of Mt Todd;
- known and unknown environmental and reclamation liabilities, including reclamation requirements at Mt Todd;
- our expectation of continuing losses from operations;
- future water supply issues at Mt Todd;
- litigation or other legal claims;
- environmental lawsuits;
- lack of adequate insurance to cover potential liabilities;
- our ability to attract, retain and hire key personnel;
- fluctuations in the price of gold;

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- volatility in our stock price and gold equities generally;
- our ability to raise additional capital or raise funds from the sale of non-core assets on favorable terms, if at all;
- industry consolidation which could result in the acquisition of a control position in the Company for less than fair value;
- inherent hazards of mining exploration, development and operating activities;
- the accuracy of calculations of mineral reserves, mineral resources and mineralized material and fluctuations therein based on metal prices, and inherent vulnerability of the ore and recoverability of metal in the mining process;
- changes in environmental regulations to which our exploration and development operations are subject;
- changes in climate change legislation could result in increased operating costs;
- intense competition in the mining industry;
- potential challenges to the title to our mineral properties;
- evolving corporate governance and public disclosure regulations;
- tax initiatives on domestic and international levels;
- fluctuation in foreign currency values;
- fluctuation in the fair value or future cash flows of financial instruments;
- the continuing long-term viability of the Company is dependent upon securing sufficient funding;
- potential adverse findings in review of our Australian research and development grants; and
- our likely status as a PFIC for U.S. federal tax purposes.

For a more detailed discussion of such risks and other important factors that could cause actual results to differ materially from those in such forward-looking statements and forward-looking information, please see the risk factors contained in our Annual Report on Form 10-K for the year ended December 31, 2017, under “Part I-Item 1A. Risk Factors”. Although we have attempted to identify important factors that could cause actual results to differ materially from those described in forward-looking statements and forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that these statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in the statements. Except as required by law, we assume no obligation to publicly update any forward-looking statements and forward-looking information, whether as a result of new information, future events or otherwise.

Cautionary Note to Investors Regarding Estimates of Mineral Reserves and Resources

Our technical report entitled “NI 43-101 Technical Report Mt Todd Gold Project 50,000 tpd Preliminary Feasibility Study Northern Territory, Australia” with an effective date of January 24, 2018 and an issue date of March 2, 2018 referenced herein uses the terms “mineral reserve”, “proven mineral reserve” and “probable mineral reserve” as defined in 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 metal 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 technical report uses the terms “mineral resource”, “measured mineral resource”, “indicated mineral resource” and “inferred mineral resource” which are defined in and required to be disclosed by NI 43-101; however,

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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, the technical report contains 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.

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ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Certain of the Company's financial instruments are exposed to currency, credit and price risks. We do not currently hedge our exposure to any of these risks.

Currency risk

We are exposed to financial risk related to the fluctuation of foreign exchange rates. We operate in Australia and in the United States. We report our financial results in U.S. currency. A significant change in the currency exchange rate between the Australian dollar and the U.S. dollar could affect our results of operations, financial position or cash flows.

We typically limit our holdings in Australian dollars to the amount required to fund approximately one month of operating activities.

Credit risk

Concentration of credit risk exists related to our cash and cash equivalents and short-term investments. Our Australian dollar cash is held in a major Australian chartered bank. Similarly, in the United States we hold U.S. dollar cash in a major U.S. bank. Our surplus cash is invested in government securities, principally notes and/or bills issued by the Treasury Department of the United States, and, occasionally notes and/or bills issued by the Government of Australia.

Other Price Risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or foreign exchange risk. The Company's investment in the common shares of Midas Gold is exposed to such risk.

Metal Price Risk

Changes in the market price of gold significantly affect the value of our assets, including our shares of Midas Gold. Gold prices can fluctuate widely due to numerous factors, such as demand; forward selling by producers; central bank sales, purchases and lending; investor sentiment; the strength of the U.S. dollar; inflation, deflation, or other general price instability; geopolitical events; and global mine production levels.

ITEM 4. CONTROLS AND PROCEDURES.

Disclosure Controls and Procedures.

At the end of the period covered by this quarterly report on Form 10-Q for the nine months ended September 30, 2018, an evaluation was carried out under the supervision of and with the participation of our management, including the Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”), of the effectiveness of the design and operations of our disclosure controls and procedures (as defined in Rule 13a-15(e) and Rule 15d-15(e) under the Exchange Act). Based on that evaluation, the CEO and the CFO have concluded that as of the end of the period covered by this quarterly report, our disclosure controls and procedures were effective in ensuring that: (i) information required to be disclosed by us in reports that we file or submit to the SEC under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in applicable rules and forms and (ii) material information required to be disclosed in our reports filed under the Exchange Act is accumulated and communicated to our management, including our CEO and CFO, as appropriate, to allow for accurate and timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There has been no change in our internal control over financial reporting during the quarter ended September 30, 2018 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

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PART II

ITEM 1. LEGAL PROCEEDINGS.

We are not aware of any material pending or threatened litigation or of any proceedings known to be contemplated by governmental authorities and/or other parties that are, or would be, likely to have a material adverse effect upon us or our operations, taken as a whole.

ITEM 1A. RISK FACTORS.

There have been no material changes from the risk factors set forth in our Annual Report on Form 10-K for the year ended December 31, 2017 as filed with the SEC and Canadian securities regulatory authorities on March 6, 2018.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

ITEM 4. MINE SAFETY DISCLOSURE.

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

Pursuant to Section 1503(a) of the United States Dodd-Frank Wall Street Reform and Consumer Protection Act of 2011 (the “Dodd-Frank Act”), issuers that are operators, or that have a subsidiary that is an operator, of a coal or other mine in the United States are required to disclose in their periodic reports filed with the SEC information regarding specified health and safety violations, orders and citations, related assessments and legal actions, and mining-related fatalities under the regulation of the Federal Mine Safety and Health Administration (“MSHA”) under the United States Federal Mine Safety and Health Act of 1977 (the “Mine Act”). During the nine months ended September 30, 2018, our U.S exploration properties were not subject to regulation by the MSHA under the Mine Act and consequently no disclosure is required under Section 1503(a) of the Dodd-Frank Act.

ITEM 5. OTHER INFORMATION.

None.

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ITEM 6. EXHIBITS.

Exhibits

The following exhibits are filed as part of this report:

Exhibit

| Number | Description |
|-------------|--|
| 3.01 | <u>Certificate of Continuation, previously filed as Exhibit 3.1 to the Corporation's Form 8-K dated June 12, 2013 and incorporated by reference herein (File No. 1-9025)</u> |
| 3.02 | <u>Notice of Articles, previously filed as Exhibit 3.2 to the Corporation's Form 8-K dated June 12, 2013 and incorporated herein by reference (File No. 1-9025)</u> |
| 3.03 | <u>Articles, previously filed as Exhibit 3.3 to the Corporation's Form 8-K dated June 12, 2013 and incorporated herein by reference (File No. 1-9025)</u> |
| 4.01 | <u>Warrant Indenture dated August 8, 2016, previously filed as Exhibit 4.1 to the Corporation's Form 8-K dated August 8, 2016 and incorporated by reference herein (File No. 1-9025)</u> |
| 31.1* | <u>Certification of Chief Executive Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as amended</u> |
| 31.2* | <u>Certification of Chief Financial Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as amended</u> |
| 32.1* | <u>Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u> |
| 32.2* | <u>Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u> |
| 101.INS*(1) | XBRL Instance Document |
| 101.SCH*(1) | XBRL Taxonomy Extension – Schema |
| 101.CAL*(1) | XBRL Taxonomy Extension – Calculations |
| 101.DEF*(1) | XBRL Taxonomy Extension – Definitions |
| 101.LAB*(1) | XBRL Taxonomy Extension – Labels |
| 101.PRE*(1) | XBRL Taxonomy Extension – Presentations |

* - Filed herewith

- (1) Submitted Electronically Herewith. Attached as Exhibit 101 to this report are the following formatted in XBRL (Extensible Business Reporting Language): (i) Condensed Consolidated Statements of Comprehensive Income/(Loss) for the three and nine months ended September 30, 2018 and 2017, (ii) Condensed Consolidated Balance Sheets at September 30, 2018 and December 31, 2017, (iii) Condensed Consolidated Statements of Cash Flows for the nine months ended September 30, 2018 and 2017, and (iv) Notes to Condensed Consolidated Financial Statements.

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SIGNATURES

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

VISTA GOLD CORP.

(Registrant)

Dated: October 29, 2018 By: /s/ Frederick H. Earnest
Frederick H. Earnest,
Chief Executive Officer

Dated: October 29, 2018 By: /s/ John F. Engele
John F. Engele
Chief Financial Officer