VERISIGN INC/CA
Form 8-K
April 17, 2013

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT Pursuant to Section 13 or 15(d)

of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): April 16, 2013

VERISIGN, INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware

(State or Other Jurisdiction

of Incorporation)

000-23593	**94-3221585**
(Commission	**(IRS Employer**
File Number)	**Identification No.)**
12061 Bluemont Way, Reston, VA	**20190**
(Address of Principal Executive Offices)	**(Zip Code)**

(703) 948-3200

(Registrant s Telephone Number, Including Area Code)

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

¨ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

¨ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

¨ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

¨ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01 Entry Into a Material Definitive Agreement

On April 16, 2013, VeriSign, Inc. (the Company) closed its previously announced unregistered offering of $750,000,000 principal amount of the Company s 4.625% Senior Notes due 2023 (the Notes) at an issue price of 100% (the Offering). The Notes were issued pursuant to an indenture, dated as of April 16, 2013 (the Indenture), among the Company, each of the subsidiary guarantors party thereto and U.S. Bank National Association. The Indenture provides that the Notes are general unsecured senior obligations of the Company and will be guaranteed on an unsecured senior basis by VeriSign Information Services, Inc. (the Guarantor). The Company s Restricted Subsidiaries (as defined in the Indenture) may be required to guarantee the Notes if they incur or guarantee certain indebtedness. The Company will use a portion of the net proceeds from the sale of the Notes to repay in full the $100.0 million of outstanding indebtedness under its unsecured credit facility and to pay accrued and unpaid interest thereunder. Affiliates of each of J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated, U.S. Bancorp Investments, Inc., and BB&T Capital Markets (the Initial Purchasers) act as lenders under the Company s unsecured credit facility and will receive a portion of the net proceeds of this Offering used to pay down amounts outstanding under the unsecured credit facility. The Company intends to use the remaining amount of the net proceeds for general corporate purposes, including, but not limited to, the repurchase of shares under its share repurchase program.

The Company will pay interest on the Notes at 4.625% per annum, semi-annually on May 1 and November 1, commencing on November 1, 2013. The Company may redeem all or a portion of the Notes at any time prior to May 1, 2018 at a price equal to 100% of the principal amount of the Notes plus a make-whole premium, plus accrued and unpaid interest, if any, to the redemption date. In addition, on or before May 1, 2018, the Company may redeem up to 35% of the aggregate principal amount of the Notes with the net proceeds of certain equity offerings at a redemption price of 104.625% of the principal amount, plus accrued and unpaid interest, if any, to the redemption date, subject to compliance with certain conditions. The Company may redeem all or a portion of the Notes at any time on or after May 1, 2018 at the applicable redemption prices set forth in the Indenture plus accrued and unpaid interest, if any, to the redemption date. If the Company experiences specific kinds of changes in control and if the Notes are rated below investment grade by both rating agencies that rate the Notes, the Company will be required to make an offer to purchase the Notes at a price equal to 101% of the principal amount of the Notes, plus accrued and unpaid interest, if any, to the date of purchase.

The Indenture contains covenants that limit the ability of the Company and/or its Restricted Subsidiaries, under certain circumstances, to, among other things: (i) pay dividends or make distributions on, or redeem or repurchase, its capital stock; (ii) make certain investments; (iii) create liens on assets; (iv) enter into sale/leaseback transactions and (v) merge or consolidate or sell all or substantially all of its assets. These covenants are subject to a number of important limitations and exceptions. The Indenture also provides for events of default, which, if any of them occurs, may permit or, in certain circumstances, require the principal, premium, if any, accrued and unpaid interest and any other monetary obligations on all the then outstanding Notes to be due and payable immediately. The foregoing description of the material terms of the Indenture is qualified in its entirety by reference to the full text of such document, which is attached hereto as Exhibit 4.1 and incorporated herein by reference.

On April 16, 2013, the Company and the Guarantor entered into a registration rights agreement (the Registration Rights Agreement) with the Initial Purchasers that provides holders of the Notes certain rights relating to registration of the Notes under the Securities Act of 1933, as amended (the Securities Act).

Pursuant to the Registration Rights Agreement, the Company and the Guarantor will file an exchange offer registration statement with respect to a registered offer (the Exchange Offer) to exchange the Notes for substantially identical notes (the Exchange Notes) not later than January 13, 2014 and use commercially reasonable efforts to cause the exchange offer registration statement to become effective under the Securities Act. Upon the exchange offer registration statement being declared effective, the Company and the Guarantor will use their commercially reasonable efforts to consummate the Exchange Offer not later than 60 days after such registration statement becomes effective. If the Company and the Guarantor determine that a registered exchange offer would violate any applicable law or applicable SEC staff interpretations, or if the exchange offer is not completed within 270 days after the closing date, or, in certain circumstances, upon the request of any Initial Purchaser, the Company and the Guarantor will use commercially reasonable efforts to file a shelf registration statement, to cause the shelf registration statement to be declared effective and to keep it effective for a specified period of time. If and for so long as the Company and the Guarantor have not exchanged the Exchange Notes for all Notes validly tendered in accordance with the terms of the Exchange Offer or if a shelf registration statement is required and is not effective, each within a specified period of time, or if an effective shelf registration statement ceases to be effective during the required effectiveness period for more than a specified number of days in any 12-month period (each, as applicable, the Registration Default), the annual interest rate borne by the Notes will be increased by 0.25% per annum during the 90-day period immediately following such Registration Default and will increase by 0.25% per annum at the end of each subsequent

90-day period, but in no event shall such increase exceed 1.0% per annum. The foregoing description of the material terms of the Registration Rights Agreement is qualified in its entirety by reference to the Registration Rights Agreement, which is attached hereto as Exhibit 10.1 and incorporated herein by reference.

Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant

The information set forth above under Item 1.01 of this Current Report on Form 8-K is incorporated by reference into this Item 2.03.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits.

4.1	Indenture, dated as of April 16, 2013, between VeriSign, Inc., each of the subsidiary guarantors party thereto and U.S. Bank National Association, as trustee.
4.2	Form of Note (included in Exhibit 4.1).
10.1	Registration Rights Agreement, dated April 16, 2013, by and among VeriSign, Inc., VeriSign Information Services, Inc. and J.P. Morgan Securities LLC, for itself and on behalf of the initial purchasers.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

	VERISIGN, INC.
Date: April 17, 2013	By: /s/ Richard H. Goshorn Richard H. Goshorn Senior Vice President, General Counsel and Secretary

Exhibit Index

Exhibit No.	Description
4.1	Indenture, dated as of April 16, 2013, between VeriSign, Inc., each of the subsidiary guarantors party thereto and U.S. Bank National Association, as trustee.
4.2	Form of Note (included in Exhibit 4.1).
10.1	Registration Rights Agreement, dated April 16, 2013, by and among VeriSign, Inc., VeriSign Information Services, Inc. and J.P. Morgan Securities LLC, for itself and on behalf of the initial purchasers.

As of December 31, 2009	12,408,917	336	(11,683,841)	(525,077)	200,000	6.00

(1) Each warrant entitled the holder to purchase Common Shares as adjusted in accordance with the warrant terms pursuant to the previously announced Arrangement transaction involving the Corporation, Allied and Carl and Janet Pescio that closed on May 10, 2007.

(2) Each warrant entitles the holder to purchase one Common Share. See Note 8.

(3) The value of all warrants issued in conjunction with private placements is allocated to common stock upon exercise.

There was no warrant activity during the year ended December 31, 2009.

Immediately prior to the completion of the Arrangement on May 10, 2007, there were 1,203,088 outstanding warrants entitling holders to purchase one Common Share per warrant. Of the aforementioned outstanding warrants, 405,000 were issued as part of the September 2005 private placement, 614,684 were issued as part of the February 2006 private placement and an aggregate 183,405 were issued as payment to two agents in connection with the Corporation's November 2006 public equity financing. Upon completion of the Arrangement, the number of Common Shares to be issued in connection with the outstanding warrants was adjusted so that each warrant entitles the holder thereof upon exercise to receive the following number of Common Shares per warrant: 1.904 Common Shares per warrant for the September 2005 private placement warrants, 1.894 Common Shares per warrant for the February 2006 private placement warrants, 1.925 Common Shares per warrant for 119,213 of the broker warrants and 1.928 Common Shares per warrant for the remaining 64,192 broker warrants.

VISTA GOLD CORP. (AN EXPLORATION STAGE ENTERPRISE)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(All amounts in tables are in thousands of US Dollars, except per share amounts and number of shares, unless noted otherwise)

10. Stock options

Under the Corporation's Stock Option Plan (the "Plan"), the Corporation may grant options to directors, officers, employees and consultants of the Corporation. The maximum number of Common Shares of the Corporation that may be reserved for issuance under the Plan is a variable number equal to 10% of the issued and outstanding Common Shares on a non-diluted basis. Under the Plan, the exercise price of each option shall not be less than the market price of the Corporation's stock on the date preceding the date of grant, and an option's maximum term is 10 years or such other shorter term as stipulated in a stock option agreement between the Corporation and the optionee. Options under the Plan are granted from time to time at the discretion of the Board of Directors, with vesting periods and other terms as determined by the Board.

The fair value of stock options granted to employees and directors was estimated at the grant date using the Hull-White trinomial lattice option pricing model, using the following weighted average assumptions:

	Years Ended December 31,		
	2009	2008	2007
Expected volatility	76.42 - 78.80 %	53.97% - 55.19 %	53% - 60 %
Risk-free interest rate	1.80 - 2.58 %	3.09% - 3.25 %	3.32% - 4.6 %
Expected lives (years)	5	5	5
Dividend yield	N/A	N/A	N/A

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Expected price volatility is based on the historical volatility of the Corporation's stock. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore, the existing models do not necessarily provide a reliable measure of the fair value of the Corporation's stock options. The expected term of the options granted is derived from the output of the option pricing model and represents the period of time that the options granted are expected to be outstanding. The risk-free rate for the periods within the contractual term of the option is based on the U.S. Treasury yield curve in effect at the date of grant.

VISTA GOLD CORP. (AN EXPLORATION STAGE ENTERPRISE)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(All amounts in tables are in thousands of US Dollars, except per share amounts and number of shares, unless noted otherwise)

A summary of option activity under the Plan as of December 31, 2009, and changes during the period then ended is set forth in the following table:

	Number of Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding - December 31, 2006	944,000	$ 5.13	2.57	$3,500
Granted	990,000	5.42		
Exercised	(243,153)	2.94		
Expired	(12,857)	4.10		
Modification under Arrangement	(47,777)	-		
Outstanding - December 31, 2007	1,630,213	$ 4.99	3.71	$1,112
Granted	830,000	3.26		
Exercised	(38,712)	3.58		
Forfeited	(40,000)	5.66		
Cancelled	(111,393)	4.36		
Expired	(85,361)	3.32		
Outstanding - December 31, 2008	2,184,747	$ 4.39	3.55	$-
Granted	860,000	1.84		
Exercised	(83,195)	2.95		
Forfeited	(2,500)	3.22		
Cancelled	(7,500)	4.13		
Expired	(163,407)	2.79		
Outstanding - December 31 2009	2,788,145	$ 3.75	3.43	$534
Exercisable - December 31, 2009	2,358,145	$ 4.10	3.22	$269

VISTA GOLD CORP. (AN EXPLORATION STAGE ENTERPRISE)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(All amounts in tables are in thousands of US Dollars, except per share amounts and number of shares, unless noted otherwise)

A summary of the movements included in options within Shareholders' Equity as of December 31, 2009, and during the periods then ended is set forth in the following table:

	Fair Value
As of December 31, 2006	$2,239
Granted	1,221
Exercised	(429)
Expensed	793
As of December 31, 2007	$3,824
Granted	544
Exercised	(114)
Forfeited	(83)
Cancelled	(341)
Expired	(261)
Expensed	1,065
As of December 31, 2008	$4,634
Granted	343
Capitalized as mineral property	149
Exercised	(243)
Forfeited	(2)
Cancelled	(14)
Expired	(447)
Expensed	398
As of December 31, 2009	$4,818

The total number of options outstanding at December 31, 2009 is 2,788,145 with exercise prices ranging from approximately $1.77 to $7.45 and remaining lives of 0.35 to 4.62 years. The total number of options outstanding represents 6.2% of issued capital.

Compensation expense with a fair value of $398,295 was recognized during the year ended December 31, 2009, for options previously granted and vesting over time. During the years ended December 31, 2008 and 2007, compensation expense with fair values of $1,064,930 and $792,527, respectively, was recognized for options previously granted and vesting over time.

Under the Plan, 860,000 stock options, which will vest over a period of two years (430,000 in each year), were granted to employees, directors and consultants of the Corporation during the year ended December 31, 2009. The 430,000 immediately vested options had a fair value of $397,754, which was split between a non-cash compensation expense of $342,507 and capitalized mineral property costs of $55,247. The weighted-average grant date fair value of the 860,000 options granted during the year ended December 31, 2009 was $0.93.

Under the Plan, 830,000 stock options, which will vest over a period of two years (415,000 in each year), were granted to employees, directors and consultants of the Corporation during the year ended December 31, 2008. The fair value of the 415,000 options immediately vested has been recorded as a non-cash compensation expense of $544,365. The weighted-average grant date fair value of the 830,000 options granted during the year ended December 31, 2008 was $1.32.

Under the Plan, 990,000 stock options, of which 940,000 will vest over a period of two years (470,000 in each year) and 50,000 will vest over a period of six months (25,000 immediately and 25,000 at the end of six months), were granted to employees, directors and consultants of the Corporation during the year ended December 31, 2007. The fair value of the

VISTA GOLD CORP. (AN EXPLORATION STAGE ENTERPRISE)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(All amounts in tables are in thousands of US Dollars, except per share amounts and number of shares, unless noted otherwise)

495,000 options immediately vested has been recorded as a non-cash compensation expense of $1,221,141. The weighted-average grant date fair value of the 990,000 options granted during the year ended December 31, 2007 was $2.51.

During the year ended December 31, 2009, 83,195 options were exercised. These options had no intrinsic value as of December 31, 2009. During the respective years ended December 31, 2008 and 2007, 38,712 and 243,153 options, respectively were exercised. There was no intrinsic value for the year ended December 31, 2008. For the year ended December 31, 2007 the options exercised had an aggregate intrinsic value of $505,720.

A summary of the status of the Corporation's unvested stock options as of December 31, 2009, and changes during the period then ended, is set forth below:

	Number of Shares	Weighted-Average Grant Date Fair Value
Unvested - December 31, 2006	125,000	$ 5.22
Granted	495,000	2.51
Vested	(99,848)	5.56
Modification under Arrangement	(6,180)	-
Unvested - December 31, 2007	513,972	$ 2.64
Granted	415,000	1.32
Vested	(478,972)	2.49
Forfeited	(35,000)	2.69
Unvested - December 31, 2008	415,000	$ 1.32
Granted	430,000	0.92
Vested	(412,500)	1.32
Forfeited	(2,500)	1.30
Unvested - December 31, 2009	430,000	$ 0.92

As of December 31, 2009, there was $239,870 of unrecognized compensation expense related to the unvested portion of options outstanding. This expense is expected to be recognized over a weighted-average period of 0.62 years.

11. Contributed surplus

	For the years ended December 31, 2009	2008	2007
Balance, beginning of year	$1,387	$253	$253
Cancelled options—Note 10	14	341	-
Expired options—Note 10	447	262	-

Expired warrants — Note 9	-	531	-
Balance, end of year	1,848	$1,387	$253

C-24

VISTA GOLD CORP. (AN EXPLORATION STAGE ENTERPRISE)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(All amounts in tables are in thousands of US Dollars, except per share amounts and number of shares, unless noted otherwise)

12. Accumulated other comprehensive income

A reconciliation of the amounts contained in accumulated other comprehensive income is as follows:

	Accumulated other comprehensive income, before tax	Accumulated other comprehensive income, net of tax
As of December 31, 2006	$ -	$ -
Adjustment for CICA 3855 adoption	532	453
Increases to fair market value during period	7,173	6,096
Decreases due to realization of gain	(158)	(133)
As of December 31, 2007	$ 7,547	$ 6,416
Decreases to fair market value during period	(2,232)	(1,897)
Increases due to realization of loss	98	83
As of December 31, 2008	$ 5,413	$ 4,602
Increases to fair market value during period	2,092	1,778
Decreases due to realization of a gain	(6,829)	(5,805)
As of December 31, 2009	$ 676	$ 575

Effective September 30, 2008, the Corporation adopted the Emerging Issues Committee Abstract 172 ("EIC 172"), "Income Statement Presentation of a Tax Loss Carryforward Recognized Following an Unrealized Gain in Other Comprehensive Income." EIC 172 provides guidance on whether the tax benefit from the recognition of previously unrecognized tax los carryforwards consequent to the recording of unrealized gains in other comprehensive income, such as unrealized gains on available-for-sale financial assets, should be recognized in net income or in other comprehensive income. EIC 172 should be applied retrospectively, with restatement of prior periods from January 1, 2007, the date of adoption of CICA 3855.

The adoption of EIC 172 resulted in a reclassification of $1,132,000 of income tax recovery from the accumulated other comprehensive income balance to the accumulated deficit as of December 31, 2007. It also resulted in a reclassification of $320,000 of income tax expense from the accumulated other comprehensive income balance to the Consolidated Statement of Loss under the heading "Income tax benefit/(expense)" for the year ended December 31, 2008.

Effective January 1, 2007, the Corporation adopted CICA Handbook Sections 1530, "Comprehensive Income" and 3855, "Financial Instruments—Recognition and Measurement." The adoption of these new sections had no impact on the Corporation's financial statements on or before December 31, 2006 as the sections require adjustments to the carrying value of available-for-sale securities to be recorded within accumulated other comprehensive income on transition.

Upon adoption of these sections, the Corporation made a one-time adjustment to the opening balance, as of January 1, 2007, of accumulated other comprehensive income in the amount of $453,000, as noted in the above schedule.

13. Commitments and contingencies

Refer to Note 5 for commitments in connection with acquisitions of mineral properties and Note 6 for commitments in connection with acquisitions of property, plant and equipment.

14. Financial instruments

The Corporation's financial assets and financial liabilities are classified into one of four categories: available-for-sale, held-for-trading, loans and receivables and other financial liabilities.

VISTA GOLD CORP. (AN EXPLORATION STAGE ENTERPRISE)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(All amounts in tables are in thousands of US Dollars, except per share amounts and number of shares, unless noted otherwise)

All financial instruments classified as available-for-sale or held-for-trading are subsequently measured at fair value. Changes in the fair value of financial instruments designated as held-for-trading are charged or credited to the statement of loss for the relevant period, while changes in the fair value of financial instruments designated as available-for-sale, excluding impairments, are charged or credited to other comprehensive income until the instrument is realized. All other financial assets and liabilities are accounted for at cost or at amortized cost depending upon the nature of the instrument. After their initial fair value measurement, they are measured at amortized cost using the effective interest rate method.

Financial Assets

The carrying amounts and fair values of financial assets are as follows:

	Category	December 31, 2009 Estimated Fair Value	December 31, 2009 Carrying Value	December 31, 2008 Estimated Fair Value	December 31, 2008 Carrying Value
Cash and cash equivalents	Loans and receivables	$28,408	$28,408	$13,266	$ 13,266
Accounts receivable (1)	Loans and receivables	24	24	127	127
Amayapampa disposal consideration	Held-for-trading	4,813	4,813	4,813	4,813
Marketable securities (2)	Available-for-sale	1,150	1,150	8,153	8,153
Total financial assets		$34,395	$34,395	$26,359	$ 26,359

(1) Carrying amount is a reasonable approximation of fair value.

(2) The fair value represents quoted market prices in an active market.

Financial liabilities

The carrying amounts and fair values of financial liabilities are as follows:

	Category	December 31, 2009 Estimated Fair Value	December 31, 2009 Carrying Value	December 31, 2008 Estimated Fair Value	December 31, 2008 Carrying Value
Accounts payable and accrued liabilities (1)	Other financial liabilities	$926	$926	$803	$803
Other long-term liabilities (1)	Other financial liabilities	228	228	225	228
Convertible notes (2)	Other financial liabilities	26,678	24,939	25,896	23,496
Total financial liabilities		$27,832	$26,093	$26,924	$24,527

(1) Carrying amount is a reasonable approximation of fair value.

(2) The carrying value of the convertible notes is being accreted to their maturity value over their expected life using the effective interest rate method.

Financial instrument risk exposure and risk management

The Corporation is exposed in varying degrees to a variety of financial instrument related risks. Management approves and monitors the risk management processes. The types of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

The Corporation’s credit risk is primarily attributable to its cash and cash equivalents. The Corporation monitors its cash and cash equivalents in order to limit its exposure to credit risk. The Corporation does not have any financial assets that are invested in asset-backed commercial paper.

VISTA GOLD CORP. (AN EXPLORATION STAGE ENTERPRISE)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(All amounts in tables are in thousands of US Dollars, except per share amounts and number of shares, unless noted otherwise)

Liquidity risk

The Corporation ensures that there is sufficient capital in order to meet short term business requirements, after taking into account the Corporation's holdings of cash and cash equivalents and cash flows from financing activities. The Corporation believes that these sources will be sufficient to cover the likely short and long term cash requirements. The Corporation's cash and cash equivalents are held in interest bearing liquid savings accounts.

Market risk

The significant market risk exposure to which the Corporation is exposed is interest rate risk. The Corporation's policy is to invest cash at floating rates of interest in short-term highly liquid cash savings accounts in order to maintain liquidity. Fluctuations in interest therefore have little impact on the value of cash equivalents and short term investments. With respect to financial liabilities, the convertible notes are not subject to interest rate risk because they bear interest at a fixed rate and are not subject to fluctuations in interest.

15. Capital disclosures

The Corporation's objectives when managing capital are to safeguard the Corporation's access to sufficient funding as needed to continue its development of mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable level of risk.

In the management of capital, the Corporation includes the components of shareholders' equity and debt. The Corporation manages the capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Corporation may issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of investments. The Corporation has no restrictions or covenants on our capital structure as of the end of 2009.

In order to facilitate the management of its capital requirements, the Corporation prepares annual expenditure budgets which project expected cash and debt positions over several years and which are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The annual and updated budgets are approved by the Board of Directors.

In order to maximize cash available for development efforts, the Corporation does not pay dividends. The Corporation's cash investment policy is to invest its cash in highly liquid short-term interest-bearing investments with maturities of three months or less when acquired, selected with regards to the expected timing of expenditures from operations.

16. Supplemental cash flow information and material non-cash transactions

As of December 31, 2009, 2008 and 2007 all of the Corporation's cash was held in liquid bank deposits.

Material non-cash transactions	Non-cash consideration given/(received) during 2009 Equity units
Investing and financing activities:	

McBride(1)	$	(44)

Material non-cash transactions		Non-cash consideration given/(received) during 2008 Equity units
Investing and financing activities:		
Prime Corporate Finance—Note 3	$	132
Grandcru and San Miguel Group—Note 5(d)		1,000
McBride(1)		(100)

C-27

VISTA GOLD CORP. (AN EXPLORATION STAGE ENTERPRISE)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(All amounts in tables are in thousands of US Dollars, except per share amounts and number of shares, unless noted otherwise)

Material non-cash transactions	Non-cash consideration given/(received) during 2007 Equity units
Investing and financing activities:	
Dividend-in-kind—Note 3	$ 36,159
Allied Nevada Gold Corp.—Note 3	(38,343)
McBride(1)	(100)

(1) On July 20, 2006, the Corporation and Nevgold Resources Corp. (“Nevgold”) entered into a letter of intent pursuant to which Nevgold would aquire three of the Corporation’s mineral exploration properties located in Manitoba and Ontario, Canada, for consideration of 1,000,000 Nevgold common shares, of which 100,000 shares were immediately issued to the Corporation. Pursuant to the agreement with Nevgold, the remaining 900,000 shares are held in escrow and 15% of the remaining balance will be issued every six months over a three-year period. As of December 31, 2009, the Corporation has received all 1,000,000 shares from Nevgold.

17. Income taxes

(a) A reconciliation of the combined Canadian income taxes at statutory rates and the Corporation’s effective income tax expense/(benefit) is as follows:

	Years ended December 31, 2009	2008	2007
Income tax benefit at statutory rates	$(357)	$(2,761)	$(2,680)
Increase (decrease) in taxes from:			
Permanent differences	(989)	1,351	1,923
Differences in foreign tax rates	(183)	(72)	71
Effect of foreign exchange	(1,635)	2,491	(2,099)
Change in effective tax rate	(48)	1,482	1,314
Benefit of losses not recognized	—	—	—
Prior Year provision to actual adjustments	(3,927)	200	792
Temporary differences transferred to Allied Nevada	—	—	7,723
Capital loss on sale of Amayapampa	—	(3,107)	—
Benefit of tax deductions recorded in equity	(837)	—	—
Change in valuation allowance	8,687	736	(8,095)
Income tax (benefit)/expense	$711	$320	$(1,051)

(b) Future income taxes reflect the net effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The significant components of the company’s future tax assets as at December 31 are as follows:

Future income tax assets	December 31, 2009	2008

Excess tax basis over book basis of property, plant and equipment	$6,003	$5,288
Operating loss carryforwards	11,858	6,654
Capital loss carryforwards	3,394	3,422
Other	1,551	830
Unrealized foreign exchange on loans	915	397
Total future tax assets	23,721	16,591
Valuation allowance for future tax assets	(23,155)	(15,196)
	566	1,395
Future income tax liabilities		
Amayapampa disposal consideration	481	583
Marketable securities	85	812
Total	$—	$—

(c) The Corporation has available income tax losses of approximately $37.7 million, which may be carried forward and applied against future taxable income when earned.

VISTA GOLD CORP. (AN EXPLORATION STAGE ENTERPRISE)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(All amounts in tables are in thousands of US Dollars, except per share amounts and number of shares, unless noted otherwise)

The losses expire as follows:

	Canada	United States	Mexico	Total
2010	—	—	3,103	3,103
2011	—	—	159	159
2012	—	—	157	157
2013	—	—	237	237
2014	—	—	105	105
2015	220	—	272	492
2016	—	—	106	106
2017	—	—	449	449
2018	—	—	5,282	5,282
2019	—	519	1,118	1,637
2020	—	783	—	783
2021	—	779	—	779
2022	—	748	—	748
2023	—	691	—	691
2024	—	2,082	—	2,082
2025	—	2,362	—	2,362
2026	1,025	1,213	—	2,238
2027	—	1,700	—	1,700
2028	5,233	1,719	—	6,952
2029	5,332	2,316	—	7,648
	$11,810	$ 14,912	$10,988	$37,710

18. Retirement plan

The Corporation sponsors a qualified tax-deferred savings plan in accordance with the provisions of Section 401(k) of the U.S. Internal Revenue Code, which is available to permanent U.S. employees. The Corporation makes contributions of up to 4% of eligible employees' salaries. The Corporation's contributions were as follows: 2009—$52,832, 2008—$40,618; and 2007—$38,418.

19. Segment information

The Corporation evaluates, acquires and explores gold exploration and potential development projects. These activities are focused principally in North America, Australia and Indonesia. The Corporation reported no revenues in 2009, 2008 and 2007. Geographic segmentation of mineral properties and plant and equipment is provided in Notes 5 and 6.

20. Differences between Canadian and United States generally accepted accounting principles

The significant measurement differences between generally accepted accounting principles ("GAAP") in Canada and in the United States, as they relate to these financial statements are as follows:

(a) In accordance with U.S. GAAP, exploration, mineral property evaluation and holding costs are expensed as incurred. When proven and probable reserves are determined for a property and a bankable feasibility study is completed, then subsequent development costs on the property would be capitalized. Total capitalized cost of such properties is measured periodically for recoverability of carrying value under ASC 360 Property, Plant and Equipment. Under Canadian GAAP, all such costs are permitted to be capitalized.

(b) Under Canadian corporate law, the Corporation underwent a capital reduction in connection with the amalgamation of Granges, Inc. ("Granges") and Hycroft Resources & Development, Inc. whereby share capital and contributed surplus were reduced to eliminate the consolidated accumulated deficit of Granges as of December 31, 1994, after giving effect to the estimated costs of amalgamation. Under U.S. corporate law, no such transaction is available and accordingly is not allowed under U.S. GAAP.

(c) In accordance with U.S. GAAP (ASC 718 Compensation Stock Expense), the fair value of all options granted after January 1, 2006 is calculated at the date of grant and expensed over the expected vesting period. On transition to this new standard, the unvested portion of options granted to employees before January 1, 2006 is expensed over the remaining vesting period using the fair value on the date of grant. Prior to January 1, 2006, the Corporation did not record any compensation cost on the granting of stock options to employees and directors as the exercise price was equal to or greater than the market price at the date of grants for U.S. GAAP purposes under APB Opinion No. 25. ASC 718 Compensation Stock Expense essentially aligns U.S. GAAP with Canadian GAAP for accounting for stock-based compensation.

(d) In accordance with U.S. GAAP, the entire amount of convertible debt is classified as a liability and recorded at fair value on the date of issuance. Under Canadian GAAP, the fair value of the conversion feature of the convertible debt is classified as equity and the residual balance is classified as a liability. Under Canadian GAAP a portion of the debt issuance costs were allocated to equity. Under U.S. GAAP all issuance costs were allocated to debt. The liability portion is accreted each period in amounts which will increase the liability to its full face amount of the convertible instrument as of the maturity date.

(e) In accordance with U.S. GAAP (ASC 740 Income Taxes), the reversal of a valuation allowance which is directly related to the gain or loss of available-for-sale securities, when a Corporation has no expectations of taxable income in future periods, is recorded in other comprehensive income/(loss). Under Canadian GAAP, the Corporation adopted EIC 172, effective September 30, 2008. This standard requires the recognition of the tax benefit or loss of previously unrecognized tax loss carryforwards associated with the unrealized holding gains and losses of available-for-sale securities to be recognized in net income or net loss. This abstract required retrospective restatement of all prior periods beginning with January 1, 2007. The adoption of EIC 172 resulted in a future income tax expense being recorded as part of the Corporation’s Net Loss, whereas under ASC 740 Income Taxes the future income tax expense would be recorded as part of the Corporation’s Comprehensive Loss.

(f) In 2000, the carrying values of certain long-lived assets exceeded their respective undiscounted cash flows. Following Canadian GAAP at that time, the carrying values were written down using the undiscounted cash flow method. Under U.S. GAAP, the carrying values were written down to their fair values using the discounted cash flow method, giving rise to a difference in the amounts written down. During 2007, the carrying values of certain long-lived assets exceeded their respective discounted cash flows. Under Canadian GAAP, the carrying values were written down using the discounted cash flow method. Under U.S. GAAP, a write-down was not required as the carrying value of the asset was already written down to the fair-value using the discounted cash flows during 2000. In 2008, the future consideration on the disposal of Amayapampa is designated as a financial asset held for trading and is recorded at fair value.

(g) Special warrants issued to the agent as compensation for its services in connection with the March 2002 Debenture Offering are valued and included as a financing cost of the related debentures. The conversion feature of the Debenture Offering (the Beneficial Conversion Feature) was in the money at the date of issue. The debentures were fully converted on September 19, 2002; accordingly the fair value of the Beneficial Conversion Feature is recognized as a charge to net loss and as an addition to contributed surplus.

VISTA GOLD CORP. (AN EXPLORATION STAGE ENTERPRISE)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(All amounts in tables are in thousands of US Dollars, except per share amounts and number of shares, unless noted otherwise)

The significant measurement differences in the consolidated statements of loss relative to U.S. GAAP were:

Consolidated Statements of Loss

	Years ended December 31,			Cumulative during Exploration Stage
	2009	2008	2007	
Net earnings/(loss) – Canadian GAAP	$ (1,942)	$ (9,973)	$ (13,150)	$ (44,183)
Exploration, property evaluation and holding costs - continuing operations (a)	(5,396)	(8,403)	(6,375)	(18,579)
Exploration, property evaluation and holding costs - discontinued operations (a)	-	-	5,509	4,016
Gain on sale of Amayapampa (f)	-	2,124	-	2,124
Gain on repurchase of convertible notes (d)	(122)	-	-	(122)
Interest accretion on convertible notes (d)	1,069	837	-	1,906
Amortization of debt issuance costs (d)	(272)	(225)	-	(497)
Future income tax benefit/(expense) (e)	711	320	(1,051)	(101)
Financing costs	-	-	-	(222)
Stock-based compensation expense (c)	-	-	-	2,251
Beneficial conversion feature	-	-	-	(2,774)
Net loss – U.S. GAAP	(5,952)	(15,320)	(15,067)	(56,181)
Unrealized gain on marketable securities	(4,737)	(2,134)	7,096	(6,909)
Comprehensive loss – U.S. GAAP	$ (10,689)	$ (17,454)	$ (7,971)	$ (63,090)
Basic and diluted loss per share – U.S. GAAP	$ (0.17)	$ (0.45)	$ (0.47)	

VISTA GOLD CORP. (AN EXPLORATION STAGE ENTERPRISE)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(All amounts in tables are in thousands of US Dollars, except per share amounts and number of shares, unless noted otherwise)

The significant measurement differences in the consolidated balance sheets as at December 31, 2009 and 2008 relative to U.S. GAAP were:

Consolidated Balance Sheets

	December 31, 2009			December 31, 2008		
	Per Cdn. GAAP	Cdn./U.S. Adj.	Per U.S. GAAP	Per Cdn. GAAP	Cdn./U.S. Adj.	Per U.S. GAAP
Current assets	$30,317	-	$30,317	$22,012	$-	$22,012
Property, plant and equipment (a)	57,443	(26,944)	30,499	48,940	(20,433)	28,507
Other assets	4,813	-	4,813	4,813	-	4,813
Total assets	$92,573	$(26,944)	$65,629	$75,765	$(20,433)	$55,332
Current liabilities	926	-	926	803	-	803
Convertible notes (d)	24,939	2,904	27,843	23,496	4,995	28,491
Other long-term liabilities	228	-	228	228	-	228
Total liabilities	26,093	2,904	28,997	24,527	4,995	29,522
Capital stock (b,c)	245,964	75,039	321,003	225,098	75,282	300,380
Special warrants	-	222	222	-	222	222
Warrants and options (c)	5,154	386	5,540	4,970	(304)	4,666
Contributed surplus (b,c,g)	1,848	4,818	6,666	1,387	5,265	6,652
Equity component of convertible notes (d)	5,998	(5,998)	-	6,298	(6,298)	-
Other comprehensive income (e)	575	191	766	4,602	901	5,503
Deficit (a,b,c,e,g)	(193,059)	(104,506)	(297,565)	(191,117)	(100,496)	(291,613)
Total shareholders' equity	66,480	(29,848)	36,632	51,238	(25,428)	25,810
Total liabilities & shareholders' equity	$92,573	$(26,944)	$65,629	$75,765	$(20,433)	$55,332

VISTA GOLD CORP. (AN EXPLORATION STAGE ENTERPRISE)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(All amounts in tables are in thousands of US Dollars, except per share amounts and number of shares, unless noted otherwise)

The significant measurement differences in the consolidated statements of cash flows relative to U.S. GAAP were:

Consolidated Statements of Cash Flows

	Years ended December 31, 2009	2008	2007	Cumulative during Exploration Stage
Cash flows from operating activities, Canadian GAAP	$(7,883)	$(7,638)	$(4,285)	$(27,982)
Additions to mineral properties, net (a)	(5,292)	(8,263)	(394)	(20,068)
Cash flows from operating activities, U.S. GAAP	(13,175)	(15,901)	(4,679)	(48,050)
Cash flows from investing activities, Canadian GAAP	3,268	(26,913)	(31,349)	(63,498)
Additions to mineral properties, net (a)	5,292	8,263	394	20,068
Cash flows from investing activities, U.S. GAAP	8,560	(18,650)	(30,955)	(43,430)
Cash flows from financing activities, Canadian GAAP	19,757	31,425	4,324	142,484
Cash flows from financing activities, U.S. GAAP	19,757	31,425	4,324	142,484
Net increase/(decrease) in cash and cash equivalents - continuing operations	15,142	(3,126)	(31,310)	51,004
Net increase/(decrease) in cash and cash equivalents - discontinued operations	-	(294)	(702)	(23,270)
Net increase/(decrease) in cash and cash equivalents	15,142	(3,420)	(32,012)	27,734
Cash and cash equivalents, beginning of period	13,266	16,686	48,698	674
Cash and cash equivalents, end of period	$28,408	$13,266	$16,686	$28,408

C-33

VISTA GOLD CORP. (AN EXPLORATION STAGE ENTERPRISE)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(All amounts in tables are in thousands of US Dollars, except per share amounts and number of shares, unless noted otherwise)

Statement of Changes in Shareholders' Equity under U.S. GAAP

	Capital stock	Special warrants	Warrants and options	Contributed surplus	Deficit	Other comprehensive income (loss)	Total shareholders' equity
Balance at December 31, 2006	291,411	222	2,095	5,779	(226,285)	541	73,763
Issued during the year (Note 8)	4,725	-	-	-	-	-	4,725
Warrants and options	-	-	1,613	-	-	-	1,613
Contributed surplus	-	-	-	-	-	-	-
Other comprehensive loss	-	-	-	-	-	7,096	7,096
Dividend-in-kind	-	-	-	-	(34,941)	-	(34,941)
Net loss	-	-	-	-	(15,067)	-	(15,067)
Balance as December 31, 2007	296,136	222	3,708	5,779	(276,293)	7,637	37,189
Issued during the year (Note 8)	4,244	-	-	-	-	-	4,244
Warrants and options	-	-	958	-	-	-	958
Contributed surplus	-	-	-	873	-	-	873
Other comprehensive loss	-	-	-	-	-	(2,134)	(2,134)
Net loss	-	-	-	-	(15,320)	-	(15,320)
Balance at December 31, 2008	300,380	222	4,666	6,652	(291,613)	5,503	25,810
Issued during the year	20,623	-	-	-	-	-	20,623
Warrants and options – Note 8	-	-	874	-	-	-	874
	-	-	-	14	-	-	14

Contributed surplus							
Other comprehensive loss	-	-	-	-	-	(4,737)	(4,737)
Net loss	-	-	-	-	(5,952)	-	(5,952)
Balance at December 31, 2009	321,003	222	5,540	6,666	(297,565)	766	36,632

Recently adopted standards

In December 2007, FASB issued new standards for Non-controlling Interests in Consolidated Financial Statements". This standard establishes accounting and reporting standards for the non-controlling interest in a subsidiary and for the deconsolidation of a subsidiary. It clarifies that a non-controlling interest in a subsidiary (minority interest) is an ownership interest in the consolidated entity that should be reported as equity in the Consolidated Financial Statements and separate from the parent company's equity. Among other requirements, this statement requires consolidated net income to be reported at amounts that include the amounts attributable to both the parent and the non-controlling interest. It also requires disclosure, on the face of the Consolidated Statement of Operations, of the amounts of consolidated net income attributable to the parent and to the non-controlling interest. This statement became effective for the Corporation on January 1, 2009. As of December 31, 2009, the Corporation did not have any minority interests.

In March 2008, the FASB issued new standards which requires companies with derivative instruments to disclose information that should enable financial statement users to understand how and why a company uses derivative instruments, how derivative instruments and related hedged items are accounted for and how derivative instruments and related hedged items affect a company's financial position, financial performance and cash flows. It is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008, with early application encouraged. The Corporation has determined this standard had no impact on its consolidated financial statements.

In April 2009, the FASB issued new standards for the recognition and measurement of other-than-temporary impairments for debt securities which replaced the pre-existing "intent and ability" indicator. These new standards specify that if the fair value of a debt security is less than its amortized cost basis, an other-than-temporary impairment is triggered in circumstances where (1) an entity has an intent to sell the security, (2) it is more likely than not that the entity will be required to sell the security before recovery of its amortized cost basis, or (3) the entity does not expect to recover the entire amortized cost basis of the security (that is, a credit loss exists). Other-than-temporary impairments are separated into amounts representing credit losses which are recognized in earnings and amounts related to all other factors which are recognized in other comprehensive income (loss). This standard became effective for the Corporation on September 30, 2009. The Corporation has determined this FSP had no impact on its consolidated financial statements.

In May 2009, the FASB issued new standards for subsequent events, which establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. The new standards are effective for interim and annual reporting periods ending after June 15, 2009. This statement became effective for the Corporation on September 30, 2009. The Corporation reviewed events for inclusion in the financial statements through March 16, 2010, the date that the accompanying financial statements were issued.

In June 2009, the FASB issued the FASB Accounting Standards Codification (the "Codification") for financial statements issued for interim and annual periods ending after September 15, 2009, which was effective for the Corporation beginning in the fourth quarter of fiscal 2009. The Codification became the single authoritative source for GAAP. Accordingly, previous references to GAAP accounting standards are no longer used in the Corporation's disclosures, including these Notes to the Consolidated Financial Statements. The codification in not expected to affect the Corporation's consolidated financial position, cash flows, or results of operations.

In August 2009, the FASB issued changes to fair value accounting for liabilities. These changes clarify existing guidance that in circumstances in which a quoted price in an active market for the identical liability is not available, an entity is required to measure fair value using either a valuation technique that uses a quoted price of either a similar liability or a quoted price of an identical or similar liability when traded as an asset, or another valuation technique that is consistent with the principles of fair value measurements, such as an income approach (e.g., present value technique). This guidance also states that both a quoted price in an active market for the identical liability and a quoted price for the identical liability when traded as an asset in an active market when no adjustments to the quoted price of the asset are required are Level 1 fair value measurements. These changes became effective for the Corporation on October 1, 2009. The adoption of this new guidance did not have an impact on its Financial Statements.

In December 2007, the FASB issued a new standard that establishes principles and requirements for how an acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, any non-controlling interest in the acquiree and the goodwill acquired. This standard also establishes disclosure requirements to enable the evaluation of the nature and financial effects of the business combination. This standard is effective for fiscal years beginning after December 15, 2008. The Corporation had no business combinations during the year ended December 31, 2009; therefore this standard had no impact on our consolidated financial statements.

Impact of recently issued standards

In June 2009, the FASB issued amended standards for determining whether to consolidate a variable interest entity. These new standards amend the evaluation criteria to identify the primary beneficiary of a variable interest entity and requires ongoing reassessment of whether an enterprise is the primary beneficiary of the variable interest entity. The provisions of the new standards are effective for annual reporting periods beginning after November 15, 2009 and interim periods within those fiscal years. These standards will be effective for us beginning in the first quarter of fiscal 2010. The adoption of the new standards will not have an impact on the Corporation's consolidated financial position, results of operations and cash flows.

In January 2010, the FASB issued Accounting Standards Update No. 2010-06, "Fair Value Measurements Disclosures," which amends Subtopic 820-10 of the FASB Accounting Standards Codification to require new disclosures for fair value measurements and provides clarification for existing disclosures requirements. More specifically, this update will require (a) an entity to disclose separately the amounts of significant transfers in and out of Levels 1 and 2 fair value measurements and to describe the reasons for the transfers; and (b) information about purchases, sales, issuances and settlements to be presented separately (i.e. present the activity on a gross basis rather than net) in the reconciliation for fair value measurements using significant unobservable inputs (Level 3 inputs). This update clarifies existing disclosure requirements for the level of disaggregation used for classes of assets and liabilities measured at fair value and requires disclosures about the valuation techniques and inputs used to measure fair value for both recurring and nonrecurring fair value measurements using Level 2 and Level 3 inputs. The Corporation does not anticipate that the adoption of this statement will materially expand its consolidated financial statement footnote disclosures. The following is the disclosures:

VISTA GOLD CORP. (AN EXPLORATION STAGE ENTERPRISE)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(All amounts in tables are in thousands of US Dollars, except per share amounts and number of shares, unless noted otherwise)

The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

21. Related Party Transactions

On April 1, 2009, the Corporation entered into an agreement with Sierra Partners LLC ("Sierra") to provide investor relations and corporate finance consulting services to the Corporation. The founder and partner of Sierra is also a director of the Corporation. Under the terms of the agreement, Sierra will provide consulting services to the Corporation commencing April 1, 2009 and ending on March 31, 2010. Sierra will assist with the Corporation's efforts to maintain an Investor Relations program and provide support and analysis of the Corporation's general corporate finance and strategy efforts. As compensation for these services, the Corporation agreed to pay to Sierra a monthly retainer fee of $10,000 during the term and issue to Sierra 60,000 of the Corporation's stock options. As of December 31, 2009, the Corporation had made payments totaling $107,114, which included consulting fees of $100,000 and reimbursed expenses of $7,114, and had issued the 60,000 stock options with a recorded expense of $37,111.

22. Subsequent Events

Dismissal of Change of Forest Land Use Permit for the Paredones Amarillos Gold Project

On February 19, 2010 the Corporation announced that its wholly owned Mexican subsidiary, Minera Paredones Amarillos S.A. de C.V. ("MPA") received notice from the Mexican Secretariat of Environment and Natural Resources ("SEMARNAT") that SEMARNAT has dismissed, on administrative grounds, MPA's application for the Change of Forest Land Use Permit ("CUSF") for the Corporation's Paredones Amarillos gold project. The CUSF is required before the Corporation can commence construction of the Paredones Project. The Corporation is currently amending its CUSF application to address SEMARNAT's specific procedural and informational requirements and intends to re-file the application shortly.

The re-filing of the CUSF application could cause delays in the commencement of the construction of the Paredones Amarillos gold project. If the Corporation is unable to acquire the required permits to mine the Paredones Amarillos gold project, this could result in an impairment and a write-down of the carrying value of the project.

VISTA GOLD CORP. (An Exploration Stage Enterprise)
CONSOLIDATED BALANCE SHEETS - UNAUDITED

(U.S. dollars in thousands)	June 30, 2010	December 31, 2009
Assets:		
Cash and cash equivalents	$ 16,726	$ 28,408
Marketable securities - Note 4	925	1,150
Short-term investments	-	250
Other current assets	943	509
Current assets	18,594	30,317
Mineral properties - Note 5	46,522	38,696
Plant and equipment - Note 6	18,796	18,747
Amayapampa disposal consideration - Note 3	4,813	4,813
	70,131	62,256
Total assets	$ 88,725	$ 92,573
Liabilities and Shareholders' Equity:		
Convertible notes - Note 7	$ 21,176	$ -
Accounts payable	341	63
Accrued liabilities and other	729	863
Current liabilities	22,246	926
Convertible notes - Note 7	-	24,939
Other long-term liabilities	228	228
Total liabilities	22,474	26,093
Capital stock, no par value:		
Common - unlimited shares authorized; shares outstanding:		
2010 - 46,581,708 and 2009 - 44,679,024 - Note 8	252,059	245,964
Warrants	336	336
Options - Note 9	5,027	4,818
Contributed surplus - Note 10	2,634	1,848
Equity component of convertible notes - Note 7	4,721	5,998
Accumulated other comprehensive income - Note 11	384	575
Deficit	(198,910)	(193,059)
Total shareholders' equity	66,251	66,480
Total liabilities and shareholders' equity	$ 88,725	$ 92,573

Nature of operations, Liquidity risk and Recent accounting pronouncements – Note 2

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

C-37

VISTA GOLD CORP. (An Exploration Stage Enterprise)
CONSOLIDATED STATEMENTS OF EARNINGS AND (LOSS) AND COMPREHENSIVE LOSS - UNAUDITED

(U.S. dollars in thousands, except share data)	Three Months Ended June 30, 2010	Three Months Ended June 30, 2009	Six Months Ended June 30, 2010	Six Months Ended June 30, 2009	Cumulative during Exploration Stage
Income:					
Interest income	$ 35	$ 21	$ 89	$ 49	$ 2,721
Other income	77	(2)	96	-	(2,332)
Total other income	$ 112	$ 19	$ 185	$ 49	$ 389
Costs and expenses:					
Exploration, property evaluation and holding costs	$ (475)	$ (268)	$ (869)	$ (601)	$ (5,194)
Corporate administration and investor relations	(1,076)	(974)	(2,067)	(1,986)	(26,607)
Depreciation and amortization	(60)	(62)	(132)	(114)	(764)
Interest expense	(535)	(584)	(1,091)	(1,163)	(5,415)
Gain/(loss) on currency translation	(130)	68	(82)	45	(357)
Write-down of marketable securities	-	(11)	-	(123)	(849)
Loss on early extinguishment of convertible notes - Note 7	(1,981)	-	(1,981)	-	(1,444)
Gain/(loss) on disposal of marketable securities	-	6,822	213	6,815	7,275
Loss on sale of mineral property	-	(131)	-	(131)	(263)
Total costs and expenses	(4,257)	4,860	(6,009)	2,742	(33,618)
Earnings/(loss) from continuing operations before income taxes	$ (4,145)	$ 4,879	$ (5,824)	$ 2,791	$ (33,229)
Future income tax benefit/(expense)	(7)	(989)	(27)	(781)	74
Loss from continuing operations after income taxes	$ (4,152)	$ 3,890	$ (5,851)	$ 2,010	$ (33,155)
Loss from discontinued operations	$ -	$ -	$ -	$ -	$ (16,879)
Net loss	$ (4,152)	$ 3,890	$ (5,851)	$ 2,010	$ (50,034)
Other comprehensive income:					
Unrealized gain/(loss) on available-for-sale securities	(49)	198	(4)	1,373	
Realized (gain)/loss on available-for-sale securities	-	(5,798)	(187)	(5,793)	
	(49)	(5,600)	(191)	(4,420)	
Comprehensive loss	$ (4,201)	$ (1,710)	$ (6,042)	$ (2,410)	
Weighted average number of shares outstanding	46,405,227	34,475,829	45,546,894	34,475,829	

Basic and diluted earnings/(loss) per share from continuing operations	$	(0.09)	$	0.11	$	(0.13)	$	0.06
Basic and diluted earnings/(loss) per share	$	(0.09)	$	0.11	$	(0.13)	$	0.06

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

VISTA GOLD CORP. (An Exploration Stage Enterprise)
CONSOLIDATED STATEMENTS OF DEFICIT — UNAUDITED

(U.S. dollars in thousands)	Three Months Ended June 30, 2010	Three Months Ended June 30, 2009	Six Months Ended June 30, 2010	Six Months Ended June 30, 2009
Deficit, beginning of period	$ (194,758)	$ (192,997)	$ (193,059)	$ (191,117)
Net loss	(4,152)	3,890	(5,851)	2,010
Deficit, end of period	$ (198,910)	$ (189,107)	$ (198,910)	$ (189,107)

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

VISTA GOLD CORP. (An Exploration Stage Enterprise)
CONSOLIDATED STATEMENTS OF CASH FLOWS — UNAUDITED

(U.S. dollars in thousands)	Three Months Ended June 30, 2010	Three Months Ended June 30, 2009	Six Months Ended June 30, 2010	Six Months Ended June 30, 2009	Cumulative during Exploration Stage
Cash flows from operating activities:					
Earnings/(Loss) for the period - continuing operations	$ (4,152)	$ 3,890	$ (5,851)	$ 2,010	$ (33,155)
Adjustments to reconcile loss for the period to cash provided by / (used in) operations:					
Depreciation and amortization	60	62	132	114	787
Stock-based compensation	69	115	144	240	6,702
(Gain)/loss on disposal of marketable securities - Note 7	-	(6,822)	(213)	(6,815)	(7,537)
Loss on early extinguishment of convertible notes	1,981	-	1,981	-	1,444
Future income tax (benefit)/expense	7	989	27	781	(74)
Accretion of convertible notes	212	265	492	525	2,399
Accrued interest	323	322	599	641	3,018
Write-down of marketable securities	-	11	-	123	849
Loss on sale of mineral property		131		131	263
Other non-cash items	-	-	-	-	1,528
Change in operating assets and liabilities:					
Interest paid	(1,150)	(1,500)	(1,150)	(1,500)	(6,436)
Other current assets	(179)	(188)	(434)	(146)	(1,205)
Accounts payable, accrued liabilities and other	168	(318)	-	(329)	(838)
Net cash used in operating activities	(2,661)	(3,043)	(4,273)	(4,225)	(32,255)
Cash flows from investing activities:					
Acquisition of marketable securities	(7)	-	(7)	-	(1,072)
Proceeds from sale of marketable securities	-	9,016	228	9,034	10,372
Short-term investments	-	-	250	-	-
Additions to mineral properties, net of cost recoveries - Note 6	(3,415)	(728)	(5,467)	(1,639)	(34,399)
Additions to plant and equipment - Note 5	(110)	(115)	(180)	(324)	(19,298)
Proceeds on disposal of mineral properties	-	188	-	188	188
Proceeds on disposal of plant and equipment	-	-	-	-	52
Cash transferred to Allied Nevada Gold Corp., net of receivable	-	-	-	-	(24,517)
Net cash used in investing activities	(3,532)	8,361	(5,176)	7,259	(68,674)
Cash flows from financing activities:					
Net proceeds from equity financings	-	-	-	-	74,787
	(2,233)	-	(2,233)	-	(3,099)

Early extinguishment of convertible notes - Note 7										
Proceeds from exercise of warrants		-		-		-		-		39,020
Proceeds from exercise of stock options		-		-		-		-		3,039
Issuance of convertible notes, net of issuance costs		-		-		-		-		28,345
Prepaid transaction costs		-		-		-		-		(1,841)
Net cash provided by financing activities		(2,233)		-		(2,233)		-		140,251
Increase/(decrease) in cash and cash equivalents - continuing operations		(8,426)		5,318		(11,682)		3,034		39,322
Increase/(decrease) in cash and cash equivalents - discontinued operations		-		-		-		-		(23,270)
Net increase/(decrease) in cash and cash equivalents		(8,426)		5,318		(11,682)		3,034		16,052
Cash and cash equivalents, beginning of period - continuing operations		25,152		10,982		28,408		13,266		674
Cash and cash equivalents, end of period	$	16,726	$	16,300	$	16,726	$	16,300	$	16,726
Supplemental cash flow information - Note 14										

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

C-40

VISTA GOLD CORP. (AN EXPLORATION STAGE ENTERPRISE)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED
(All amounts in tables are in thousands of US Dollars, except per share amounts and number of shares, unless noted otherwise)

1. General

The consolidated interim financial statements of Vista Gold Corp. (an Exploration Stage Enterprise) (collectively, "Vista", the "Corporation", "we", "our" or "us"), as of June 30, 2010 have been prepared by us without audit and do not inclu all of the disclosures required by generally accepted accounting principles in Canada for annual financial statements. As described in Note 16, generally accepted accounting principles in Canada differ in certain material respects from generally accepted accounting principles in the United States. In the opinion of management, all of the adjustments necessary to fairly present the interim financial information set forth herein have been made. These adjustments are of a normal and recurring nature. The results of operations for interim periods are not necessarily indicative of the operating results of a full year or of future years. These interim financial statements should be read in conjunction with the financial statements and related footnotes included in our Annual Report on Form 10-K for the year ended December 31, 2009.

2. Nature of operations, liquidity risk and recent accounting pronouncements

Nature of operations

We evaluate, acquire and explore gold exploration and potential development projects. 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 reengineering the operating assumptions underlying previous engineering work.

We are continuing to move our more advanced projects through advanced and pre-feasibility studies in preparation for mine development so that production decisions can be made on those projects.

Although we have reviewed and are satisfied with the title for all mineral properties in which we have a material interest, there is no guarantee that title to such concessions will not be challenged or impugned.

Liquidity risk

Our consolidated interim financial statements have been prepared on a going concern basis and contemplate the realization of assets and the settlement of liabilities in the normal course of operations. Liquidity risk is the risk that we will be unable to meet our financial obligations as and when they fall due.

As of June 30, 2010, we had cash and cash equivalents of $16.726 million. The principal balance owing on our senior secured convertible notes (the "Notes") is $23.0 million ($30.0 million prior to the repurchase of $1.333 million with cash in July 2009 and $5.667 million with a combination of cash and Common Shares in May 2010) (see Note 7, below), which is due on March 4, 2011. At present, we do not have sufficient cash and cash equivalents to meet this obligation. In connection with the issuance of the Notes (as defined in Note 7 to these consolidated interim financial statements), we granted a pledge over the assets and mining concessions related to the Paredones Amarillos gold project (collectively, the "Pledged Assets"). We are currently examining potential alternatives for raising the additional capital needed to meet our repayment obligations under the Notes, which could include public or private debt or equity financings, or project financing if and when the Change of Forest Land Use Permit ("CUSF") is obtained for the

Paredones Amarillos gold project. We may also consider potential renegotiation of the terms of the original Notes. While we have been successful in the past with raising funds through equity and debt financings, and even though the current sustained high gold prices have increased investor interest in the gold market, and we currently have a shelf-registration effective in order to expedite the completion of any public equity offering, no assurances can be given that we will be successful in raising sufficient funds in the future to repay our obligations under the Notes.

In the event that our efforts do not generate adequate additional financing, or the renegotiation of the terms of the Notes does not prove successful, we will not have sufficient cash or cash equivalents to repay the Notes. However, the Notes are secured only by the Pledged Assets. In the event that we cannot raise sufficient capital to repay our obligations under the Notes, the holders of the Notes are entitled to require that possession of the Pledged Assets be transferred to them (or a company appointed by them) and to seek court approval for the sale of the Pledged Assets. Any proceeds received by the holders of the Notes from the sale of the Pledged Assets would be applied to any principal and interest owing by the Corporation under the Notes, with the Corporation continuing to be obligated to repay any remaining balance owing under the Notes on an unsecured basis. The assets of the Paredones Amarillos gold project have a total carrying value of $36.755 million as at June 30, 2010 (see Notes 5 and 6), of which $17.187 million relates to plant and equipment stored in Canada to be used at the Paredones Amarillos gold project.

VISTA GOLD CORP. (AN EXPLORATION STAGE ENTERPRISE)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED
(All amounts in tables are in thousands of US Dollars, except per share amounts and number of shares, unless noted otherwise)

Recent accounting pronouncements

In January 2009, the CICA issued Handbook Section 1582, “Business Combinations” (“Section 1582”). Section 1582 requires all assets and liabilities of an acquired business to be recorded at fair value at acquisition. Obligations for contingent considerations and contingencies are also to be recorded at fair value at the acquisition date. The standard also states that acquisition–related costs will be expensed as incurred and that restructuring charges will be expensed in the periods after the acquisition date. Section 1582 applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period on or after January 1, 2011. The adoption of Section 1582 is not expected to impact our financial position or results of operations.

In January 2009, the CICA issued Handbook Section 1601, “Consolidations” (“Section 1601”), and Section 1602, “Non-controlling Interests” (“Section 1602”). Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. These standards apply to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. The adoption of Section 1601 is not expected to impact our financial position or results of operations.

3. Amayapampa disposal consideration

On April 7, 2008, we entered into an agreement to dispose of our wholly-owned subsidiary Vista Gold (Antigua) Corp. (“Vista Gold Antigua”) to Republic Gold Limited (“Republic”). Vista Gold Antigua indirectly held our interest in the Amayapampa gold project in Bolivia. Under the terms of the transaction, Republic agreed to pay to us, $3.0 million in three payments of $1.0 million. The first of these payments will be due and payable upon the start of Commercial Production (as defined in the purchase and sale agreement) at the Amayapampa gold project followed by $1.0 million payments on each of the first and second anniversaries of the start of Commercial Production. In addition, Republic agreed to pay to us a net smelter return royalty (“NSR”) on the gold produced by or on behalf of Republic from the Amayapampa gold project in varying percentages depending on the price of gold per ounce. When gold is between $500.01 and $650.00 per ounce, a 2% NSR is payable; when the price of gold is between $650.01 and $750.00 per ounce, a 3% NSR is payable; and when the price of gold is $750.01 per ounce and above, an NSR of 3.5% is payable. The NSR is capped at 720,000 gold equivalent ounces and no NSR payments are due to us if the gold price is below $500 per ounce. The fair value of the consideration received on the disposal of the Amayapampa gold project has been estimated at $4.813 million using probability weighted cash flow scenarios and assumptions including future gold prices, estimated gold production and the timing of commencement of Commercial Production. These inputs in the “income approach” valuation model used by us are considered to be level three unobservable inputs as defined by CICA 3862 “Financial Instruments – Disclosures”. These are our own assumptions based on management’s best estimates and the best information available at the time.

4. Marketable securities

	At June 30, 2010			At December 31, 2009		
	Cost	Unrealized gain/(loss)	Fair value	Cost	Unrealized gain/(loss)	Fair value
Esperanza Silver Corp.	10	101	111	10	101	111
Black Isle Resources	12	(1)	11	12	16	28

Nevgold Resources Corp.	87	154	241	87	69	156
Other	358	204	562	365	490	855
	$ 467	$ 458	$ 925	$ 474	$ 676	$ 1,150

VISTA GOLD CORP. (AN EXPLORATION STAGE ENTERPRISE)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED
(All amounts in tables are in thousands of US Dollars, except per share amounts and number of shares, unless noted otherwise)

5. Mineral properties

	2009 December 31, net balance	Acquisition costs	Option payments	2010 Exploration & land costs	Capitalized interest	Capitalized stock based compensation	Year to date activity	June 30, ending balance
Long Valley, United States	978	-	-	1	-	-	1	979
Yellow Pine, United States	984	-	-	125	-	-	125	1,109
Paredones Amarillos, Mexico	14,650	-	-	1,805	2,109	61	3,975	18,625
Guadalupe de los Reyes, Mexico	3,275	-	-	-	-	-	-	3,275
Awak Mas, Indonesia	3,975	-	-	2	-	-	2	3,977
Mt. Todd, Australia	14,616	-	-	3,649	-	24	3,673	18,289
Other	218	-	50	-	-	-	50	268
	$ 38,696	$ -	$ 50	$ 5,582	$ 2,109	$ 85	$ 7,826	$ 46,522

The recoverability of the carrying values our mineral properties is dependent upon the successful start-up and commercial production from, or the sale or lease of, these properties, and upon economic reserves being discovered or developed on the properties. Development and/or start-up of any of these projects will depend, among other things, on management's ability to raise additional capital for these purposes. Although we have been successful in raising such capital in the past, there can be no assurance that we will be able to do so in the future.

We have determined that no impairment provision is required. A write-down in the carrying values of one or more of our mineral properties may be required in the future as a result of events and circumstances, such as our inability to obtain all the necessary permits, changes in the legal status of our mineral properties, government actions, the results of technical evaluation and changes in economic conditions including the price of gold and other commodities or input prices. We regularly evaluate the carrying value of our mineral properties to determine if impairment is required in view of such factors.

6. Property, plant and equipment

	June 30, 2010			December 31, 2009		
	Cost	Accumulated Depreciation and Write-downs	Net	Cost	Accumulated Depreciation and Write-downs	Net
Paredones Amarillos, Mexico	18,178	48	18,130	18,173	35	18,138
Awak Mas, Indonesia	118	91	27	118	89	29
Mt. Todd, Australia	1,005	401	604	833	321	512
Corporate, United States	311	276	35	311	243	68

	$	19,612	$	816	$	18,796	$	19,435	$	688	$	18,747

7. Brokered private placement of convertible notes

On March 4, 2008, we completed a private placement in which we issued and sold $30 million in aggregate principal amount of senior secured convertible notes (the "Notes"). The Notes were issued on March 4, 2008 and mature at face value on March 4, 2011 (the "Maturity Date"). The Notes pay interest of 10% per annum. Interest is payable each year in two installments on June 15 and December 15, and the principal is payable on the Maturity Date.

The Notes are convertible at the holder's or issuer's discretion in accordance with the terms of the Notes. The holder can convert all or part of the debt underlying the Notes at any time prior to the Maturity Date or the business day immediately preceding the Redemption Date (as defined below) at a price of $6.00 per Common Share (subsequently adjusted to $4.80 per Common Share, as discussed below), subject to adjustment in certain circumstances. The "Redemption Date" represents the date that the Notes will be redeemed in the event that we redeem the Notes.

Pursuant to the terms of the Notes, on March 4, 2009, the conversion price of the Notes was automatically adjusted from $6.00 per Common Share to $4.80 per Common Share. As of June 30, 2010, our Common Share price was below the $4.80 conversion price.

Simultaneously with the issuance of the Notes, we issued to Casimir Capital LP 200,000 Common Share purchase warrants with an exercise price of $6.00 per warrant and an expiration date of March 4, 2011, as partial consideration for acting as agent for the transaction. We also paid to Casimir Capital a cash fee of $1.2 million, being 4% of the gross proceeds of the offering of the Notes. The warrants provide for cashless exercise if the market price of our Common Shares is above the exercise price of the warrants. In addition, the exercise price is subject to standard anti-dilution adjustment provisions.

The Notes have been accounted for in accordance with Emerging Issues Committee Abstract No. (“EIC”) 164, “Convertible and other Debt Instruments with Embedded Derivatives”. Under EIC 164, the fair value of the conversion feature is recorded as equity. The issuance date fair value of the conversion feature was estimated to be $6.8 million and was classified as the equity component of convertible notes with the residual balance of $23.2 million being recorded as the fair value of our obligation to make principal and interest payments and has been classified as long-term debt. The total fees of $1,988,000 related to the issuance of the Notes have been allocated pro-rata between debt issuance costs of $1,531,000 and equity issuance costs of $457,000.

On May 20, 2010, we entered into a Notes Repurchase Agreement (the “Agreement”) with Whitebox Advisors LLC (“Whitebox”) whereby we agreed to repurchase Whitebox’s remaining Notes.

Pursuant to the Agreement, we agreed to repurchase Notes in the principal amount of $5,667,000 (carrying value of $5,155,989) and to settle interest payable through maturity on the Notes of $690,572. We agreed to pay Whitebox $2,232,798 in cash and 1,902,684 in Common Shares in the capital of the Corporation as consideration for the Notes and interest payable of $6,357,572, in aggregate. The Common Shares issued were based on a share price of $2.15. We allocated the consideration paid on the repurchase of the Notes to the liability and equity elements of the security based on their relative fair values at the date of the transaction as is required under EIC 96, “Accounting for the Early Extinguishment of Convertible Securities Through (1) Early Redemption or Repurchase and (2) Induced Early Conversion,” ("EIC 96"). A loss of $1,981,000 was recorded in our Consolidated Statement of Earnings and (Loss) as a result of the Notes repurchase. As a result of the completion of the Agreement, 4.792 million Common Shares are issuable upon conversion of the remaining Notes.

On July 14, 2009, we entered into Note Repurchase Agreements (the “Whitebox Repurchase Agreements”) with each of Whitebox Combined Partners, LP (“Whitebox Combined Partners”), Whitebox Convertible Arbitrage Partners, LP (“Whitebox Convertible Arbitrage”) and Whitebox Special Opportunities Fund Series B Partners, LP (“Whitebox Special Opportunities”) whereby we agreed to repurchase their respective Notes.

Pursuant to the Whitebox Repurchase Agreements, we agreed to repurchase $1,333,000 (carrying value of $1,102,932) Notes (i) in the principal amount of $504,000 from Whitebox Combined Partners for an aggregate purchase price, including interest, of $331,800; (ii) in the principal amount of $510,000 from Whitebox Convertible Arbitrage for an aggregate purchase price, including interest, of $335,750; and (iii) in the principal amount of $319,000 from Whitebox Special Opportunities for an aggregate purchase price, including interest, of $210,008, based on a settlement date of July 14, 2009. We allocated the consideration paid on the repurchase of the Notes to the liability and equity elements of the security based on their relative fair values at the date of the transaction as is required under EIC 96. A gain of $537,000 was recorded in our Consolidated Statement of Earnings and (Loss) as a result of the Notes repurchase.

We capitalize interest and accretion based on expenditures on qualifying assets. As of June 30, 2010, we had qualifying expenditures of approximately $17.5 million related to the equipment purchase and drilling expenditures for the Paredones Amarillos gold project. As of December 31, 2009, we had utilized all the cash received for the Paredones Amarillos gold project.

VISTA GOLD CORP. (AN EXPLORATION STAGE ENTERPRISE)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED
(All amounts in tables are in thousands of US Dollars, except per share amounts and number of shares, unless noted otherwise)

A reconciliation of the carrying value of the long-term liability portion of the Notes is as follows:

Principal amount of the Notes	$ 30,000
Issuance costs allocated to long-term liabilities	(1,531)
Conversion feature allocated to equity before issuance costs	(6,755)
Carrying value of the Notes upon issuance	21,714
Repurchase of $1.3 million of convertible notes	(1,103)
Repurchase of $5.7 million of convertible notes	(5,156)
Accretion expense	5,721
Carrying value of the Notes at June 30, 2010	$ 21,176

8. Capital stock

	Number of shares issued	Capital stock
As of December 31, 2009	44,679,024	$ 245,964
Early extinguishment of convertible notes	1,581,488	5,491
Interest payment on extinguished convertible notes	321,196	604
Issued during the six months ended June 30, 2010	1,902,684	6,095
As of June 30, 2010	46,581,708	$ 252,059

On May 20, 2010, we issued an aggregate of 1,902,684 Common Shares as partial consideration for the repurchase of Notes, including interest payable through to the Maturity Date (see Note 7).

9. Options to purchase Common Shares

Under our Stock Option Plan (the "Plan"), we may grant options to our directors, officers, employees and consultants or our subsidiaries. The maximum number of our Common Shares that may be reserved for issuance under the Plan is a variable number equal to 10% of the issued and outstanding Common Shares on a non-diluted basis. Under the Plan, the exercise price of each option shall not be less than the market price of our Common Shares on the date preceding the date of grant, and an option's maximum term is 10 years or such other shorter term as stipulated in a stock option agreement between us and the optionee. Options under the Plan are granted from time to time at the discretion of the Board of Directors, with vesting periods and other terms as determined by the Board.

The fair value of stock options granted to employees and directors was estimated at the grant date using the Hull-White trinomial lattice option pricing model, using the following weighted average assumptions:

	June 2010	June 2009
Expected volatility	81.86%	N/A
Risk-free interest rate	2.16%	N/A
Expected lives (years)	5	N/A

Dividend yield	N/A	N/A

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Expected price volatility is based on the historical volatility of our Common Shares. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore, the existing models do not necessarily provide a reliable measure of the fair value of our stock options. The expected term of the options granted is derived from the output of the option pricing model and represents the period of time that the options granted are expected to be outstanding. The risk-free rate for the periods within the contractual term of the option is based on the U.S. Treasury yield curve in effect at the date of grant.

VISTA GOLD CORP. (AN EXPLORATION STAGE ENTERPRISE)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED
(All amounts in tables are in thousands of US Dollars, except per share amounts and number of shares, unless noted otherwise)

A summary of option activity under the Plan as of June 30, 2010, and changes during the six-month period then ended is set forth in the following table:

	Number of Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding - December 31, 2009	2,788,145	$ 3.75	3.43	$ 534
Outstanding - March 31, 2010	2,788,145	$ 3.75	3.19	$ 170
Granted	60,000	$ 2.24		
Expired	(9,484)	2.15		
Outstanding - June 30, 2010	2,838,661	$ 3.73	2.99	$ -
Exercisable - June 30, 2010	2,403,661	$ 4.07	2.77	$ -

A summary of the fair-value changes included in stock options within Shareholders' Equity as of June 30, 2010 is set forth in the following table:

	Fair Value
As of December 31, 2009	$ 4,818
Expensed	75
Capitalized as mineral properties	22
As of March 31, 2010	$ 4,915
Expensed	69
Capitalized as mineral properties	63
Expired	(20)
As of June 30, 2010	$ 5,027

The total number of stock options outstanding at the end of the quarter is 2,838,661 with exercise prices ranging from approximately $1.77 to $7.45 and remaining lives ranging from 0.35 to 4.87 years. The total number of options outstanding represents 6.1% of our issued and outstanding capital.

A summary of the status of our unvested stock options as of June 30, 2010, is set forth below:

	Number of Shares	Weighted-Average Grant Date Fair Value
Unvested - December 31, 2009	430,000	$ 0.92

Vested	(25,000)		1.06
Unvested - March 31, 2010	405,000	$	0.91
Granted	30,000		1.17
Unvested - June 30, 2010	435,000	$	0.93

As of June 30, 2010, there was $80,065 of unrecognized compensation expense related to the unvested portion of options outstanding. This expense is expected to be recognized over a weighted-average period of 0.42 years.

C-46

VISTA GOLD CORP. (AN EXPLORATION STAGE ENTERPRISE)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED
(All amounts in tables are in thousands of US Dollars, except per share amounts and number of shares, unless noted otherwise)

10. Contributed surplus

	June 30, 2010	December 31, 2009
Balance, beginning of year	$ 1,848	$ 1,387
Early extinguishment of convertible notes—Note 7	$ 766	$ -
Cancelled options	-	14
Expired options—Note 9	20	447
Balance, end of period	$ 2,634	$ 1,848

On May 20, 2010, we completed the Agreement to repurchase Notes in the principal amount of $5,667,000 and interest payable through maturity of $690,572 (see Note 7). Upon completion of the Agreement, the carrying value of the equity portion of the extinguished Notes exceeded the fair value of the equity portion by $766,000 resulting in an increase to our contributed surplus account.

11. Accumulated other comprehensive income

A reconciliation of the amounts contained in accumulated other comprehensive income is as follows:

	Accumulated other comprehensive income, before tax	Accumulated other comprehensive income, net of tax
As of December 31, 2009	$ 676	$ 575
Increases to fair market value during period	51	45
Decreases due to realization of gain	(213)	(187)
As of March 31, 2010	$ 514	$ 433
Decreases to fair market value during period	(56)	(49)
As of June 30, 2010	$ 458	$ 384

12. Financial instruments

Financial assets and financial liabilities are classified into one of five categories: held-to-maturity, available-for-sale, held-for-trading, loans and receivables and other financial liabilities.

All financial instruments classified as available-for-sale or held-for-trading are subsequently measured at fair value. Changes in the fair value of financial instruments designated as held-for-trading are charged or credited to the statement of loss for the relevant period, while changes in the fair value of financial instruments designated as available-for-sale, excluding impairments, are charged or credited to other comprehensive income until the instrument is realized. All other financial assets and liabilities are accounted for at cost or at amortized cost depending upon the nature of the instrument. After their initial fair value measurement, they are measured at amortized cost using the effective interest rate method.

VISTA GOLD CORP. (AN EXPLORATION STAGE ENTERPRISE)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED
(All amounts in tables are in thousands of US Dollars, except per share amounts and number of shares, unless noted otherwise)

Financial Assets

The carrying amounts and fair values of financial assets are as follows:

		June 30, 2010		December 31, 2009	
	Category	Estimated Fair Value	Carrying Value	Estimated Fair Value	Carrying Value
Cash and cash equivalents	Loans and receivables	$ 16,726	$ 16,726	$ 28,408	$ 28,408
Accounts receivable (1)	Loans and receivables	562	562	24	24
Amayapampa disposal consideration	Held-for-trading	4,813	4,813	4,813	4,813
Marketable securities (2)	Available-for-sale	925	925	1,150	1,150
Total financial assets		$ 23,026	$ 23,026	$ 34,395	$ 34,395

(1) Carrying amount is a reasonable approximation of fair value.

(2) The fair value represents quoted market prices in an active market.

Financial liabilities

The carrying amounts and fair values of financial liabilities are as follows:

		June 30, 2010		December 31, 2009	
	Category	Estimated Fair Value	Carrying Value	Estimated Fair Value	Carrying Value
Accounts payable and accrued liabilities (1)	Other financial liabilities	$ 1,070	$ 1,070	$ 926	$ 926
Other long-term liabilities	Other financial liabilities	228	228	228	228
Convertible notes (2)	Other financial liabilities	21,484	21,176	26,678	24,939
Total financial liabilities		$ 22,782	$ 22,474	$ 27,832	$ 26,093

(1) Carrying amount is a reasonable approximation of fair value.

(2) The carrying value of the convertible notes is being accreted to their maturity value over their expected life using the effective interest rate method.

Financial instrument risk exposure and risk management

We are exposed in varying degrees to a variety of financial instrument related risks. Management approves and monitors the risk management processes. The types of risk exposure and the way in which such exposures are managed are as follows:

Credit risk

Our credit risk is primarily attributable to our cash and cash equivalents. We monitor our cash and cash equivalents in order to limit our exposure to credit risk.

Liquidity risk

Our objective is that there is sufficient capital in order to meet short term business requirements, after taking into account our holdings of cash and cash equivalents and cash flows from financing activities. Our cash and cash equivalents are held in interest-bearing liquid savings accounts. Please see Note 2 for further discussion regarding our liquidity risk.

Market risk

The significant market risk exposure to which we are exposed is interest rate risk. Our policy is to invest cash at floating rates of interest in short-term, highly liquid cash savings accounts in order to maintain liquidity. Fluctuations in interest therefore have little impact on the value of cash equivalents and short term investments. With respect to financial liabilities, the Notes are not subject to interest rate risk because they bear interest at a fixed rate.

13. Capital disclosures

Our objectives when managing capital are to safeguard our access to sufficient funding as needed to continue our development of mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable level of risk.

In the management of capital, we include the components of shareholders' equity and debt. We manage our capital structure and make adjustments in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust our capital structure, we may issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of our investments. We had no restrictions or covenants on our capital structure as of June 30, 2010. Please see Note 2 for further discussion regarding our management of capital.

In order to facilitate the management of our capital requirements, we prepare annual expenditure budgets which project expected cash and debt positions over several years and which are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The annual and updated budgets are approved by the board of directors (the "Board of Directors" or the "Board").

In order to maximize cash available for our development efforts, we do not pay dividends. Our cash investment policy is to invest our cash in highly liquid short-term interest-bearing investments with maturities of three months or less when acquired, selected with regards to the expected timing of expenditures from operations.

14. Supplemental cash flow information

Significant non-cash transactions during the six months ended June 30, 2010 include the issuance of 1,902,684 Common Shares as partial consideration for the repurchase of Notes in the principal amount of $5,667,000 and interest payable through to the Maturity Date of $690,572 (Note 7).

There were no other significant non-cash transactions during the six-month period ended June 30, 2009.

15. Geographic and segment information

We evaluate, acquire and explore gold exploration and potential development projects. These activities are focused principally in Mexico, Australia, North America and Indonesia. We reported no revenues in the six-month period ended June 30, 2010, or for the same period in 2009. Geographic segmentation of mineral properties and plant and equipment is provided in Notes 5 and 6.

16. Differences between Canadian and United States generally accepted accounting principles

We prepare our financial statements in accordance with accounting principles generally accepted in Canada, which differ in some respects from those in the United States. The significant differences between generally accepted accounting principles ("GAAP") in Canada and in the United States, as they relate to these financial statements, are as follows:

(a) In accordance with U.S. GAAP, exploration, mineral property evaluation and holding costs are expensed as incurred. When proven and probable reserves are determined for a property and a bankable feasibility study is completed, then subsequent development costs on the property would be capitalized. Total capitalized cost of such properties is measured periodically for recoverability of carrying value under Accounting Standards Codification (“ASC”) 360 Property, Plant and Equipment. Under Canadian GAAP, all such costs are permitted to be capitalized.

(b) Under Canadian corporate law, we underwent a capital reduction in connection with the amalgamation of Granges, Inc. (“Granges”) and Hycroft Resources & Development, Inc. whereby share capital and contributed surplus were reduced to eliminate the consolidated accumulated deficit of Granges as of December 31, 1994, after giving effect to the estimated costs of amalgamation. Under U.S. corporate law, no such transaction is available and accordingly is not allowed under U.S. GAAP.

(c) In accordance with U.S. GAAP (ASC 718 Compensation Stock Expenses), the fair value of all options granted after January 1, 2006 is calculated at the date of grant and expensed over the expected vesting period. On transition to this new standard, the unvested portion of options granted to employees before January 1, 2006 is expensed over the remaining vesting period using the fair value on the date of grant. Prior to January 1, 2006, we did not record any compensation cost on the granting of stock options to employees and directors as the exercise price was equal to or greater than the market price at the date of grants for U.S. GAAP purposes under APB Opinion No. 25. ASC 718 Compensation Stock Expenses essentially aligns U.S. GAAP with Canadian GAAP for accounting for stock-based compensation.

VISTA GOLD CORP. (AN EXPLORATION STAGE ENTERPRISE)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED
(All amounts in tables are in thousands of US Dollars, except per share amounts and number of shares, unless noted otherwise)

(d) In accordance with U.S. GAAP, the entire amount of convertible debt is classified as a liability and recorded at fair value on the date of issuance. Under Canadian GAAP, the fair value of the conversion feature of the convertible debt is classified as equity and the residual balance is classified as a liability. Under Canadian GAAP a portion of the debt issuance costs were allocated to equity. Under U.S. GAAP all issuance costs were allocated to debt. The liability portion is accreted each period in amounts which will increase the liability to its full face amount of the convertible instrument as of the maturity date. In accordance with U.S. GAAP (ASC 470 Debt) the early extinguishment of debt was accounted for as an inducement with the full amount of gain or loss calculated upon the date of extinguishment being allocated to the liability portion and accordingly shown on the Consolidated Statements of Loss. Under Canadian GAAP, the early extinguishment was accounted for under EIC 96 with the gain or loss calculated upon the date of extinguishment being allocated to debt and equity with the equity portion being accounted for as an addition to or reduction of contributed surplus.

(e) In accordance with U.S. GAAP (ASC 740 Income Taxes), the reversal of a valuation allowance which is directly related to the gain or loss of available-for-sale securities, when a corporation has no expectations of taxable income in future periods, is recorded in other comprehensive income/(loss). Under Canadian GAAP, we adopted EIC 172 "Income Statement Presentation of a Tax Loss Carryforward Recognized Following an Unrealized Gain Recorded in Other Comprehensive Income," effective September 30, 2008. This standard requires the recognition of the tax benefit or loss of previously unrecognized tax loss carryforwards associated with the unrealized holding gains and losses of available-for-sale securities to be recognized in net income or net loss. This abstract required retrospective restatement of all prior periods beginning with January 1, 2007. The adoption of EIC 172 resulted in a future income tax expense being recorded as part of our Net Loss, whereas under ASC 740 Income Taxes, the future income tax expense would be recorded as part of our Comprehensive Loss.

The significant differences in the consolidated statements of loss and comprehensive loss relative to U.S. GAAP were:

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS - UNAUDITED

	Three Months Ended June 30,		Six Months Ended June 30,		Cumulative during Exploration Stage
	2010	2009	2010	2009	
Net earnings/(loss) – Canadian GAAP	$ (4,152)	$ 3,890	$ (5,851)	$ 2,010	$ (50,034)
Exploration, property evaluation and holding costs - continuing operations(a)	(3,643)	(756)	(5,667)	(1,698)	(24,246)
Exploration, property evaluation and holding costs - discontinued operations(a)	-	-	-	-	4,016
Interest accretion on convertible notes (d)	212	265	492	525	2,398
Amortization of debt issuance costs (d)	(51)	(71)	(116)	(133)	(613)
Future income tax benefit/(expense) (e)	7	989	27	781	(74)
Loss on early extinguishment of convertible notes (d)	416	-	416	-	294
Financing costs	-	-	-	-	(222)
Stock-based compensation expense (c)	-	-	-	-	2,251

Beneficial conversion feature		-		-		-		-		(2,774)
Gain on sale of Amayapampa		-		-		-		-		2,124
Net earnings/(loss) – U.S. GAAP		(7,211)		4,317		(10,699)		1,485		(66,880)
Unrealized gain/(loss) on marketable securities (e)		(56)		(6,589)		(218)		(5,199)		(7,127)
Comprehensive loss – U.S. GAAP	$	(7,267)	$	(2,272)	$	(10,917)	$	(3,714)	$	(74,007)
Basic and diluted loss per share – U.S. GAAP	$	(0.16)	$	0.13	$	(0.23)	$	0.04		

VISTA GOLD CORP. (AN EXPLORATION STAGE ENTERPRISE)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED
(All amounts in tables are in thousands of US Dollars, except per share amounts and number of shares, unless noted otherwise)

The significant differences in the consolidated statements of cash flows relative to U.S. GAAP were:

CONSOLIDATED STATEMENTS OF CASH FLOWS - UNAUDITED

	Three Months Ended June 30, 2010	Three Months Ended June 30, 2009	Six Months Ended June 30, 2010	Six Months Ended June 30, 2009	Cumulative during Exploration Stage
Cash flows from operating activities, Canadian GAAP	$ (2,661)	$ (3,043)	$ (4,273)	$ (4,225)	$ (32,255)
Additions to mineral properties, net (a)	(3,477)	(688)	(5,501)	(1,630)	(25,569)
Cash flows from operating activities, U.S. GAAP	(6,138)	(3,731)	(9,774)	(5,855)	(57,824)
Cash flows from investing activities, Canadian GAAP	(3,532)	8,361	(5,176)	7,259	(68,674)
Additions to mineral properties, net (a)	3,477	688	5,501	1,630	25,569
Cash flows from investing activities, U.S. GAAP	(55)	9,049	325	8,889	(43,105)
Cash flows from financing activities, Canadian GAAP	(2,233)	-	(2,233)	-	140,251
Cash flows from financing activities, U.S. GAAP	(2,233)	-	(2,233)	-	140,251
Net increase/(decrease) in cash and cash equivalents - continuing operations	(8,426)	5,318	(11,682)	3,034	39,322
Net increase/(decrease) in cash and cash equivalents - discontinued operations	-	-	-	-	(23,270)
Net increase/(decrease) in cash and cash equivalents	(8,426)	5,318	(11,682)	3,034	16,052
Cash and cash equivalents, beginning of period	25,152	10,982	28,408	13,266	674
Cash and cash equivalents, end of period	$ 16,726	$ 16,300	$ 16,726	$ 16,300	$ 16,726

The significant differences in the consolidated balance sheets as at June 30, 2010, and December 31, 2009, relative to U.S. GAAP were:

CONSOLIDATED BALANCE SHEETS - UNAUDITED

	June 30, 2010			December 31, 2009		
	Per Cdn. GAAP	Cdn./U.S. Adj.	Per U.S. GAAP	Per Cdn. GAAP	Cdn./U.S. Adj.	Per U.S. GAAP

Current assets	$ 18,594	-	$ 18,594	$ 30,317	$ -	$ 30,317
Property, plant and equipment (a)	65,318	(33,305)	32,013	57,443	(26,944)	30,499
Other assets	4,813	-	4,813	4,813	-	4,813
Total assets	$ 88,725	$ (33,305)	$ 55,420	$ 92,573	$ (26,944)	$ 65,629
Current liabilities	1,070	-	1,070	926	-	926
Convertible notes (d)	21,176	1,433	22,609	24,939	2,904	27,843
Other long-term liabilities	228	-	228	228	-	228
Total liabilities	22,474	1,433	23,907	26,093	2,904	28,997
Capital stock (b,c)	252,059	74,513	326,572	245,964	75,039	321,003
Special warrants	-	222	222	-	222	222
Warrants and options (c)	5,363	406	5,769	5,154	386	5,540
Contributed surplus (b)(d)	2,634	4,032	6,666	1,848	4,818	6,666
Equity component of convertible notes (d)	4,721	(4,721)	-	5,998	(5,998)	-
Other comprehensive income (e)	384	164	548	575	191	766
Deficit (a,b,c,d,e)	(198,910)	(109,354)	(308,264)	(193,059)	(104,506)	(297,565)
Total shareholders' equity	66,251	(34,738)	31,513	66,480	(29,848)	36,632
Total liabilities & shareholders' equity	$ 88,725	$ (33,305)	$ 55,420	$ 92,573	$ (26,944)	$ 65,629

VISTA GOLD CORP. (AN EXPLORATION STAGE ENTERPRISE)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED
(All amounts in tables are in thousands of US Dollars, except per share amounts and number of shares, unless noted otherwise)

In June 2009, the Financial Accounting Standards Board (the "FASB") issued amended standards for determining whether to consolidate a variable interest entity. These new standards amend the evaluation criteria to identify the primary beneficiary of a variable interest entity and require ongoing reassessment of whether an enterprise is the primary beneficiary of the variable interest entity. The provisions of the new standards are effective for annual reporting periods beginning after November 15, 2009 and interim periods within those fiscal years. These standards became effective for us in the first quarter of fiscal 2010. The adoption of the new standards will not have an impact on our consolidated financial position, results of operations and cash flows.

In January 2010, the FASB issued Accounting Standards Update No. 2010-06, "Fair Value Measurements Disclosures," which amends Subtopic 820-10 of the FASB Accounting Standards Codification to require new disclosures for fair value measurements and provides clarification for existing disclosure requirements. More specifically, this update will require (a) an entity to disclose separately the amounts of significant transfers in and out of Levels 1 and 2 fair value measurements and to describe the reasons for the transfers; and (b) information about purchases, sales, issuances and settlements to be presented separately (i.e. present the activity on a gross basis rather than net) in the reconciliation for fair value measurements using significant, unobservable inputs (Level 3 inputs). This update clarifies existing disclosure requirements for the level of disaggregation used for classes of assets and liabilities measured at fair value, and requires disclosure about the valuation techniques and inputs used to measure fair value for both recurring and nonrecurring fair value measurements using Level 2 and Level 3 inputs. We do not anticipate that the adoption of this standard will materially expand our consolidated financial statement footnote disclosures.

The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

In February 2010, the FASB issued Accounting Standards Update No. 2010-09, "Subsequent Events," which amends ASC 855 to address certain implementation issues, including: (1) eliminating the requirement for a filer with the United States Securities and Exchange Commission (the "SEC") to disclose the date through which it has evaluated subsequent events; and (2) refining the scope of the disclosure requirements for reissued financial statements. The provisions of the update will be effective upon issuance. The adoption of the update will not have an impact on our consolidated financial position, results of operations and cash flows.

17. 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 investor relations and corporate finance consulting services. The founder and partner of Sierra is also one of our directors. Under the terms of the agreement, Sierra will provide us with consulting services commencing April 1, 2009 and ending on March 31, 2010, with the agreement continuing thereafter on a month-to-month basis beginning April 1, 2010. Sierra will assist us with our efforts to maintain an investor relations program and provide support and analysis of our general corporate finance and strategy efforts. As compensation for these services, we agreed to pay to Sierra a monthly retainer fee of $10,000 during the term of the agreement and issue to Sierra 60,000 of our stock options. As of June 30, 2010, we had made payments to Sierra under the agreement totaling $150,000; of which $60,000 had been paid during the six-month period ended June 30, 2010, and had issued the 60,000 stock options to Sierra with a recorded expense of $50,386.