

VISTA GOLD CORP
Form 10-K/A
August 12, 2005

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K/A

(Amendment No. 1)

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

For the fiscal year ended December 31, 2004

OR

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

For the transition period from to

Commission File Number 1-9025

VISTA GOLD CORP.

(Exact Name of Registrant as Specified in its Charter)

Yukon Territory
(State or other Jurisdiction of Incorporation or
Organization)

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

None
(IRS Employer
Identification Number)

80127
(Zip Code)

(720) 981-1185
(Registrant's Telephone Number, Including Area Code)

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Securities registered pursuant to Section 12(b) of the Act:

| Title of Each Class | Name of Each Exchange on Which Registered |
|---------------------------------|---|
| Common shares without par value | American Stock Exchange Toronto Stock Exchange |

Securities registered pursuant to Section 12(g) of the Act: **None.**

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K:

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act): Yes No

Aggregate market value of outstanding Common Shares held by non-affiliates:

As of June 30, 2004, being the last business day of the Registrant's most recently completed second fiscal quarter, the aggregate market value of outstanding Common Shares of the registrant held by non-affiliates was approximately \$63,000,000.

Outstanding Common Shares: As of March 31, 2005, 18,218,022 Common Shares of the registrant were outstanding.

Documents incorporated by reference: To the extent herein specifically referenced in Part III, portions of the registrant's definitive Proxy Statement for the 2005 Annual General Meeting of Shareholders. See Part III.

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ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

EXPLANATORY NOTE

Vista Gold Corp. (the Corporation) is filing this Amendment No. 1 on Form 10-K/A (this Amendment) to its Annual Report on Form 10-K for the year ended December 31, 2004, originally filed with the Securities and Exchange Commission (the Commission) on March 31, 2005 (the Original Form 10-K). This Amendment reflects modifications that the Corporation has made in light of comments from the Staff of the Commission in connection with its review of the Original Form 10-K and the Corporation s Quarterly Report on Form 10-Q for the quarter ended March 31, 2005.

Notes 1 and 18 to the Financial Statements, and the Report of the Independent Registered Public Accounting Firm with respect to such Financial Statements, which appear as part of Item 8 in Part II, are amended hereby. In addition, pursuant to Rule 12b-15 under the Securities Exchange Act of 1934, as amended, the certifications pursuant to Section 302 and Section 906 of the Sarbanes-Oxley Act of 2002 filed as exhibits to the Original Form 10-K, have been re-executed as of the date of, and are refilled as part of, this Amendment as Exhibits 31.1, 31.2, 32.1 and 32.2. Finally, an additional Consent of Independent Registered Public Accounting Firm dated August 12, 2005, is filed as part of this Amendment. Item 15 in Part III hereof is accordingly amended.

Except for the items described above or contained in the Amendment, this Amendment continues to speak as of the date of the Original Form 10-K, and does not modify, amend or update in any way the financial statements or any other item or disclosures in the Original Form 10-K.

ITEM 8. CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

Management's Responsibility for Financial Information

To the Shareholders of Vista Gold Corp.

The consolidated financial statements are the responsibility of the Board of Directors and management. The accompanying consolidated financial statements of the Corporation have been prepared by management based on information available through February 16, 2005; these consolidated financial statements are in accordance with Canadian generally accepted accounting principles, and have been reconciled to United States generally accepted accounting principles as presented in Note 18.

A system of internal accounting and administrative controls is maintained by management in order to provide reasonable assurance that financial information is accurate and reliable, and that the Corporation's assets are safeguarded. Limitations exist in all cost-effective systems of internal controls. The Corporation's systems have been designed to provide reasonable but not absolute assurance that financial records are adequate to allow for the completion of reliable financial information and the safeguarding of its assets. The Corporation believes that the systems are adequate to achieve the stated objectives.

The Audit Committee of the Board of Directors is comprised of three outside directors, meets regularly with management to ensure that management is maintaining adequate internal controls and systems and meets regularly with the independent auditors prior to recommending to the Board of Directors approval of the annual and quarterly consolidated financial statements of the Corporation. The committee also meets with the independent auditors and discusses the results of their audit and their report prior to submitting the consolidated financial statements to the Board of Directors for approval.

The consolidated financial statements have been audited by PricewaterhouseCoopers LLP, Chartered Accountants, who were appointed by the shareholders. The auditors' report outlines the scope of their examination and their opinion on the consolidated financial statements.

/s/ Michael B. Richings

Michael B. Richings
President and
Chief Executive Officer
March 28, 2005

/s/ Gregory G. Marlier

Gregory G. Marlier
Chief Financial Officer
March 28, 2005

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Chartered Accountants
PricewaterhouseCoopers Place
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Canada V6C 3S7
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Report of the Independent Registered Public Accounting Firm

To the Shareholders of Vista Gold Corp.

We have audited the accompanying consolidated balance sheets of Vista Gold Corp. as of December 31, 2004 and 2003, and the related consolidated statements of operations and deficit and cash flows for each of the three years in the period ended December 31, 2004 and cumulative during the exploration stage. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Canada and the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Vista Gold Corp. at December 31, 2004 and 2003, and the results of its operations and cash flows for each of the three years in the period ended December 31, 2004 and cumulative during the exploration stage, in conformity with accounting principles generally accepted in Canada.

/s/ PricewaterhouseCoopers LLP

Chartered Accountants

Vancouver, British Columbia

February 11, 2005

Comments by Auditors for United States Readers on Canada-United States Reporting Differences

In the United States, reporting standards for auditors require the addition of an explanatory paragraph (following the opinion paragraph) when there are changes in accounting principles that have a material effect on the comparability of the company's financial statements, such as the changes described in note 2 to the financial statements. Our report to the shareholders dated February 11, 2005 is expressed in accordance with Canadian reporting standards which do not require a reference to such a change in accounting principles in the auditors' report when the change is properly accounted for and adequately disclosed in the financial statements.

/s/ PricewaterhouseCoopers LLP

Chartered Accountants

Vancouver, British Columbia
February 11, 2005

PricewaterhouseCoopers refers to the Canadian firm of PricewaterhouseCoopers LLP and the other member firms of PricewaterhouseCoopers International Limited, each of which is a separate and independent legal entity.

VISTA GOLD CORP. (An Exploration Stage Enterprise)

CONSOLIDATED BALANCE SHEETS

| (U.S. dollars in thousands) | Years ended December 31, | |
|--|--------------------------|-----------|
| | 2004 | 2003 |
| Assets: | | |
| Cash and cash equivalents | \$ 5,916 | \$ 5,520 |
| Marketable securities | 140 | 31 |
| Accounts receivable | 345 | 642 |
| Supplies inventory, prepaids and other | 425 | 292 |
| Current assets | 6,826 | 6,485 |
| Restricted cash - Note 3 | 4,961 | 1,684 |
| Mineral properties - Note 4 | 18,109 | 16,598 |
| Plant and equipment - Note 5 | 1,351 | 1,513 |
| Hycroft reclamation premium costs | 1,541 | |
| | 21,001 | 18,111 |
| Total assets | \$ 32,788 | \$ 26,280 |
| Liabilities and Shareholders Equity: | | |
| Accounts payable | \$ 130 | \$ 26 |
| Accrued liabilities and other | 126 | 382 |
| Current liabilities | 256 | 408 |
| Accrued reclamation and closure costs - Note 7 | 4,188 | 4,169 |
| Total liabilities | 4,444 | 4,577 |
| Capital stock, no par value: - Note 8 | | |
| Preferred - unlimited shares authorized; no shares outstanding | | |
| Common - unlimited shares authorized; shares outstanding: 2004 - 17,961,590 and 2003 - 14,561,832 | 149,747 | 138,458 |
| Warrants - Note 9 | 111 | 456 |
| Options - Note 10 | 1,538 | 41 |
| Contributed surplus | 108 | 13 |
| Deficit | (123,160) | (117,265) |
| Total shareholders equity | 28,344 | 21,703 |
| Total liabilities and shareholders equity | \$ 32,788 | \$ 26,280 |

Commitments and contingencies - Note 12

Subsequent events - Note 20

Approved by the Board of Directors

/s/ John M. Clark

/s/ C. Thomas Ogrzylo

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John M. Clark
Director

C. Thomas Ogryzlo
Director

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

VISTA GOLD CORP. (An Exploration Stage Enterprise)

CONSOLIDATED STATEMENTS OF LOSS

| (U.S. dollars in thousands, except share data) | Years ended December 31, | | | Cumulative during Exploration Stage |
|--|--------------------------|------------|------------|--|
| | 2004 | 2003 | 2002 | |
| Revenues: | | | | |
| Gold Sales | \$ | \$ | \$ | \$ |
| Costs and expenses: | | | | |
| Exploration, property evaluation and holding costs | \$ 1,707 | \$ 990 | \$ 642 | \$ 3,339 |
| Corporate administration and investor relations | 2,116 | 1,626 | 1,232 | 4,974 |
| Depreciation, depletion and amortization | 207 | 212 | 74 | 493 |
| Provision for reclamation and closure costs | | | 1,048 | 1,048 |
| Cost recoveries related to USF&G lawsuit - Note 11 | | | (240) | (240) |
| Interest (income)/expense | (80) | (40) | 14 | (106) |
| Gain on disposal of assets | (8) | | (83) | (91) |
| Other income | (42) | | (22) | (64) |
| Stock-based compensation | 1,019 | 29 | 25 | 1,073 |
| Loss/(gain) on currency translation | | 44 | | 44 |
| Loss/(gain) on disposal of marketable securities | 5 | (149) | | (144) |
| Write-down of marketable securities | | 33 | 85 | 118 |
| Total costs and expenses | 4,924 | 2,745 | 2,775 | 10,444 |
| Net loss | \$ (4,924) | \$ (2,745) | \$ (2,775) | \$ (10,444) |
| Weighted average number of shares outstanding | 15,955,318 | 12,755,672 | 6,760,755 | |
| Basic and diluted loss per share | \$ (0.31) | \$ (0.22) | \$ (0.41) | |

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

VISTA GOLD CORP. (An Exploration Stage Enterprise)

CONSOLIDATED STATEMENTS OF DEFICIT

| (U.S. dollars in thousands) | Years ended December 31, | | |
|--|--------------------------|--------------|--------------|
| | 2004 | 2003 | 2002 |
| Deficit, beginning of period, as previously reported | \$ (117,265) | \$ (114,520) | \$ (111,745) |
| Stock-based compensation - Note 2(m) | (971) | | |
| Deficit, beginning of period, as restated | (118,236) | (114,520) | (111,745) |
| Net loss | (4,924) | (2,745) | (2,775) |
| Deficit, end of period | \$ (123,160) | \$ (117,265) | \$ (114,520) |

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

VISTA GOLD CORP. (An Exploration Stage Enterprise)

CONSOLIDATED STATEMENTS OF CASH FLOWS

| (U.S. dollars in thousands) | Years ended December 31, | | | Cumulative during Exploration Stage |
|---|--------------------------|-----------------|-----------------|--|
| | 2004 | 2003 | 2002 | |
| Cash flows from operating activities: | | | | |
| Loss for the period | \$ (4,924) | \$ (2,745) | \$ (2,775) | \$ (10,444) |
| Adjustments to reconcile loss for the period to cash provided by / (used in) operations: | | | | |
| Depreciation, depletion and amortization | 207 | 212 | 74 | 493 |
| Amortization of reclamation costs | 119 | | | 119 |
| Provision for reclamation and closure costs | | | 1,048 | 1,048 |
| Reclamation and closure costs accrued/(paid), net | 19 | 14 | (27) | 6 |
| Stock based compensation | 1,019 | 29 | 25 | 1,073 |
| Gain on disposal of assets | (8) | | (83) | (91) |
| Cost recoveries related to USF&G lawsuit | | | (240) | (240) |
| Write-down of marketable securities | | 33 | 85 | 118 |
| Loss/(Gain) on sale of marketable securities | 5 | (149) | | (144) |
| Loss on currency translation | | 44 | | 44 |
| Other non-cash items | | 75 | 45 | 120 |
| Change in operating assets and liabilities: | | | | |
| Accounts receivable | 297 | (457) | (5) | (165) |
| Supplies inventory and prepaid expenses | (133) | 50 | (41) | (124) |
| Accounts payable and accrued liabilities | 48 | (114) | (953) | (1,019) |
| Net cash used in operating activities | (3,351) | (3,008) | (2,847) | (9,206) |
| Cash flows from investing activities: | | | | |
| Restricted cash - Note 3 | (3,277) | (1,684) | | (4,961) |
| Acquisition of marketable securities | (53) | (40) | | (93) |
| Proceeds from sale of marketable securities | 8 | 260 | | 268 |
| Additions to mineral properties, net | (1,081) | (1,477) | (1,457) | (4,015) |
| Additions to plant and equipment | (1,705) | (61) | | (1,766) |
| Proceeds on disposal of fixed assets and supplies | 8 | | 246 | 254 |
| Net cash used in investing activities | (6,100) | (3,002) | (1,211) | (10,313) |
| Cash flows from financing activities: | | | | |
| Net proceeds from private placements | 6,033 | 2,873 | 5,773 | 14,679 |
| Proceeds from exercise of warrants - Note 8 | 3,080 | 4,875 | 1,020 | 8,975 |
| Proceeds from the exercise of stock options - Note 8 | 734 | 339 | 34 | 1,107 |
| Net cash provided by financing activities | 9,847 | 8,087 | 6,827 | 24,761 |
| Net increase in cash and cash equivalents | 396 | 2,077 | 2,769 | 5,242 |
| Cash and cash equivalents, beginning of period | 5,520 | 3,443 | 674 | 674 |
| Cash and cash equivalents, end of period | \$ 5,916 | \$ 5,520 | \$ 3,443 | \$ 5,916 |

Supplemental cash flow information - Note 14

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The tabular information set out below is in thousands of United States dollars, except as otherwise stated.

1. *Nature of operations*

The Corporation evaluates, acquires and explores gold exploration and potential development projects. As such, the Corporation is considered an Exploration Stage Enterprise. The Corporation's 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, the Corporation looks for opportunities to improve the value of its gold projects through exploration drilling, and/or reengineering the operating assumptions underlying previous engineering work.

Gold production has gradually declined since mining activities were suspended at the Hycroft mine in 1998. Effective January 1, 2002, gold production is considered incidental and the Corporation stopped reporting the associated sales proceeds as revenue. Based on that, management of the Corporation decided during 2003 that the Corporation was an exploration-stage enterprise. For financial reporting purposes, commencing with the Corporation's audited financial statements for the year ended December 31, 2003, the Corporation was characterized as an exploration-stage enterprise and its consolidated statements of loss, deficit and cash flows include columns showing cumulative amounts during the exploration stage (i.e., from January 1, 2002, the effective date when gold production was considered incidental).

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

2. *Significant accounting policies*

(a) *Generally accepted accounting principles*

The consolidated financial statements of the Corporation and its subsidiaries have been prepared in accordance with accounting principles generally accepted in Canada. For the purposes of these financial statements, these principles conform, in all material respects, with generally accepted accounting principles in the United States, except as described in Note 18.

(b) *Principles of consolidation*

The consolidated financial statements include the accounts of the Corporation and its subsidiaries. All material intercompany transactions and balances have been eliminated. The Corporation's subsidiaries and percentage ownership in these entities as of December 31, 2004 are:

| | Ownership |
|--|-----------|
| Vista Gold Holdings, Inc. and its wholly-owned subsidiaries | 100% |
| Hycroft Resources & Development, Inc. and its wholly-owned subsidiary Hycroft Lewis Mine, Inc. | |
| Vista Gold U.S., Inc. | |
| Vista Nevada Corp. | |
| Idaho Gold Resources LLC | |
| Mineral Ridge Resources, Inc. | |
| Granges Inc. (previously called Granges (Canada) Inc.) | 100% |
| Minera Paredones Amarillos S.A. de C.V. | 100% |
| Vista Gold (Antigua) Corp. and its wholly-owned subsidiary | 100% |
| Compania Inversora Vista S.A. and its wholly-owned subsidiaries | |
| Minera Nueva Vista S.A. | |
| Compania Exploradora Vistex S.A. | |

(c) *Use of estimates*

The preparation of consolidated financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the consolidated financial statements and the reported amount of revenues and expenses during the reporting period. Significant areas requiring the use of estimates include mine closure and reclamation obligations, useful lives for asset depreciation purposes, impairment of mineral properties and the calculation of stock-based compensation. Actual results could differ from these estimates.

(d) *Foreign currency translation*

The Corporation's executive office is located in Littleton, Colorado, where the U.S. dollar is the principal currency of the Corporation's business. Accordingly, all amounts in these consolidated financial statements of the Corporation are expressed in U.S. dollars, unless otherwise stated.

The accounts of integrated foreign operations are translated using the temporal method. Under this method, monetary assets and liabilities are translated at the year-end rate of exchange, non-monetary assets and liabilities are translated at the rates prevailing at the respective transaction dates, and revenue and expenses, except for depreciation, are translated at the average rate of exchange during the year. Translation gains and losses are reflected in the loss for the year.

(e) *Revenue recognition*

Gold production has gradually declined since mining activities were suspended at the Hycroft mine in 1998. Effective at the beginning of fiscal 2002, gold production is considered incidental to the activities at

the Hycroft mine, and reporting the associated sales proceeds as revenue is no longer warranted. Accordingly, proceeds from gold sales are netted against costs.

(f) *Cash and cash equivalents*

Cash and cash equivalents is considered to include cash on hand, demand balances held with banks, money market funds, certificates of deposit and highly liquid deposits with maturities of three months or less when purchased.

(g) *Inventories*

Materials and supplies inventories are carried at the lower of average cost and net realizable value.

(h) *Marketable securities*

Marketable securities are categorized as available for sale and are carried at the lower of cost or quoted market value.

(i) *Mineral properties*

Mineral property acquisition costs and exploration and development expenditures are recorded at cost and are deferred until the viability of the property is determined. No properties have reached the development stage at this time. General overhead, administrative and holding costs to maintain a property on a care and maintenance basis are expensed in the period they are incurred. If a project would be put into production, capitalized costs would be depleted on the unit of production basis.

Option payments and reimbursements received are treated as a recovery of mineral property costs. Option payments are at the discretion of the optionee and accordingly are accounted for on a cash basis or when receipt is reasonably assured.

Management of the Corporation regularly reviews the net carrying value of each mineral property. Where information and conditions suggest impairment, estimated future cash flows are calculated using estimated future prices, proven and probable reserves, weighted probable outcomes and operating capital and reclamation costs on an undiscounted basis. If it is determined that the future cash flows are less than the carrying value, a write-down to the estimated fair value is made with a charge to loss for the period.

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Where estimates of future net cash flows are not available and where other conditions suggest impairment, management assesses if carrying value can be recovered.

Management's estimates of gold prices, recoverable proven and probable reserves, probable outcomes, operating capital and reclamation costs are subject to risks and uncertainties that may affect the recoverability of mineral property costs. Although management has made its best estimate of these factors

based on current conditions, it is possible that changes could occur in the near term that could adversely affect management's estimate of net cash flows expected to be generated and the need for possible asset impairment write-downs.

(j) *Plant and equipment*

Plant and equipment are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives, ranging primarily from three to ten years. Significant expenditures, which increase the life of an asset, are capitalized and depreciated over the remaining estimated useful life of the asset. Upon sale or retirement of assets, the costs and related accumulated depreciation or amortization are eliminated from the respective accounts and any resulting gains or losses are reflected in operations.

(k) *Provision for future reclamation and closure costs*

On January 1, 2003, the Corporation adopted the new accounting standard for asset retirement obligations, CICA 3110. The standard requires that the fair value of a liability for an asset retirement obligation to be recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. The associated asset retirement costs are capitalized as part of the carrying amount of the long-lived asset. The adoption of this standard did not have any impact of the Corporation's financial position or results.

(l) *Loss per share*

Loss per share is calculated by dividing the period's loss by the weighted average number of Common Shares outstanding during the year. The effect of potential issuances of Common Share equivalents under options and warrants would be anti-dilutive and therefore, the basic and diluted losses per share are the same. Information regarding securities that could potentially dilute earnings per share in the future is presented in Notes 9 and 10.

(m) *Stock-based compensation*

On January 1, 2004, the Corporation retroactively adopted, without restatement of prior years, the fair value method of accounting for stock-based compensation, CICA 3870. This standard requires that the Corporation record compensation expense on the granting of all stock-based compensation awards, including stock options grants to employees, calculated using the fair-value method. The Corporation uses the Black-Scholes method of determining the fair value of the option on the date of the grant. The adoption of the fair value method resulted in a cumulative increase of \$971,000 to the opening deficit at January 1, 2004 and increases of \$139,000 and \$832,000 to common share capital and stock options, respectively, at January 1, 2004. Previously, the Corporation recorded only those expenses associated with stock options granted to non-employees based upon the fair value on the earlier date of completion of performance or vesting of the options granted. The Corporation did not record any compensation cost on grants of stock options to employees and directors prior to January 1, 2004.

(n) *Warrants*

Warrants issued as consideration for mineral properties are recorded at fair value.

3. Restricted Cash

The Corporation has pledged cash as collateral totaling \$4.9 million to the U.S. Bureau of Land Management, Nevada State Office, to cover increased reclamation cost estimates at the Hycroft mine (Note 7).

4. Mineral Properties

| (\$ 000 s) | December 31, 2004 | | | December 31, 2003 | | |
|------------------------------------|-------------------|--|-----------|-------------------|--|-----------|
| | Cost | Accumulated Amortization and Write-downs | Net | Cost | Accumulated Amortization and Write-downs | Net |
| Maverick Springs, United States | \$ 1,143 | | \$ 1,143 | \$ 1,143 | | \$ 1,143 |
| Mountain View, United States | 751 | | 751 | 460 | | 460 |
| Long Valley, United States | 305 | | 305 | 193 | | 193 |
| Wildcat, United States | 981 | | 981 | 593 | | 593 |
| Hasbrouck, United States | 249 | | 249 | 243 | | 243 |
| Three Hills, United States | 115 | | 115 | 110 | | 110 |
| Yellow Pine, United States | 293 | | 293 | 192 | | 192 |
| Paredones Amarillos, Mexico | 2,576 | | 2,576 | 2,443 | | 2,443 |
| Guadalupe de los Reyes | 1,021 | | 1,021 | 511 | | 511 |
| Amayapampa, Bolivia | 57,455 | 46,894 | 10,561 | 57,604 | 46,894 | 10,710 |
| Hycroft mine, United States | 21,917 | 21,917 | | 21,917 | 21,917 | |
| Other | 114 | | 114 | | | |
| | \$ 86,920 | \$ 68,811 | \$ 18,109 | \$ 85,409 | \$ 68,811 | \$ 16,598 |

| (\$ 000 s) | 2003 | | 2004 | | | Year to date activity | December 31, Ending Balance |
|------------------------------------|-----------------------------|----------------------|--------------------|-----------------------------|------------------|--------------------------|--------------------------------|
| | December 31, net balance | Acquisition costs | Option payments | Exploration & land costs | Cost recovery | | |
| Maverick Springs, United States | \$ 1,143 | | \$ 100 | \$ 328 | \$ (428) | | \$ 1,143 |
| Mountain View, United States | 460 | | 25 | 266 | | 291 | 751 |
| Long Valley, United States | 193 | 100 | | 12 | | 112 | 305 |

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| | | | | | | | | | | | | | | |
|--|--------|--------|-----|-----|-----|-------|-------|-----|--------|-------|----|-------|----|--------|
| Wildcat, United States | 593 | | 350 | \$ | 38 | | 388 | | 981 | | | | | |
| Hasbrouck and Three Hills, United States | 353 | | | \$ | 11 | | 11 | | 364 | | | | | |
| Yellow Pine, United States | 192 | 100 | | \$ | 1 | | 101 | | 293 | | | | | |
| Paredones Amarillos, Mexico | 2,443 | | | \$ | 133 | | 133 | | 2,576 | | | | | |
| Guadalupe de los Reyes, Mexico | 511 | | 500 | \$ | 10 | | 510 | | 1,021 | | | | | |
| Amayapampa, Bolivia | 10,710 | | | \$ | 3 | (152) | (149) | | 10,561 | | | | | |
| Other | | | | \$ | 114 | | 114 | | 114 | | | | | |
| | \$ | 16,598 | \$ | 200 | \$ | 975 | \$ | 916 | \$ | (580) | \$ | 1,511 | \$ | 18,109 |

(a) *Maverick Springs*

The Maverick Springs gold and silver project, southeast of Elko, Nevada, was acquired on October 7, 2002, from Newmont Mining Corporation (Newmont). The total cost for the Maverick Springs project included a cash payment of \$250,000; the issuance of 141,243 equity units, each unit comprised of one Common Share and a two year warrant, valued at \$405,000 and \$95,000, respectively (Notes 8(g) and 9); and the issuance of 122,923 equity units on October 7, 2003, each unit comprised of one Common Share and a two year warrant, valued at \$500,000 and \$111,058, respectively (Notes 8(g) and 9). The Corporation committed to completing 20,000 feet of drilling on this project before October 7, 2004 (this was done), and an additional 30,000 feet of drilling before October 7, 2006. Newmont retained a 1.5% net smelter returns royalty or the right to acquire 51% of the project after four years by paying the Corporation cash equaling 200% of the aggregate expenditures made by the Corporation on the project.

Maverick Springs is subject to a lease agreement with the underlying leaseholder, Artemis Exploration Company, which includes payments made of advanced minimum royalties of \$50,000 on October 1, 2003, and \$100,000 on October 1, 2004 (which was paid), and each year thereafter while the agreement is in effect and a net smelter returns royalty based on a sliding scale ranging from 2% to 6%, depending on gold and silver prices at the time of production. Work commitments include 6,400 feet of exploration drilling, on or before October 1 in each of 2002 (extended by agreement to November 15, 2002), 2003 and 2004 (the 2002, 2003 and 2004 commitments have been met).

On June 9, 2003, the Corporation entered into an option agreement with a wholly owned subsidiary of Silver Standard Resources Inc. (SSRI) to acquire the Corporation's interest in the silver mineralized material hosted in the Maverick Springs project. The Corporation is the operator, retains its 100% interest in the gold mineralized material and maintains a 45% vote as a participant in a joint committee formed between the Corporation and SSRI, who maintains a corresponding 55% vote, to manage the exploration of the Maverick Springs project. The agreement with SSRI is subject to the terms of the purchase agreement between Newmont and the Corporation. Under the agreement, SSRI will pay \$1.5 million over four years including a payment of \$300,000 made upon execution of the option agreement. The remaining \$1.2 million will be used by the Corporation to fund exploration programs, land holding costs and option payments. After SSRI has completed payments totaling \$1.5 million, costs will be shared by the two corporations on the same ratio as established for operation of the joint management committee.

During the years ended December 31, 2004 and 2003, the Corporation recorded \$428,481 and \$949,494 in recoveries from SSRI, of which \$119,373 is included in accounts receivable (See also Note 19). The total recoveries to date from SSRI are \$1,377,976.

(b) *Mountain View*

The Mountain View gold project, located west of the Hycroft mine, was acquired on October 7, 2002, from Newmont Capital Limited (Newmont Capital). The total cost for the Mountain View project

included cash payments of \$50,000, and the issuance of 56,497 equity units, each unit comprised of one Common Share and a two year warrant, valued at \$200,000 (Notes 8 and 9). Newmont Capital retained a 1.5% net smelter returns royalty or the right to acquire 51% of the project after four years by paying the Corporation cash equaling 200% of the aggregate expenditures made by the Corporation on the project.

The Corporation achieved its commitment to complete 8,000 feet of drilling by the second anniversary of the option to purchase agreement.

(c) *Long Valley*

The Corporation entered into an option agreement on January 22, 2003, with Standard Industrial Minerals, Inc. (Standard), to acquire Standard s 100% interest in the Long Valley gold project in east central California, for an aggregate purchase price of \$750,000 which would be paid over a five-year period, with annual payments to be due as follows: \$100,000 due on each of January 15, 2003 (paid), 2004 (paid), and 2005 (paid); \$200,000 due on January 22, 2006, and \$250,000 due on January 22, 2007. Royal Gold, Inc. has a 1% net smelter returns royalty on the project. The Corporation retains the right to terminate the agreement at any time.

(d) *Wildcat*

The Corporation executed formal purchase agreements during the fourth quarter of 2003 to acquire the Wildcat project, located in Pershing County, Nevada, in three separate transactions.

On September 23, 2003, the Corporation purchased 71 unpatented mining claims for \$200,000 upon signing and \$300,000 on August 11, 2004 (which was paid). On commencement of commercial production, the Corporation will make a one-time production payment in the amount of \$500,000. Thirteen of the claims are subject to an underlying 0.4% net smelter returns royalty, and the remaining 58 claims are subject to an underlying 1% net smelter returns royalty.

On October 12, 2003, the Corporation purchased a 100% interest in the Vernal unpatented mining claim for \$50,000 on signing and \$50,000 on October 1, 2004, for a total consideration of \$100,000.

On October 28, 2003, the Corporation purchased four patented mining claims and exploration data for 50,000 Common Shares of the Corporation valued at \$211,500. The patented claims are subject to an underlying net smelter returns royalty of 1% for gold production between 500,000 and 1,000,000 ounces, increasing to 2% on production in excess of 1,000,000 ounces.

(e) *Hasbrouck/Three Hills*

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On May 23, 2003, the Corporation executed a purchase agreement with Newmont Capital Limited (Newmont Capital), a subsidiary of Newmont Mining Corporation which includes the Hasbrouck property

and the Three Hills property, which lies approximately 4.5 miles to the north-northwest. The total cost for the Hasbrouck/Three Hills project included cash payments of \$50,000 and the issuance of 50,475 Common Shares valued at \$200,000. Newmont Capital, at its option, would retain either: (a) a 2% net smelter returns royalty in each project together with the right to a \$500,000 cash payment at the start of commercial production at either project and a further \$500,000 cash payment if, after the start of commercial production, the gold price averages \$400 per ounce or more for any three-month period; or (b) the right to acquire 51% of either or both projects. The latter right would be exercisable only after the later of four years or the time when the Corporation has incurred aggregate expenditures of \$1.0 million to acquire, explore and hold the projects and would include Newmont Capital paying the Corporation cash equaling 200% of the expenditures made by the Corporation on the related property. The Corporation's contribution to the joint venture during this period is capped at \$5.0 million, \$3.0 million of which Newmont Capital would finance for the Corporation and recover, with interest, exclusively from related project cash flows. The Corporation would also grant Newmont Capital a right of first offer with respect to subsequent sale of the projects by the Corporation. An additional 1 1/2% net smelter royalty on the Hasbrouck property is held by a private party.

(f) *Yellow Pine*

On November 7, 2003, Idaho Gold Resources LLC (Idaho Gold), an indirect, wholly-owned subsidiary of the Corporation entered into an Option to Purchase Agreement for a nine year option to purchase 100% of the Yellow Pine gold project for \$1.0 million. Idaho Gold made an option payment of \$100,000 upon execution of the agreement and another option payment of \$100,000 on the first anniversary date of the agreement (which was paid). The agreement calls for Idaho Gold to make eight more yearly payments of \$100,000 on or before each anniversary date of the agreement, for a total option payment price of \$1.0 million. If Idaho Gold exercises its option to purchase the project, all option payments shall be applied as a credit against the purchase price of \$1.0 million. Idaho Gold has the right to terminate the agreement at any time without penalty. Eleven of the claims are subject to an underlying 5% net smelter returns royalty.

(g) *Paredones Amarillos*

The Corporation acquired 100% of the Paredones Amarillos gold project in Mexico from Viceroy Resource Corporation on August 29, 2002. The total cost of this project included cash payments of \$786,000 for acquisition and related costs, the issuance of 303,030 equity units with a fair value of \$1,212,000 (Notes 8(g) and 9) and a cash payment of \$320,000 on August 29, 2003.

Certain concessions on the Paredones Amarillos project are subject to a 2% net profits interest retained by a former owner.

(h) *Guadalupe de los Reyes*

On August 1, 2003, the Corporation executed an agreement to acquire a 100% interest in the Guadalupe de los Reyes gold project in Sinaloa State, Mexico and a data package associated with the project and general area, for aggregate consideration of \$1.4 million and a 2% net smelter returns royalty. During a due diligence period leading up to the signing of the purchase agreement, the Corporation made payments to the owner totaling \$100,000, and upon exercising its option to complete the purchase, paid an additional \$200,000. On August 4, 2004, the Corporation issued 138,428 Common Shares valued at \$500,000. An additional \$500,000 in cash will be paid by way of \$100,000 payments on each of the second through sixth anniversaries of the signing of the formal agreement, with the outstanding balance becoming due upon commencement of commercial production. A 2% net smelter returns royalty will be paid the previous owner and may be acquired by the Corporation at any time for \$1.0 million. The Corporation retains the right to terminate the agreement at any time.

(i) *Amayapampa*

The Corporation acquired the Amayapampa gold project, in Bolivia, in 1996. The project is being held on care and maintenance and holding costs are expensed.

In January 2005, the Corporation announced that Luzon had informed Vista Gold that it wishes to exercise its option to purchase the Amayapampa project. See Subsequent Events .

(j) *Hycroft mine*

The Corporation acquired the Hycroft gold mine, west of Winnemucca, Nevada, in 1987. Mining activities at the Hycroft mine were suspended in 1998. The mine is being held on care and maintenance and holding costs are expensed.

The Crofoot property at the Hycroft mine is subject to a 4% net profits royalty and the Lewis property at the Hycroft mine is subject to a 5% net smelter returns royalty.

In January 2005, the Corporation announced that it had signed a binding letter of intent agreement with Canyon Resources Corporation to grant Canyon a six-month option to purchase the Hycroft mine for an aggregate of \$10.0 million consisting of consideration of \$4.0 million in cash and \$6.0 million in equity units. See Subsequent Events .

5. Plant and Equipment

| (\$ 000 s) | Cost | December 31, 2004 | | | December 31, 2003 | | |
|-----------------------------|-----------|--|----------|-----------|--|----------|--|
| | | Accumulated Depreciation and Write-downs | Net | Cost | Accumulated Depreciation and Write-downs | Net | |
| Hycroft mine, United States | \$ 12,031 | \$ 10,720 | \$ 1,311 | \$ 12,031 | \$ 10,528 | \$ 1,503 | |
| Corporate, United States | 388 | 348 | 40 | 343 | 333 | 10 | |
| | \$ 12,419 | \$ 11,068 | \$ 1,351 | \$ 12,374 | \$ 10,861 | \$ 1,513 | |

6. Payables to be settled with equity

At December 31, 2004, and 2003 the Corporation did not have any payables to be settled with equity.

7. Accrued reclamation and closure costs

At December 31, 2004, the Corporation has accrued for estimated reclamation and closure costs of \$4.2 million (2003 \$4.2 million). Substantially the entire estimate relates to the final reclamation and closure of the Hycroft mine.

During the year ended December 31, 2003, a revised reclamation and closure plan for the Hycroft mine was approved by the U.S. Bureau of Land Management, Nevada State Office (BLM). Under this plan the future estimated costs of reclamation and closure at Hycroft are \$6.8 million.

On January 1, 2003, the Corporation adopted the new accounting standard for asset retirement obligations, CICA 3110. Under this new standard, asset retirement obligations are recognized when incurred and are recorded as liabilities at fair value. The liability is accreted over time through periodic charges to earnings. The Corporation has determined that the amount provided for reclamation at December 31, 2003, approximated fair value. Accordingly, this change in accounting policy did not have any impact on the Corporation's financial position or results of operations.

The Corporation estimates that the related asset retirement expenditures will commence approximately five years after the start-up of the Hycroft mine (an event not scheduled) and continue for several years after that time. Using a credit adjusted rate of 7.75%, the fair value of the estimated \$6.8 million obligation is \$4.2 million, as accrued in these financial statements.

The BLM has required the Corporation to provide a total surety amount of \$6.8 million for the approved Hycroft mine reclamation plan. The amount and nature of the collateral are subject to negotiation. In 2004, the Corporation reached an agreement for a new bond package.

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It is reasonably possible that the Corporation's estimates of its ultimate reclamation liability could change as a result of changes in regulations or cost estimates. The effect of changes, which could be material, would be recognized on a prospective basis.

8. Capital stock**Common Shares issued and outstanding**

| | Number of shares issued | | Capital stock (\$ 000 s) |
|--|----------------------------|-----------|-----------------------------|
| As of December 31, 2001 and 2000 | 4,535,752 | \$ | 121,146 |
| Private placement February - March 2002, net (c) | 3,999,986 | | 3,593 |
| Warrants exercised from February - March 2002 private placement (d) | 679,736 | | 1,020 |
| Private placement December 2002, net (e) | 1,000,000 | | 2,235 |
| Shares issued for acquisition of gold properties, net (g) | 500,770 | | 1,527 |
| Shares issued for services (h) | 10,869 | | 20 |
| Exercise of stock options - Note 10 | 17,500 | | 34 |
| Issued during 2002 | 6,208,861 | | 8,429 |
| As of December 31, 2002 | 10,744,613 | \$ | 129,575 |
| Private placement February 2003, net (a) | 1,400,000 | | 2,873 |
| Warrants exercised from February 2003 private placement (b) | 190,000 | | 596 |
| Warrants exercised from February - March 2002 private placement (d) | 994,753 | | 1,492 |
| Warrants exercised from December 2002 private placement (f) | 916,673 | | 2,787 |
| Shares issued for acquisition of gold properties, net (g) | 172,923 | | 711 |
| Shares issued for services (h) | 23,495 | | 85 |
| Exercise of stock options - Note 10 | 119,375 | | 339 |
| Issued during 2003 | 3,817,219 | | 8,883 |
| As of December 31, 2003 | 14,561,832 | \$ | 138,458 |
| Stock-based compensation - Note 1 | | | 139 |
| As of January 1, 2004, as restated | 14,561,832 | | 138,597 |
| Private placement September 2004, net (i) | 1,966,456 | | 6,033 |
| Warrants exercised from February 2003 private placement (b) | 190,000 | | 601 |
| Warrants exercised from February - March 2002 private placement (d) | 418,400 | | 628 |
| Warrants exercised from December 2002 private placement (f) | 83,327 | | 287 |
| Shares issued for acquisition of gold properties, net (g) | 188,903 | | 700 |
| Warrants exercised from acquisition of gold properties, cash (j) | 303,030 | | 1,564 |
| Warrants exercised from acquisition of gold properties, fair value (k) | | | 250 |
| Exercise of stock options, cash - Note 10 | 249,642 | | 734 |
| Exercise of stock options, fair value - Note 10 | | | 353 |
| Issued during 2004 | 3,399,758 | | 11,150 |
| As of December 31, 2004 | 17,961,590 | \$ | 149,747 |

On June 19, 2002, the Corporation effected a 1-for-20 consolidation of its Common Shares. The number of Common Shares outstanding, on a pre-consolidation basis, at December 31, 2001, of 90,715,040 has been restated as 4,535,752 Common Shares, giving effect to the consolidation. All references in this document to Common Shares, loss per share and value per share or value per unit, are on a post-consolidation basis, unless otherwise indicated.

(a) *Private placement February 2003, net*

On February 7, 2003, the Corporation completed a \$3.4 million private placement financing. The gross proceeds were placed in escrow pending shareholder approval. On February 27, 2003, at a Special General Meeting of the shareholders, shareholders voted in favor of the financing and on February 28, 2003, the gross proceeds were released to the Corporation from escrow. The private placement consisted of the sale of 1.4 million special warrants, each priced at \$2.43. The special warrants were automatically converted into equity units upon shareholder approval. Each equity unit consisted of one Common Share and a warrant, exercisable over a four-year period, to purchase one Common Share for \$3.14 during the first year, \$3.56 during the second year, \$3.92 during the third year and \$4.28 during the fourth year. Starting on the second anniversary of the closing of this private placement (February 7, 2005), if the Common Shares of the Corporation trade at a value of 150% or more of the respective exercise price for a period of 15 consecutive trading days on the American Stock Exchange, then the Corporation has the option to request that the warrants be exercised. If the warrants are not exercised within 15 business days following this request, they will be cancelled. A 10% cash finder's commission totaling \$340,200 was paid in connection with the private placement (Note 19); in addition, the Corporation incurred \$188,000 in direct costs connected with this private placement.

(b) *Warrants exercised from February 2003 private placement*

During the twelve months ended December 31, 2004 and 2003, 190,000 and 190,000 of the warrants issued in the February 2003 private placement (Note 8(a)) have been exercised for total gross proceeds of \$600,800 and \$596,600 (Note 9).

(c) *Private placement February-March 2002, net*

The Corporation effected a two-step private placement financing in February and March 2002. In the first step of the private placement, completed in February, the Corporation issued 1,000,000 units at a price of \$1.026 per unit for an aggregate purchase price of \$1,026,000. Each unit consisted of one Common Share and one share purchase warrant (Note 9) exercisable for one additional Common Share at \$1.50, until February 1, 2007. The Corporation also issued 80,000 units to an agent as consideration for its services in connection with the unit offering. In the second step of the private placement, completed in March, the Corporation issued \$2,774,000 aggregate principal amount of convertible debentures. The debentures were convertible into debenture units at a price of \$1.026 per debenture unit, each consisting of one Common Share and one 5-year warrant entitling the holder to purchase one Common Share at a price of \$1.50 until March 18, 2007, with the common share component representing substantially all of the unit value. The

Corporation issued to an agent special warrants exercisable for 216,296 units, with each unit consisting of one Common Share and one warrant with the same terms as the share and warrant components, respectively, of the debenture units. The Corporation incurred approximately \$207,000 in direct costs connected with both steps of this private placement.

On September 19, 2002, a registration statement on Form S-3 filed under the United States *Securities Act of 1933* for the registration for resale of 7,999,974 Common Shares (including Common Shares already issued as well as Common Shares to be issued, all in connection with the private placement), was declared effective by the United States Securities and Exchange Commission. As a result of this registration statement becoming effective, the Corporation's \$2,774,000 convertible debentures issued in the second step of the private placement were automatically converted, pursuant to their terms, into 2,703,690 Common Shares and the same number of debenture warrants. The registration included 3,999,986 Common Shares issuable upon the exercise of warrants (Note 9), including the warrants issued in the first step of the private placement and the debenture warrants, having the respective expiration dates as noted in the preceding paragraph.

(d) *Warrants exercised from February-March 2002 private placement*

During the twelve months ended December 31, 2004, 2003 and 2002, 418,400, 994,753 and 679,736 of the warrants issued in the February-March 2002 private placement (Note 8(c)) have been exercised for total gross proceeds of \$627,600, \$1,492,130 and \$1,019,604, respectively (Note 9).

(e) *Private placement December 2002, net*

On December 27, 2002, the Corporation completed a private placement financing in which the Corporation issued 1,000,000 equity units at a price of \$2.35 per unit, for an aggregate purchase price of \$2,350,000. Each equity unit consisted of one Common Share and one warrant (Note 9), exercisable over a two-year period from the issuance date, to purchase one Common Share for \$3.04 during the first year and \$3.45 during the second year. The Corporation incurred approximately \$115,000 in direct costs connected with this private placement.

(f) *Warrants exercised from December 2002 private placement*

During the twelve months ended December 31, 2004 and 2003, 83,327 and 916,673 of the warrants issued in the December 2002 private placement have been exercised for total gross proceeds of \$287,478 and \$2,786,686 (Note 9).

(g) *Common shares issued for acquisition of gold properties, net*

During June and July 2004, the Corporation issued 50,475 Common Shares valued at \$200,000, as the final scheduled payment in the purchase of the Hasbrouck/Three Hills projects.

On August 4, 2004, the Corporation issued 138,428 Common Shares valued at \$500,000, as a scheduled payment for the purchase of the Guadalupe de los Reyes project in Mexico.

In accordance with the acquisition agreement with respect to the Maverick Springs project (Note 4(a)), the Corporation settled the amount payable with equity of \$500,000 in October 2003 by issuing 122,923 Common Shares valued at \$4.07 per share. In addition, an equivalent number of two-year warrants were issued at an exercise price of \$5.08 determined at the time of issue. The fair value of the two-year warrants was recorded as \$111,058, estimated using the Black-Scholes pricing model (Note 9).

The Corporation executed and finalized three option purchase agreements for 100% interest in the Wildcat project (Note 4(d)) in October 2003. On October 28, 2003, the Corporation purchased patented mining claims and exploration data and issued 50,000 Common Shares of the Corporation as consideration upon the closing of the transaction recorded at a fair value of \$211,500.

On August 29, 2002, the Corporation issued 303,030 Common Shares valued at \$962,000 as partial consideration for the acquisition of the Paredones Amarillos project (Note 4(g)). In addition, 303,030 two-year warrants were issued and the fair value was recorded as \$250,000. The Corporation incurred approximately \$18,000 in direct costs connected with the issuance of these units.

On October 7, 2002, the Corporation issued 197,740 Common Shares valued at \$605,000 as partial consideration for the acquisition of the Maverick Springs (Note 4(a)) and Mountain View (Note 4(b)) projects. In addition, 197,740 two-year warrants were issued and the fair value was recorded as \$95,000. The Corporation incurred approximately \$22,000 in direct costs connected with the issuance of these units.

(h) Common Shares issued for services, net

Pursuant to an agreement executed August 22, 2002, with Endeavour Financial Corporation Inc. (Endeavour), Endeavour provided financial advisory services to the Corporation for a monthly fee of \$10,000. The monthly fee was payable by the issuance to Endeavour of a non-transferable convertible promissory note, which was automatically converted into Common Shares of the Corporation at a price per share equal to the weighted average closing price of the Common Shares on the American Stock Exchange on the last 10 trading days of the month prior to the business day on which the fee became due. The term of the agreement was not to exceed one year and it expired during the quarter ended September 30, 2003. During the twelve months ended December 31, 2003, the Corporation issued 23,495 Common Shares valued at \$85,000 to Endeavour under the terms of this agreement.

During the twelve months ended December 31, 2002, the Corporation issued 10,869 Common Shares valued at \$35,000 and recorded a liability of \$10,000 for services provided by Endeavor during 2002.

(i) *Private placement September 2004, net*

On September 29, 2004, the Corporation completed a private placement financing in which it sold and issued a total of 1,966,456 units, at a price of \$3.30 per unit for aggregate gross proceeds of \$6,489,304.80. Net proceeds to the Corporation were approximately \$6,112,000. Each unit consists of one Common Share and one warrant to acquire an additional Common Share of the Corporation at an exercise price of \$4.75.

On January 7, 2005, the United States Securities and Exchange Commission declared effective a registration statement on Form S-3 filed under the United States Securities Act of 1933 for the registration for resale of 4,367,661 Common Shares, including the Common Shares issued, as well as those to be issued on exercise of warrants, in connection with the private placement. As a result of this registration statement becoming effective within six months following the closing of the private placement, the exercise price of the warrants remained at \$4.75 rather than being reduced to \$4.25 as would have been the case if the registration statement were declared effective only after the six-month period.

Starting six months after the share registration is declared effective (i.e., July 7, 2005), if the closing price of Vista's common shares on the American Stock Exchange is \$5.50 or more for a period of 20 consecutive trading days, then for 15 business days the Corporation will have the option to request that the warrants be exercised. If the warrants are not exercised within 15 business days following the request, they will be cancelled.

A commission of \$324,465 (representing 5% of gross proceeds) was paid to Global Resource Investments Ltd. in conjunction with the private placement. Also, Global Resource Investments Ltd. was reimbursed \$18,757 for legal fees in connection with the private placement.

(j) *Warrants exercised from acquisition of gold properties, cash*

During the twelve months ended, December 31, 2004, all 303,030 warrants issued to Viceroy Resource Corporation for acquisition of Minera Paredones Amarillos were exercised for total proceeds of \$1.6 million (Note 4(g)).

(k) *Warrants exercised from acquisition of gold properties, fair value.*

During the twelve months ended, December 31, 2004, all 303,030 warrants issued to Viceroy Resource Corporation for acquisition of Minera Paredones Amarillos were exercised. Previously, these warrants had been recorded at a fair value amount of \$250,000 in Warrants (Note 9) and when they were exercised the fair value associated with them was recorded as Common Stock.

9. Warrants

Further to Note 8, warrants granted and outstanding are summarized in the following table.

| | Warrants granted(1) | Valuation (000 s) | Warrants exercised | Warrants expired | Warrants outstanding | Weighted average exercise prices (U.S. \$) | Expiry date | Weighted average remaining life (yrs) |
|---|------------------------|----------------------|-----------------------|---------------------|-------------------------|---|----------------|---|
| As of December 31, 2001 | | \$ | | | | \$ | | |
| Private placement February - March 2002 | 3,999,986 | | (679,736) | | 3,320,251 | 1.50 | Feb - Mar-07 | 4.2 |
| Private placement December 2002 | 1,000,000 | | | | 1,000,000 | 3.04(2) | Dec-04 | 1.9 |
| Acquisition of Paredones Amarillos | 303,030 | 250 | | | 303,030 | 4.40 | Aug-04 | 1.7 |
| Acquisition of Maverick Springs and Mtn. View | 197,740 | 95 | | | 197,740 | 4.43 | Oct-04 | 1.8 |
| Total 2002 | 5,500,756 | 345 | (679,736) | | 4,821,021 | 2.12 | | |
| As of December 31, 2002 | 5,500,756 | 345 | (679,736) | | 4,821,021 | 2.12 | | |
| Private placement February 2003 | 1,400,000 | | (190,000) | | 1,210,000 | 3.14(3) | Feb-07 | 3.1 |
| Private placement February-March 2002 | | | (994,753) | | (994,753) | 1.50 | Feb - Mar-07 | 3.2 |
| Private placement December 2002 | | | (916,673) | | (916,673) | 3.04(2) | Dec-04 | 0.9 |
| Acquisition of Maverick Springs and Mtn. View | 122,923 | 111 | | | 122,923 | 5.08 | Oct-05 | 1.8 |
| Total 2003 | 1,522,923 | 111 | (2,101,426) | | (578,503) | 2.32 | | |
| As of December 31, 2003 | 7,023,679 | 456 | (2,781,162) | | 4,242,518 | 2.46 | | |
| Private placement September 2004 | 1,966,456 | | | | 1,966,456 | 4.75 | Sep-07 | 2.7 |
| Private placement February - March 2002 | | | (418,400) | | (418,400) | 1.50 | Feb - Mar-07 | 2.2 |
| Private placement December 2002 | | | (83,327) | | (83,327) | 3.45 | Dec-04 | |
| Private placement February 2003 | | | (190,000) | | (190,000) | 3.56 | Feb-07 | 2.1 |
| Acquisition of Minera Paredones Amarillos | | (250) | (303,030) | | (303,030) | 4.40 | Aug-04 | |
| Acquisition of Maverick Springs and Mtn. View | | (95) | | (197,740) | (197,740) | 4.43 | Oct-04 | |
| Total 2004 | 1,966,456 | (345) | (994,757) | (197,740) | 773,959 | 2.94 | | |
| As of December 31, 2004 | 8,990,135 | 111 | (3,775,919) | (197,740) | 5,016,477 | \$ 3.28 | | |

(1) Each warrant entitles the holder to purchase one common share

(2) The exercise price increased to \$3.45 in December 2003

(3) The exercise price increases to \$3.56 in February 2004

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During the year 2004, all 303,030 warrants issued for the acquisition of Minera Paredones Amarillos were exercised (Note 8). Also during 2004, 197,740 warrants issued October 9, 2002 for the acquisition of Maverick Springs and Mountain View expired on October 9, 2004. The recorded fair-value from the expiration of these warrants of \$95,000 has been reclassified to contributed surplus.

10. Options to purchase Common Shares

Common Share options issued to non-employees

During the twelve months ended December 31, 2004, 115,000 stock options of the Corporation were granted to non-employee consultants and have been recorded at an estimated fair value of \$328,760 using the Black-Scholes option pricing model.

Under the Corporation's Stock Option Plan, 10,000 fully vested stock options were granted to non-employee consultants of the Corporation in December 2003 and have been recorded at an estimated fair-market value of \$28,941 using the Black-Scholes option pricing model. During the year ended December 31, 2004, none of these options were forfeited.

Under the Corporation's Stock Option Plan, 20,000 fully vested stock options were granted to non-employee consultants of the Corporation in December 2002, and have been recorded at an estimated fair-market value of \$24,602 using the Black-Scholes option pricing model. During the year ended December 31, 2003, 10,000 of these options were forfeited and an amount of \$13,000 was transferred to contributed surplus.

Common Share options granted under Stock Option Plan

During the twelve months ended December 31, 2004, 308,000 stock options were issued to directors, officers and employees of the Corporation and have been recorded at an estimated fair value of \$527,985 using the Black-Scholes option pricing model. In addition, compensation expense of \$202,858 was recognized during 2004, for options previously granted and vesting over time.

Under the Corporation's Stock Option Plan (the Plan), the Corporation may grant options to directors, officers, employees and consultants of the Corporation or its subsidiaries, for up to 1,000,000 Common Shares. 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.

At December 31, 2004, 883,483 Common Shares were reserved for issuance under options granted to directors, officers, employees and non-employees. The total number of options outstanding represents 4.9% of issued capital with prices ranging from approximately U.S.\$1.86 to U.S.\$4.76 and remaining lives of 1.2 to 6.4 years. These options expire as follows:

| Year of expiration | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | Total |
|--------------------|------|-------|---------|---------|---------|------|-------|------|---------|
| Number of options | | 5,000 | 365,483 | 150,000 | 358,000 | | 5,000 | | 883,483 |

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The following tables summarize information about stock options under the Plan:

| | 2004 | | 2003 | | 2002 | |
|---------------------------------|------------------|---------------------------------|------------------|---------------------------------|------------------|---------------------------------|
| | Number of Shares | Weighted Average Price (Cdn \$) | Number of Shares | Weighted Average Price (Cdn \$) | Number of Shares | Weighted Average Price (Cdn \$) |
| Outstanding - December 31, 2003 | 735,125 | \$ 3.80 | 662,000 | \$ 4.32 | 75,000 | \$ 3.63 |
| Granted | 423,000 | 5.02 | 210,000 | 5.60 | 649,500 | 4.37 |
| Exercised | (249,642) | 4.42 | (119,375) | 3.95 | (17,500) | 3.07 |
| Expired | | | | | | |
| Forfeited | (25,000) | 5.28 | (17,500) | 5.19 | (45,000) | 4.37 |
| Outstanding - December 31, 2004 | 883,483 | \$ 3.07 | 735,125 | \$ 4.32 | 662,000 | \$ 3.63 |
| Exercisable | 549,483 | \$ 4.94 | 640,125 | \$ 4.36 | 172,500 | \$ 4.19 |

| Weighted Average Exercise Price (Cdn \$) | Options Outstanding | | | Weighted Average Exercise Price (Cdn \$) | Options Exercisable | | |
|--|--|---|--|--|--|---|--|
| | Number outstanding as of Dec. 31, 2004 | Weighted Average Remaining Life (years) | Weighted Average Exercise Price (Cdn \$) | | Number exercisable as of Dec. 31, 2004 | Weighted Average Remaining Life (years) | |
| \$ 3.00 | 5,000 | 6.4 | \$ 3.00 | 5,000 | 6.4 | | |
| 4.37 | 271,375 | 2.5 | 4.37 | 271,375 | 2.5 | | |
| 4.48 | 60,000 | 4.6 | 4.48 | 30,000 | 4.6 | | |
| 4.70 | 2,857 | 2.1 | 4.70 | 2,857 | 2.1 | | |
| 4.70 | 2,500 | 1.2 | 4.70 | 2,500 | 1.2 | | |
| 4.70 | 11,251 | 2.9 | 4.70 | 11,251 | 2.9 | | |
| 4.70 | 2,500 | 1.9 | 4.70 | 2,500 | 1.9 | | |
| 5.00 | 268,000 | 4.9 | 5.00 | 29,000 | 4.7 | | |
| 5.00 | 60,000 | 2.9 | 5.00 | | 2.9 | | |
| 5.17 | 10,000 | 4.4 | 5.17 | 5,000 | 4.4 | | |
| 5.19 | 10,000 | 2.9 | 5.19 | 10,000 | 2.9 | | |
| 5.83 | 30,000 | 3.7 | 5.83 | 30,000 | 3.7 | | |
| 5.87 | 120,000 | 3.9 | 5.87 | 120,000 | 3.9 | | |
| 6.29 | 30,000 | 4.2 | 6.29 | 30,000 | 4.2 | | |
| \$ 3.07 | 883,483 | | \$ 4.94 | 549,483 | | | |

Under the Plan, 308,000 stock options were granted to officers, employees and directors of the Corporation during 2004. Of the options granted, 179,000 vested immediately upon grant and the remaining 129,000 will vest one year from the grant date. In December 2004, 115,000 stock options were granted to non-employees of the Corporation for services provided, and these options have been fully expensed in the period granted, commensurate with the Corporation's accounting policies.

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During 2004, stock options granted to employees in June and December of 2003 were forfeited before they were fully vested in June 2004. The \$41,220 amount that was originally recorded as an expense and an addition to stock options has been reversed, accordingly.

Compensation expense for options granted to officers, employees and directors, which vest over time, is recognized over the vesting period. Had compensation expense been recorded using the fair-value method for the stock options granted in 2003 and 2002, the Corporation's loss and loss per share would have been adjusted to the pro-forma amounts indicated below:

| | Year ended December 31, | |
|---------------------------------|-------------------------|------------|
| | 2003 | 2002 |
| Net Loss - as reported (000 \$) | \$ (2,745) | \$ (2,775) |
| Net Loss - pro forma (000 \$) | (3,230) | (3,261) |
| Loss per share - as reported | \$ (0.22) | \$ (0.41) |
| Loss per share - pro forma | (0.25) | (0.48) |

The fair value of each option grant is estimated on the date of the grant using the Black-Scholes option pricing model with the following weighted average assumptions used for the grants:

| | Years ended December 31, | | |
|-------------------------|---------------------------------|---------------------------------|--------------|
| | 2004 | 2003 | 2002 |
| Expected volatility | 80.00% | 80.0% | 50.0% |
| Risk-free interest rate | Range from 1.50% to 3.51% | Range from 2.51% to 3.16% | 3.5% |
| Expected lives | 3 to 5 years | 5 years | 3 to 5 years |
| Dividend yield | 0% | 0% | 0% |

Option pricing models require the input of highly subjective assumptions including the expected price volatility. 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.

11. Cost recoveries related to USF&G lawsuit

During the year ended December 31, 2001, the Corporation provided approximately \$814,000 in respect of a lawsuit by USF&G. During the year ended December 31, 2002, the Corporation settled the lawsuit for approximately \$20,000 less than originally provided for, and also received marketable securities, valued at \$220,000 at the time of receipt, related to the settlement.

12. Commitments and contingencies

The Corporation is required to provide financial assurance of \$6.8 million in respect of reclamation and site closure obligations at the Hycroft mine (Note 7). The Corporation has been requested to pledge collateral to provide this bonding. During 2004, the Corporation reached an agreement for a new bond package (Note 20).

Refer also to Note 4 for commitments in connection with acquisitions of mineral properties.

13. Financial instruments

The recorded value of the Corporation's cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities and other, approximate their fair-market values due to the relatively short periods to maturity. At December 31, 2004, marketable securities are carried at a cost of \$140,000, with a quoted market value of \$214,000.

14. Supplemental cash flow disclosure and material non-cash transactions

As of December 31, 2004, 2003 and 2002 all of the Corporation's cash was held in liquid bank deposits.

| Supplemental cash flow disclosure (\$ 000 s) | 2004 | Years ended December 31 2003 | 2002 |
|--|------|------------------------------------|------|
| Cash paid (received) during the year for: | | | |
| Interest Expense | | | 14 |

| Material non-cash transactions (\$000 s) | Equity units | Non-cash consideration given/(received) during 2004 | | | Total |
|---|--------------|---|----------------------------|------------------------------|--------|
| | | Future equity units(1) | Future cash payments(2) | Settlement of a liability | |
| <i>Investing and financing activities:</i> | | | | | |
| Hasbrouck/Three Hills Note 8(g) | \$ 200 | \$ | \$ | \$ | \$ 200 |
| Guadalupe de los Reyes Note 8(g) | 500 | | | | 500 |
| Amayapampa | (70) | | | | (70) |
| | \$ 630 | \$ | \$ | \$ | \$ 630 |

(1) Included in *Payables to be settled with equity*

(2) Included in *Accrued liabilities and other*

| Material non-cash transactions (\$000 s) | Non-cash consideration given during 2003 | | | | Total |
|---|--|---------------------------|----------------------------|------------------------------|--------|
| | Equity units | Future equity units(1) | Future cash payments(2) | Settlement of a liability | |
| <i>Investing and financing activities:</i> | | | | | |
| Hasbrouck/Three Hills Note 4(e) | \$ | \$ | \$ 200 | \$ | \$ 200 |
| Maverick Springs Note 8(g) | 500 | | | | 500 |
| Maverick Springs Note 8(g) | 111 | | | | 111 |
| Endeavour Note 8(h) | 85 | | | | 85 |
| | \$ 696 | \$ | \$ 200 | \$ | \$ 896 |

(1) Included in *Payables to be settled with equity*

(2) Included in *Accrued liabilities and other*

| Material non-cash transactions (\$000 s) | Non-cash consideration given during 2002 | | | | Total |
|--|--|---------------------------|----------------------------|------------------------------|----------|
| | Equity units | Future equity units(1) | Future cash payments(2) | Settlement of a liability | |
| <i>Investing activities:</i> | | | | | |
| Paredones Amarillos Note 8(g) | \$ 1,212 | \$ | \$ 320 | \$ | \$ 1,532 |
| Maverick Springs Note 4(a) | 500 | 500 | | | 1,000 |
| Mountain View Note 8(g) | 200 | | | | 200 |
| Asset disposal | | | | (103) | (103) |
| | \$ 1,912 | \$ 500 | \$ 320 | \$ (103) | \$ 2,629 |

(1) Included in *Payables to be settled with equity*

(2) Included in *Accrued liabilities and other*

15. Income taxes

(a) A reconciliation of the combined Canadian federal and provincial income taxes at statutory rates and the Corporation's effective income tax expenses (recovery) is as follows:

| | 2004 | Years ended December 31 | 2003 | 2002 |
|------------------------------------|------------|-------------------------|---------|------------|
| Income taxes at statutory rates | \$ (1,827) | \$ | (1,074) | \$ (1,141) |
| Increase (decrease) in taxes from: | | | | |
| Permanent differences | 308 | | 222 | 2 |
| Differences in foreign tax rates | 122 | | 114 | 198 |
| Benefit of loss not recognized | 1397 | | 738 | 941 |
| | \$ | | \$ | \$ |

(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 | 2004 | December 31 | 2003 |
|---|-----------|-------------|----------|
| Excess tax value over carrying value of property, plant and equipment | \$ 10,410 | \$ | 9,803 |
| Operating and capital loss carryforwards | 16,118 | | 14,997 |
| Other | (47) | | |
| Accrued reclamation provision | 1,415 | | 1,409 |
| | 27,896 | | 26,209 |
| Valuation allowance for future tax assets | (27,896) | | (26,209) |
| Total | \$ | \$ | |
| Total | \$ | \$ | |

(c) The Corporation has available income tax losses of approximately \$44 million, which may be carried forward and applied against future taxable income when earned.

The losses expire as follows:

| | Canada | United States | Total |
|------|-----------|---------------|-----------|
| 2005 | 9,231 | | 9,231 |
| 2006 | 758 | | 758 |
| 2007 | 552 | | 552 |
| 2008 | 555 | 388 | 943 |
| 2009 | 539 | 11 | 550 |
| 2010 | 552 | 5,106 | 5,658 |
| 2011 | | 9,415 | 9,415 |
| 2014 | 559 | | 559 |
| 2019 | | 5,301 | 5,301 |
| 2020 | | 1,725 | 1,725 |
| 2021 | | 1,965 | 1,965 |
| 2022 | | 1,726 | 1,726 |
| 2023 | | 1,991 | 1,991 |
| 2024 | | 3,840 | 3,840 |
| | \$ 12,746 | \$ 31,468 | \$ 44,214 |

16. 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: 2004 \$19,470, 2003 \$38,250; and 2002 \$20,796.

17. Segment information

The Corporation evaluates, acquires and explores gold exploration and potential development projects. These activities are focused principally in North America and South America. Substantially all related costs are incurred in the United States. The Corporation reported no revenues in 2004, 2003 and 2002. Geographic segmentation of capital assets is provided in Notes 4 and 5.

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

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) 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 the amalgamation. Under U.S. corporate law, no such transaction is available and accordingly is not allowed under U.S. GAAP.

(b) 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.

(c) Under U.S. GAAP, items such as unrealized gains and losses on investments classified as available for sale are required to be shown separately in the derivation of comprehensive income. Under U.S GAAP, investments classified as available for sale are carried at the quoted market values.

(d) In 2000 and 2001, the Corporation recognized revenue upon adsorption of gold onto carbon. In accordance with U.S. GAAP, revenue is not recorded before title is passed. In 2002, proceeds from gold sales of \$150,000 were recognized for U.S. GAAP and credited to Exploration, property evaluation and holding costs.

(e) Special warrants issued to the agent as compensation for its services in connection with the March 2002 Debenture Offering (Note 8(c)) 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 (Note 8(c)); accordingly the fair value of the Beneficial Conversion Feature is recognized as a charge to net loss and as an addition to contributed surplus.

(f) In accordance with U.S. GAAP, exploration, mineral property evaluation, holding costs, option payments and related acquisition costs for mineral properties acquired under an option agreement are expensed as incurred. When proven and probable reserves are determined for a property and a bankable feasibility study is completed, then subsequent exploration and development costs on the property would be capitalized. Total capitalized cost of such properties is measured periodically for recoverability of carrying value under SFAS No. 144.

(g) In accordance with U.S. GAAP, only those options granted to non-employees of the Corporation are recorded for financial statement purposes using the fair value on the date of grant.

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

CONSOLIDATED STATEMENTS OF LOSS

| (U.S. dollars in thousands, except share data) | | Years ended December 31, | | | Cumulative |
|--|--|--------------------------|------------|------------|-------------|
| | | 2004 | 2003 | 2002 | during |
| | | | | | Exploration |
| | | | | | Stage |
| Net loss | Canadian GAAP | \$ (4,924) | \$ (2,745) | \$ (2,775) | \$ (10,444) |
| | Realized loss on marketable securities | | (85) | | (85) |
| | Unrealized gain/(loss) on marketable securities | | | 85 | 85 |
| | Exploration, property evaluation and holding costs (f) | (1,663) | (550) | (87) | (2,300) |
| | Financing costs | | | (222) | (222) |
| | Stock-based compensation expense | 690 | | | 731 |
| | Beneficial conversion feature | | | (2,774) | (2,774) |
| Net loss | U.S. GAAP | (5,897) | (3,380) | (5,773) | (15,009) |
| | Unrealized gain/(loss) on marketable securities (c) | (156) | 315 | (85) | 74 |
| Comprehensive loss | U.S. GAAP | \$ (6,053) | \$ (3,065) | \$ (5,858) | \$ (14,935) |
| Basic and diluted loss per share | U.S. GAAP | \$ (0.37) | \$ (0.26) | \$ (0.85) | |

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The significant differences in the consolidated balance sheets as at December 31, 2004 and 2003 relative to U.S. GAAP were:

CONSOLIDATED BALANCE SHEETS

| (U.S. \$ 000 s) | Years ended December 31, | | | | | |
|---|--------------------------|---------------------------|------------------|------------------|---------------------------|------------------|
| | Per Cdn. GAAP | 2004 Cdn./U.S. Adj. | Per U.S. GAAP | Per Cdn. GAAP | 2003 Cdn./U.S. Adj. | Per U.S. GAAP |
| Current assets (c) | \$ 6,826 | \$ 74 | \$ 6,900 | \$ 6,485 | \$ 230 | \$ 6,715 |
| Restricted cash | 4,961 | | 4,961 | 1,684 | | 1,684 |
| Property, plant and equipment (f) | 21,001 | (10,087) | 10,914 | 18,111 | (8,424) | 9,687 |
| Total assets | \$ 32,788 | \$ (10,013) | \$ 22,775 | \$ 26,280 | \$ (8,194) | \$ 18,086 |
| Current liabilities | 256 | | 256 | 408 | | 408 |
| Long term liabilities | 4,188 | | 4,188 | 4,169 | | 4,169 |
| Total liabilities | 4,444 | | 4,444 | 4,577 | | 4,577 |
| Capital stock (c) | 149,747 | 76,262 | 226,009 | 138,458 | 76,754 | 215,212 |
| Special warrants (e) | | 222 | 222 | | 222 | 222 |
| Warrants and options | 1,649 | (1,169) | 480 | 497 | | 497 |
| Contributed surplus | 108 | 5,560 | 5,668 | 13 | 5,560 | 5,573 |
| Other comprehensive income (loss) (c) | | 74 | 74 | | 230 | 230 |
| Deficit (a)(b)(c)(d)(e)(f) | (123,160) | (90,962) | (214,122) | (117,265) | (90,960) | (208,225) |
| Total shareholders equity | 28,344 | (10,013) | 18,331 | 21,703 | (8,194) | 13,509 |
| Total liabilities & shareholders equity | \$ 32,788 | \$ (10,013) | \$ 22,775 | \$ 26,280 | \$ (8,194) | \$ 18,086 |

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

| (U.S. dollars in thousands) | Years ended December 31, | | | Cumulative during Exploration Stage |
|--|--------------------------|------------|------------|--|
| | 2004 | 2003 | 2002 | |
| Cash flows from operating activities: | | | | |
| Loss for the period | \$ (4,924) | \$ (2,745) | \$ (2,775) | \$ (10,444) |
| Adjustments to reconcile loss for the period to cash used in operations: | | | | |
| Non-cash items | 1,361 | 258 | 927 | 2,546 |
| Additions to mineral properties, net (a) | (1,663) | (550) | (87) | (2,300) |
| Change in operating assets and liabilities: | 212 | (521) | (999) | (1,307) |
| Net cash used in operating activities | (5,014) | (3,558) | (2,934) | (11,506) |
| Cash flows from investing activities: | | | | |
| Additions to mineral properties, net (a) | 1,663 | 550 | 87 | 2,300 |
| Net cash used in investing activities | (4,437) | (2,452) | (1,124) | (8,013) |
| Cash flows from financing activities: | | | | |
| Net cash provided by financing activities | 9,847 | 8,087 | 6,827 | 24,761 |
| Net increase/(decrease) in cash and cash equivalents | 396 | 2,077 | 2,769 | 5,242 |
| Cash and cash equivalents, beginning of period | 5,520 | 3,443 | 674 | 674 |
| Cash and cash equivalents, end of period | \$ 5,916 | \$ 5,520 | \$ 3,443 | \$ 5,916 |

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

| (U.S. \$ 000 s) | Capital stock | Special warrants | Warrants and options | Contributed surplus | Deficit | Other comprehensive income (loss) | Total shareholders equity |
|---------------------------------|---------------|------------------|----------------------|---------------------|--------------|-----------------------------------|---------------------------|
| Balance at December 31, 2000 | \$ 197,900 | \$ | \$ | \$ 2,786 | \$ (195,878) | \$ | \$ 4,808 |
| Net Loss | | | | | (3,194) | | \$ (3,194) |
| Balance at December 31, 2001 | \$ 197,900 | \$ | \$ | \$ 2,786 | \$ (199,072) | \$ | \$ 1,614 |
| Issued during the year (Note 8) | 8,429 | | | | | | 8,429 |
| Special warrants (e) | | 222 | | | | | 222 |
| Contributed surplus (e) | | | | 2,774 | | | 2,774 |
| Warrants & options | | | 370 | | | | 370 |
| Other comprehensive loss (c) | | | | | | (85) | (85) |
| Net Loss | | | | | (5,773) | | (5,773) |
| Balance at December 31, 2002 | \$ 206,329 | \$ 222 | \$ 370 | \$ 5,560 | \$ (204,845) | \$ (85) | \$ 7,551 |
| Issued during the year (Note 8) | 8,883 | | | | | | 8,883 |
| Warrants and options | | | 127 | | | | 127 |
| Contributed surplus | | | | 13 | | | 13 |
| Other comprehensive loss (c) | | | | | | 315 | 315 |
| Net Loss | | | | | (3,380) | | (3,380) |
| Balance at December 31, 2003 | \$ 215,212 | \$ 222 | \$ 497 | \$ 5,573 | \$ (208,225) | \$ 230 | \$ 13,509 |
| Issued during the year (Note 8) | 10,797 | | | | | | 10,797 |
| Warrants and options | | | (17) | | | | (17) |
| Contributed surplus | | | | 95 | | | 95 |
| Other comprehensive loss (c) | | | | | | (156) | (156) |
| Net Loss | | | | | (5,897) | | (5,897) |
| Balance at December 31, 2004 | 226,009 | 222 | 480 | 5,668 | (214,122) | 74 | 18,331 |

The Corporation applies Accounting Principles Board Opinion No. 25 and related interpretations in accounting for its plans in its U.S. GAAP presentations. If compensation cost for the Corporation's stock-based compensation plans had been determined based on the fair value at the grant dates for awards under the plans consistent with the method described in SFAS No. 123, the Corporation would have recorded additional compensation expense of \$690,000, \$485,000 and \$486,000 in 2004, 2003 and 2002, respectively. On January 1, 2004, the Corporation adopted the fair value method of accounting for stock-based compensation, CICA 3870. This standard requires that the Corporation record compensation expense on the granting of all stock-based compensation awards, including stock options grants to employees, calculated using the fair-value method. The adoption of the fair value method resulted in a cumulative increase of \$971,000 to the opening deficit at January 1, 2004. Accordingly, the consolidated net loss and loss per share under U.S. GAAP would have increased to the pro-forma amounts indicated below:

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| | Year ended December 31, | | | | | |
|--------------------------------|-------------------------|---------|------|---------|------|---------|
| | 2004 | | 2003 | | 2002 | |
| Net Loss - as reported (000 s) | \$ | (5,898) | \$ | (3,380) | \$ | (5,773) |
| Net Loss - pro forma (000 s) | | (6,588) | | (3,865) | | (6,259) |
| Loss per share - as reported | \$ | (0.37) | \$ | (0.26) | \$ | (0.85) |
| Loss per share - pro forma | | (0.41) | | (0.30) | | (0.93) |

Impact of recently issued accounting standards

In December 2004, the FASB issued SFAS 153 Exchanges of Non-Monetary Assets an amendment of APB 29. This statement amends APB 29, which is based on the principle that exchanges of

non-monetary assets should be measured at the fair-value of the assets exchanged with certain exceptions. SFAS 153 eliminates the exception for non-monetary exchanges of similar productive assets and replaces it with a general exception for exchanges of non-monetary assets that do not have commercial substance. A non-monetary exchange has commercial substance if the future cash flows of the entity are expected to change significantly as a result of the exchange. This statement is effective for non-monetary asset exchanges occurring in fiscal periods beginning on or after June 15, 2005. The Corporation does not expect that the adoption of SFAS 153 will have a material impact on its financial position, results of operations and cash flows.

For U.S. GAAP purposes, the Corporation will adopt SFAS 123, Accounting for Stock Based Compensation effective January 1, 2005. SFAS 123 requires the use of the fair value method of accounting for stock based compensation. This standard is consistent with the revised provisions of CICA 3870, which was adopted by the Corporation for Canadian GAAP effective January 1, 2004. For the United States GAAP, the Corporation will apply the new standard effective July 1, 2005. The Corporation has not yet decided which of the transition methods allowed by the SFAS 148 will be used and thus cannot evaluate its potential impact on its financial position, results of operations and cash flows.

19. Related party transactions

Maverick Springs

In June 2003, the Corporation formalized an agreement to grant to Silver Standard Resources Inc., (SSRI) an option to acquire the Corporation's interest in the silver mineralized material hosted in the Maverick Springs project in Nevada. The Corporation and SSRI have a common director. Under the terms of the agreement, the Corporation will retain its 100% interest in the gold mineralized material, and SSRI was to pay the Corporation \$1.5 million over four years including a cash payment of \$300,000 at closing. The remaining \$1.2 million would be used by the Corporation to fund exploration programs, land holding costs and option payments on the Maverick Springs project. At the time the transaction was completed, SSRI paid the Corporation \$488,891, comprised of the required \$300,000 payment due at closing plus \$188,891 in exploration costs incurred through December 31, 2002. As of December 31, 2004, included in current assets is a receivable amount due from SSRI in the amount of \$119,373 (2003 - \$407,135) to reimburse the Corporation for exploration expenditures incurred on the Maverick Springs project.

20. Subsequent events

Agreement to Sell Amayapampa Recent Developments

In January 2005, Luzon Minerals Ltd. informed the Corporation that it wishes to exercise its option to purchase the Amayapampa gold project in Bolivia. The companies also agreed at the time, subject to regulatory approval, to further amend the terms of the original purchase option agreement with respect to the payments previously due on January 15, 2005 and January 1, 2006. The amended agreement calls for the Corporation to receive from Luzon, within five business days of receiving TSX Venture Exchange approval, a payment consisting of \$100,000 and 2,000,000 Luzon common shares. This will be followed, on the earlier of June 15, 2005, or the date of the next financing completed by Luzon after January 19, 2005, by a payment of \$850,000 in cash or, at Luzon's option, \$425,000 in cash and \$425,000 in equity units consisting of Luzon common shares and warrants to purchase common shares. The final payment will be made at the earlier of the start of construction or June 15, 2006. This payment remains unchanged from the original agreement, as reported in December 2003, in that Luzon will pay the Corporation \$4,000,000 in cash or at the Corporation's option, a combination of Luzon common shares and cash based on Luzon's share price. If Luzon completes the purchase, and when production commences, the Corporation will also receive a 3% net smelter type royalty on gold production at gold prices of \$450 per ounce or below and 4% at gold prices above \$450 per ounce. Other terms of the agreement remain unchanged.

Letter of Intent to Grant Option to Purchase Hycroft Mine

In January 2005, the Corporation signed a binding letter of intent agreement with Canyon Resources Corporation to grant Canyon a six-month option to purchase the Hycroft mine. Completion of the transaction is subject to the negotiation and execution of a definitive option and purchase agreement and regulatory approval. The agreement provides for Canyon to expend \$500,000 on a program of development and exploration drilling and mine engineering. The objectives of this program are to evaluate and expand the oxide reserves of Hycroft and to provide design information for the restart of oxide leaching operations.

At any time during the six-month period, Canyon may exercise its option to purchase Hycroft for an aggregate amount of \$10 million consisting of a combination of \$4 million in cash and \$6 million in units, with each unit consisting of one share of Canyon common stock and a warrant to purchase one half share of Canyon common stock. The number of units would be calculated by dividing \$6 million by the average closing price of Canyon stock for the 20 trading days prior to the exercise of the option. The exercise price of each warrant would be equal to 130% of the average share price, as calculated above, upon exercise of the option and the warrants would have a term of three years from the date of issue. Canyon will arrange to register the stock acquired by the Corporation as part of this transaction. In addition, Canyon would have the choice either to arrange new reclamation bonding for Hycroft or assume the existing bond (subject to bonding company approval). If Canyon assumes the existing bond, Canyon would pay the Corporation the difference, over a number of years, between the bond amount (approximately \$6.8 million) and the bonding company's accepted cost estimate of reclamation (approximately \$4.2 million), or approximately \$2.6 million (See also Consolidated Financial Statements Note 20).

Form S-3 Filed with the U.S. Securities and Exchange Commission

On January 7, 2005, the United States Securities and Exchange Commission declared effective a registration statement on Form S-3 filed under the United States Securities Act of 1933 for the registration for resale of 4,367,661 Common Shares, including an aggregate 3,932,912 Common Shares issued, as well as those to be issued on exercise of warrants, in connection with the Corporation's September 2004 private placement. Also included were an aggregate 434,749 Common Shares issued, as well as those to be issued on exercise of warrants, in connection with scheduled payments for certain property acquisitions of the Corporation. As a result of this registration statement becoming effective within six months following the closing of the private placement, the exercise price of the warrants remained at \$4.75 rather than being reduced to \$4.25 as would have been the case if the registration statement were declared effective after the six-month period.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

Documents Filed as Part of Report

Financial Statements

The following Consolidated Financial Statements of the Corporation are filed as part of this report:

1. Report of Independent Accountants dated February 11, 2005.
2. Consolidated Balance Sheets At December 31, 2004 and 2003.
3. Consolidated Statements of Loss Years ended December 31, 2004, 2003, and 2002.
4. Consolidated Statements of Deficit Years ended December 31, 2004, 2003 and 2002.
5. Consolidated Statements of Cash Flows Years ended December 31, 2004, 2003, and 2002.
6. Notes to Consolidated Financial Statements.

See Item 8. Consolidated Financial Statements and Supplementary Data .

Financial Statement Schedules

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No financial statement schedules are filed as part of this report because such schedules are not applicable or the required information is shown in the Consolidated Financial Statements or notes thereto. See Item 8. Consolidated Financial Statements and Supplementary Data .

Exhibits

The following exhibits are filed as part of this report:

| Exhibit Number | Description |
|---------------------------|---|
| 23.1 | Consent of PricewaterhouseCoopers LLP, independent auditors |
| 31.1 | Certification of Chief Executive Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as amended |
| 31.2 | Certification of Chief Financial Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as amended |
| 32.1 | Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |
| 32.2 | Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |

SIGNATURES

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

VISTA GOLD CORP.
(Registrant)

Date: August 12, 2005

By: */s/ Michael B. Richings*
Michael B. Richings
President and Chief Executive Officer
(Principal Executive Officer)

Date: August 12, 2005

By: */s/ Gregory G. Marlier*
Gregory G. Marlier
Chief Financial Officer
(Principal Financial Officer)