EL PASO ELECTRIC CO /TX/
Form 4
October 01, 2014

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL
OMB Number: 3235-0287
Expires: January 31, 2005
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(Print or Type Responses)

1. Name and Address of Reporting Person *
Hunt Woody L

(Last) (First) (Middle)

100 N. STANTON STREET

(Street)

EL PASO, TX 79901

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
EL PASO ELECTRIC CO /TX/ [EE]

3. Date of Earliest Transaction (Month/Day/Year)
09/30/2014

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

__X__ Director
_____ 10% Owner
_____ Officer (give title below)
_____ Other (specify below)

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	09/30/2014		A		438	A	$ 36.55	12,533	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Nu Deriv Secur Bene Owne Follo Repo Trans (Instr
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares		

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Hunt Woody L 100 N. STANTON STREET EL PASO, TX 79901	X			

Signatures

/s/ Norma J. Ayoub, attorney-in-fact for Woody L. Hunt	10/01/2014
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. t-family:Times New Roman;font-size: 8pt"> Shares issued, net of transaction costs

10,059,615

23,464

-

-

-

23,464

Warrants and options

-

-

7,485

-

-

7,485

Other comprehensive loss

-

-

-

Explanation of Responses:

-

(173)

(173)

Net loss

-

-

-

(70,656)

-

(70,656)

Balance at December 31, 2012

81,563,498

$

403,583

$

32,155

$

Explanation of Responses:

(334,397)

$

2

$

101,343

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

VISTA GOLD CORP. (An Exploration Stage Enterprise)

CONSOLIDATED STATEMENTS OF CASH FLOWS

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

	Years ended December 31, 2012	2011	2010	Cumulative during exploration stage
Cash flows from operating activities:				
Net income/(loss) for the period	$ (70,656)	$ 51,546	$ (20,020)	$ (100,384)
Adjustments to reconcile net income/(loss) for the period to net cash used in operations:				
Depreciation and amortization	589	420	288	2,398
Stock-based compensation	4,225	2,020	508	12,051
Gain on disposal of marketable securities	(192)	(459)	(281)	(8,049)
Write-down of marketable securities	39	158	-	959
Loss on extinguishment of convertible notes	-	-	1,633	1,218
Accretion of convertible notes	-	120	273	3,519
Gain on disposal of mineral property	(2,934)	(78,072)	-	(80,035)
Write-down of non-current assets	7,367	-	-	7,367
Transaction costs	-	-	-	1,841
Unrealized (gain)/loss on other investments	50,363	(37,347)	-	13,016
Deferred tax (benefit)/expense	(20,147)	35,522	-	15,375
Other non-cash items	-	-	608	2,195
Change in working capital account items:				
Other current assets	(1,786)	(93)	(575)	(2,214)
Interest paid	-	(504)	(25)	(7,586)
Accounts payable, accrued liabilities and other	2,977	1,699	498	4,796
Net cash used in operating activities	(30,155)	(24,990)	(17,093)	(133,533)
Cash flows from investing activities:				
Proceeds from sale of marketable securities	494	592	563	11,543
Purchases of marketable securities	(153)	(329)	(332)	(1,841)
Acquisition of long-term investments	-	(3,632)	-	(3,632)
Additions to mineral property	-	(704)	(2,240)	(11,571)
Additions to plant and equipment	(2,066)	(837)	(355)	(22,643)
Proceeds from non-current asset disposals	5,500	1,000	-	6,740
Change in restricted cash	64	(134)	-	(70)
Cash transferred to Allied Nevada Gold Corp., net of receivable	-	-	-	(24,517)
Net cash (used in)/provided by investing activities	3,839	(4,044)	(2,364)	(45,991)
Cash flows from financing activities:				
Net proceeds from equity financings	24,472	28,984	33,067	161,542

Repayment of convertible notes	-	(23,000)	(2,233)	(26,108)
Proceeds from exercise of warrants	1,425	309	-	40,754
Proceeds from exercise of compensation options	733	-	-	733
Proceeds from exercise of stock options	94	883	53	4,068
Issuance of convertible notes	-	-	-	28,345
Cash paid in lieu of capital stock issuances	-	(107)	-	(107)
Transaction costs	-	-	-	(1,841)
Net cash provided by financing activities	26,724	7,069	30,887	207,386
Increase/(decrease) in cash and cash equivalents	408	(21,965)	11,430	27,862
Decrease in cash and cash equivalents - discontinued operations	-	-	-	(10,255)
Net increase/(decrease) in cash and cash equivalents	408	(21,965)	11,430	17,607
Cash and cash equivalents, beginning of period	17,873	39,838	28,408	674
Cash and cash equivalents, end of period	$ 18,281	$ 17,873	$ 39,838	$ 18,281

Supplemental cash flow information – Note 14

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

VISTA GOLD CORP. (An Exploration Stage Enterprise)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

1. Nature of Operations

Vista Gold Corp. and its subsidiaries (collectively, "Vista," the "Company," the "Corporation," "we," "our" or "us") operate in gold mining industry. We are focused on the evaluation, acquisition, exploration and advancement of gold exploration and potential development projects, which may lead to gold production or value adding strategic transactions such as earn-in right agreements or leases to third parties, joint venture arrangements with other mining companies, or outright sales of assets for cash and/or other consideration. As we do not currently produce gold in commercial quantities, since January 1, 2002, we are considered an Exploration Stage Enterprise as defined in the SEC Industry Guide 7. Our approach to acquisitions of gold projects has generally been to seek projects within political jurisdictions with well-established mining, land ownership and tax laws, which have adequate drilling and geological data to support the completion of a third-party review of the geological data and to complete an estimate of the gold mineralization. In addition, we look for opportunities to improve the value of our gold projects through exploration drilling and/or technical studies resulting in changes to the operating assumptions underlying previous engineering work. We are moving our more advanced projects through technical, engineering and feasibility studies so that production decisions can be made on those projects.

2. Significant Accounting Policies

Principles of Consolidation

The Consolidated Financial Statements include the accounts of Vista Gold Corp and more-than-50%-owned subsidiaries that it controls and entities over which control is achieved through means other than voting rights. All significant intercompany balances and transactions have been eliminated.

Use of Estimates

The Company's Consolidated Financial Statements have been prepared in accordance with U.S. GAAP. The preparation of the Company's Consolidated Financial Statements requires the Company to make estimates and assumptions that affect the reported amounts of assets and disclosure of contingent liabilities at the date of the consolidated financial statements and the reported amounts of expenses during the reporting period. The more significant areas requiring the use of management estimates and assumptions relate to capital costs of projects; mine closure and reclamation obligations; useful lives for asset depreciation purposes; valuation allowances for deferred tax assets; the fair value and accounting treatment of financial instruments including marketable securities and stock-based compensation; and asset impairments (including impairments long-lived assets and investments). The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. Accordingly, actual results will differ from these amounts estimated in these financial statements.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and money market securities with maturities of three months or less when purchased. Because of the short maturity of these investments, the carrying amounts approximate their fair value. Restricted cash is excluded from cash and cash equivalents and is included in other current assets.

Marketable Securities

We classify marketable securities as available-for-sale. Accordingly, these securities are carried at fair value with unrealized gains and losses being reported in other comprehensive income until such time that the securities are disposed of or become impaired. At that time, any gains or losses will be realized and reported in our Consolidated Statements of Income/(Loss) and Comprehensive Income/(Loss). We use the specific identification method for determining carrying value in computing realized gains and losses on sales of investment securities. We evaluate investments in a loss position to determine if such a loss is other-than-temporary. If so, such loss will be recognized and reported during that period.

Mineral Properties

Mineral property acquisition costs, including directly related costs, are capitalized when incurred, and mineral property exploration costs are expensed as incurred. When we determine that a mineral property can be economically developed in accordance with U.S. GAAP, the costs then incurred to develop such property will be capitalized. Capitalized costs will be depleted using the units-of-production method over the estimated life of the proven and probable reserves. If mineral properties are subsequently abandoned or impaired, any undepleted costs will be charged to loss in that period.

VISTA GOLD CORP. (An Exploration Stage Enterprise)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

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

We assess the carrying cost of our mineral properties for impairment whenever information or circumstances indicate the potential for impairment. This would include events and circumstances such as our inability to obtain all the necessary permits, changes in the legal status of our mineral properties, government actions, the results of exploration activities and technical evaluations and changes in economic conditions, including the price of gold and other commodities or input prices. Such evaluations compare estimated future net cash flows with our carrying costs and future obligations on an undiscounted basis. If it is determined that the estimated future undiscounted cash flows are less than the carrying value of the property, a write-down to the estimated fair value will then be reported in our Consolidated Statement of Income/(Loss) for the period. Where estimates of future net cash flows are not determinable and where other conditions indicate the potential for impairment, management uses its judgment to assess if the carrying value can be recovered and to estimate fair value.

Plant and Equipment

Plant and equipment are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, ranging primarily from three to ten years. Significant expenditures that increase the life of an asset, including interest on expenditures on qualifying assets, 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 are eliminated from the respective accounts and any resulting gains or losses will be reported in our Consolidated Statements of Income/(Loss) and Comprehensive Income/(Loss).

Assets held for sale

Plant and equipment is classified as held for sale when the following conditions are met: (i) assets (or group of assets) are actively marketed for a price reasonable to the fair value at the time of sale; (ii) management has committed to a plan to sell the assets (or group of assets); (iii) the assets (or group of assets) are available for sale in current condition; and (iv) sale is probable within the next 12 months.

Asset Retirement Obligation and Closure Costs

The fair value of a liability for our legal obligations associated with the retirement of long-lived assets is recognized in the period in which it is incurred. The associated asset retirement costs are capitalized as part of the carrying amount of the long-lived asset unless the asset has been previously written off, in which case the amount is expensed.

The liability will be adjusted for changes in the expected amounts and timing of cash flows required to discharge the liability and accreted to the full value over time through periodic charges to our Consolidated Statements of Income/(Loss) and Comprehensive Income/(Loss).

Warrants and Compensation Options

Warrants and compensation options issued are recorded at fair value using the Black-Scholes Merton fair value model adjusted to relative fair value.

Stock-Based Compensation

Under our stock option and long-term incentive plans, common share options and restricted stock unit ("RSU") awards may be granted to executives, employees, consultants and non-employee directors. Compensation expense for such grants is recorded in the Consolidated Statements of Income/(Loss) and Comprehensive Income/(Loss) as a component of Exploration, property evaluation and holding costs and Corporate administration and investor relations, with a corresponding increase to Additional paid-in capital in the Consolidated Balance Sheets. The fair values of the options are calculated using the Hull-White Trinomial lattice option pricing model. The expense is based on the fair values of the grant on the grant date and is recognized over the vesting period specified for each grant.

VISTA GOLD CORP. (An Exploration Stage Enterprise)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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Financial Instruments

Accounting Standards Codification Topic 820, Fair Value Measurements and Disclosures ("ASC 820") of the Financial Accounting Standards Board ("FASB") requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. ASC 820 establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. ASC 820 prioritizes the inputs into three levels that may be used to measure fair value:

· Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

· Level 2 – Observable inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, including quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data by correlation or other means.

· Level 3 – Prices or valuation techniques requiring inputs that are both significant to the fair value measurement and unobservable.

Our financial instruments include cash and cash equivalents, marketable securities, Amayapampa interest, short- and long-term investments, accounts payable and certain other current assets and liabilities. Due to the short-term nature of our cash and cash equivalents, accounts payable and certain other current assets and liabilities, we believe that their carrying amounts approximate fair value. Our marketable securities are classified as available-for-sale. Accordingly, these securities are carried at fair value, which is based upon quoted market prices in an active market and included in Level 1 of the fair value hierarchy. Our other investments, comprised of shares of Midas Gold Corp. ("Midas Gold'), is accounted for using the fair value option based on quoted market prices in an active market and is included in Level 1 of the fair value hierarchy. The value of the Amayapampa interest is based on probability-weighted cash flow scenarios and is included in Level 3 in the fair value hierarchy.

Foreign Currency Translation

The Company’s functional currency is the U.S. dollar. Transactions in foreign currencies are translated into U.S. dollars at the rate of exchange prevailing at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated into U.S. dollars at the rate prevailing at the balance sheet date. Non-monetary items are translated at the historical rate unless such items are carried at market value, in which case they are translated using exchange rates that existed when the value were determined. Any resulting exchange rate differences are recorded in the Consolidated Statements of Income/(Loss) and Comprehensive Income/(Loss).

Income Taxes

We provide for income taxes using the liability method of tax allocation. Under this method, deferred income tax assets and liabilities are determined based on deductible or taxable temporary differences between financial statement values and tax values of assets and liabilities.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognized as income or an expense and included in the profit or loss for the period, except when it arises from a transaction that is recognized directly in equity, in which case the deferred tax is also recognized directly in equity.

We establish a valuation allowance against the future income tax assets if, based on available information, it is more likely than not that all of the assets will not be realized.

Uncertainty in Income Tax Positions

The Company recognizes tax benefits from uncertain tax positions only if it is at least more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being

VISTA GOLD CORP. (An Exploration Stage Enterprise)

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realized upon settlement with the taxing authorities. The Company records the related interest expense and penalties, if any, as tax expense in the tax provision.

Net Income/(Loss) Per Share

Basic income/(loss) per share amounts are calculated by using the weighted average number of Common Shares outstanding during the period. Diluted income/(loss) per share amounts reflect the potential dilution that could occur if securities or other contracts that may require the issuance of Common Shares in the future were converted unless their inclusion would be anti-dilutive.

Recent accounting pronouncements

Presentation of Comprehensive Income

In June 2011, the FASB issued guidance that requires an entity to present the total of comprehensive income, the components of net income and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. The option to present the components of other comprehensive income as part of the statement has been eliminated. This guidance was effective for us in the first quarter of 2012 and should be applied prospectively. Our presentation of comprehensive income already complies with this new guidance.

Reporting of Amounts Reclassified out of Accumulated Other Comprehensive Income

In February 2013, the FASB issued guidance related to items reclassified from accumulated other comprehensive income. The new standard requires either in a single note or parenthetically on the face of the financial statements: (i) the effect of significant amounts reclassified from each component of accumulated other comprehensive income based on its sources and (ii) the income statement line items affected by the reclassification. The standard is effective for us January 1, 2013, with early adoption permitted. We do not expect this guidance to have a significant impact on our consolidated financial position, results of operations or cash flows.

3. Marketable Securities

	At December 31, 2012			At December 31, 2011		
	Cost	Unrealized gain/(loss)	Fair value	Cost	Unrealized gain/(loss)	Fair value
Equity Securities						
Sprott Resources Corp.	$ 18	$ 2	$ 20	$ 139	$ 75	$ 214
Silver Predator	60	-	60	87	55	142
Canadian Phoenix	99	26	125	99	(4)	95
Other	447	(26)	421	486	49	535
	$ 624	$ 2	$ 626	$ 811	$ 175	$ 986

During the years ended December 31, 2012 and 2011, we determined that certain of our securities had an other-than-temporary decline in value and write-downs of $39 and $158, respectively, were included in our Consolidated Statements of Income/(Loss) and Comprehensive Income/(Loss).

4. Other Investments

Midas Gold Corp. Combination

In April 2011, Vista completed a combination with Midas Gold, Inc. (the “Combination”). As part of the Combination, each party contributed their respective interests in gold assets in the Yellow Pine-Stibnite District in Idaho to form a new Canadian private company named Midas Gold Corp. (“Midas Gold”). In exchange for the contribution of its equity interests in Idaho Gold Holding Company, the holding company in which we held our Yellow Pine assets, Vista Gold U.S., Inc. (“Vista US”) was issued 30,402,615 common shares in the capital of Midas Gold. Concurrently with the Combination, we purchased 1,400,000 Midas Gold common shares for an aggregate purchase price of $3,632 as part of a Midas Gold private placement. Following completion of these transactions, Vista holds a total of 31,802,615 Midas Gold shares.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Upon initial recognition of its investment in the Midas Gold shares, Vista elected to apply the fair value option, and as such, the investment is recorded at fair value in the Consolidated Balance Sheets. Subsequent changes in fair value are recorded in the Consolidated Statements of Income/(Loss) and Comprehensive Income/(Loss) in the period in which they occur. The difference between the fair value of the 30,402,615 Midas Gold shares and the carrying value of our Yellow Pine assets has been recorded as a gain on disposal of mineral property given that Vista ceased to have a controlling financial interest in the Yellow Pine gold project upon completion of the Combination.

The Combination with Midas Gold, Inc. was a tax-free reorganization for U.S. tax purposes. However, upon completion of the Combination, Vista US received Midas Gold shares with a fair value that was determined to be $78,872. The corresponding estimated deferred tax expense of $29,675 at the time of the Combination exceeded the valuation allowance of $6,086 for Vista US, and the valuation allowance was released.

The following table summarizes our investment in Midas Gold.

		Years Ended December 31,		
		2012		2011
Fair value at beginning of period	$	119,851	$	-
30,402,615 shares received in the Combination		-		78,872
1,400,000 shares purchased		-		3,632
Unrealized gain/(loss) based on the fair value at the end of the period		(50,363)		37,347
Fair value at end of period	$	69,489	$	119,851
Estimated tax benefit/(expense) for the period	$	19,576	$	(44,192)
Midas Gold shares held at the end of the period		31,802,615		31,802,615

In 2012, we reclassified our investment in Midas Gold from long-term assets to current assets as the restrictions on the sale of our Midas Gold shares expire in July 2013.

As of December 31, 2012 Midas had 114,794,136 Common Shares outstanding of which Vista owns approximately 28%. Summarized financial information for Midas Gold as of December 31, 2012 and 2011, which are prepared in accordance with International Financial Reporting Standards is as follows. See Schedule A for the complete set of consolidated financial statements for Midas Gold.

	December 31, 2012	December 31, 2011
Total current assets	$ 19,864	$ 37,341
Total non-current assets	175,957	119,126
Total current liabilities	5,108	3,654
Total non-current liabilities	380	563
Total equity	190,333	152,250

	Year ended December 31,	
	2012	2011
Operating expense	$ 7,813	$ 11,268
Net loss	7,180	13,438

VISTA GOLD CORP. (An Exploration Stage Enterprise)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

5. Mineral Properties

	At December 31, 2011	Cost recovery	Write-downs	At December 31, 2012
Mt. Todd, Australia	$ 2,146	$ -	$ -	$ 2,146
Guadalupe de los Reyes, Mexico	2,752	-	-	2,752
Los Cardones, Mexico	10,303	(2,000)	(250)	8,053
Awak Mas, Indonesia	566	(566)	-	-
Long Valley, United States	750	-	-	750
	$ 16,517	$ (2,566)	$ (250)	$ 13,701

Los Cardones (formerly Condordia)

In February 2012, we entered into an earn-in right agreement (the “Earn-in Right Agreement”) with Invecture Group, S.A. de C.V. (“Invecture”) with respect to our Los Cardones gold project in Baja California Sur, Mexico. We hold the Los Cardones gold project through Desarrollos Zapal S.A de C.V. (“DZ Mexico”). Under the terms of the Earn-in Right Agreement, Invecture made a non-refundable payment of $2,000 in exchange for the right to earn a 60% interest in DZ Mexico (the “Earn-in Right”). Invecture’s right to earn a 60% interest in DZ Mexico was adjusted to 62.5% during the three-month period ended June 30, 2012 pursuant to the terms of the Earn-in Right Agreement. The Earn-in Right will expire if not exercised by February 7, 2014, subject to extension in certain circumstances (the “Earn-in Period”). The Earn-in Right Agreement provides that during the Earn-in Period, Invecture will, at its sole expense, manage and operate the Los Cardones gold project and will undertake all commercially reasonable efforts to obtain the Change of Forest Land Use Permit (“CUSF”) and the Authorization of Environmental Impact which are required to develop the project.

The Earn-in Right Agreement provides that the exercise of the Earn-in Right by Invecture is conditional upon, among other things: (i) receipt of the CUSF and the Authorization of Environmental Impact; (ii) the completion of a feasibility report on the Los Cardones gold project that updates the existing feasibility report; (iii) Invecture funding the Los Cardones gold project during the Earn-in Period; and (iv) Invecture making an additional payment of $20,000 to DZ Mexico, which amount will be used to repay intercompany loans owed by DZ Mexico to Vista, all by February 7, 2014.

During the remainder of the Earn-in Period and subject to the terms of the Earn-in Right Agreement, Vista holds 37.5% of the DZ Mexico shareholder voting rights. The remaining 62.5% of the DZ Mexico shareholder voting rights are held in a trust that will be instructed by representatives of Vista and Invecture. Upon Invecture's exercise of the Earn-in Right, Vista will continue to hold a 37.5% interest in DZ Mexico which represents an indirect 37.5% interest in the Los Cardones gold project.

In September 2011, we acquired additional land at the Los Cardones (formerly Concordia) gold project from a third party. We paid $538 in cash and the remaining $635 is due upon the achievement of certain milestones and is included in other long-term liabilities in our Consolidated Balance Sheets.

During 2008, we entered in to an option agreement to purchase land near the Los Cardones gold project. Under the terms of the agreement, we had the option to pay $50 each year from 2008 through 2012 and $2,000 in 2013. During 2012, we decided not to make the $2,000 due in 2013, and terminate the option agreement. As a result, we recorded a write-down on mineral properties of $250 related to option payments made in 2008 through 2012.

Awak Mas

The Awak Mas gold project in Indonesia is subject to a 2009 joint venture agreement (the "JV Agreement") with Awak Mas Holdings Pty. Ltd. ("AM Holdings"), assignee of Pan Asia Resources Corp. ("Pan Asia"), whereby AM Holdings may earn a 60.6% interest Salu Siwa Pty Ltd. ("Salu Siwa") which holds a 99% interest in the Awak Mas gold project subject to certain spending and performance conditions. In June 2011, we entered into an additional option agreement (the "Additional Option Agreement") with Pan Asia (subsequently assigned to AM Holdings), which provides AM Holdings the option to earn an additional 20.2% interest in Salu Siwa after it has earned the 60.6% interest (for a total 80.8% interest in Salu Siwa or 80% interest in the Awak Mas gold project) in the project pursuant to the JV Agreement. The Additional Option Agreement is subject to meeting certain conditions, including making certain cash payments to Vista. To date, cash payments of $4,500 have been made, but other earn-in conditions have not been met. Since inception of the Additional Option Agreement, the Company has received $3,500 and recorded these proceeds as a cost

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recovery against the carrying value of the Awak Mas gold project until the carrying value was reduced to zero. The proceeds received in excess of the carrying value of the project were recorded as a realized gain of $2,934 during the year ended December 31, 2012.

As of December 31, 2012 and 2011, we recorded restricted cash of $70 and $134, respectively, related to cash at the Awak Mas gold project contributed by Pan Asia but not yet spent for the furtherance of the project.

6. Plant and Equipment

	December 31, 2012			December 31, 2011		
	Cost	Accumulated depreciation	Net	Cost	Accumulated depreciation	Net
Mt. Todd, Australia	$ 3,497	$ 1,124	$ 2,373	$ 1,660	$ 689	$ 971
Los Cardones, Mexico	1,194	109	1,085	18,238	92	18,146
Guadalupe de los Reyes, Mexico	21	3	18	-	-	-
Corporate, United States	556	440	116	430	377	53
Awak Mas, Indonesia	242	242	-	233	171	62
Plant and equipment	$ 5,510	$ 1,918	$ 3,592	$ 20,561	$ 1,329	$ 19,232
Assets held for sale	$ 10,000	$ -	$ 10,000	$ -	$ -	$ -

As part of the Earn-in Right Agreement, Invecture had the right to cause DZ Mexico to acquire certain mill equipment from Vista for $16,000 (the equipment's then book value) plus certain storage, insurance and transportation costs and any applicable taxes provided that notice of exercise of the right is received by February 7, 2013. During November 2012, Invecture notified us that they would not be exercising this right. As a result, we have written the mill equipment down to its estimated fair value of $10,000, based on an independent assessment from a third party who has been contracted to sell the mill equipment on our behalf. These assets are now classified as assets held for sale.

7. Amayapampa Interest

On April 7, 2008, we entered into an agreement to dispose of our interest in the Amayapampa gold project (the “Amayapampa Sale Agreement”) in Bolivia to Republic Gold Limited (“Republic”). Under the terms of the Amayapampa Sale Agreement, Republic agreed to pay to us a total amount of $3,000 in three payments of $1,000. The first of these payments will be due and payable upon the start of commercial production (as defined in the Amayapampa Sale Agreement) at the Amayapampa gold project, followed by $1,000 payments on each of the first and second anniversaries of the start of commercial production. In addition, Republic agreed to pay to us a net smelter return (“NSR”) royalty on the first 720,000 gold equivalent ounces produced from the Amayapampa gold project in varying percentages depending on the price of gold. To date, no amount has been paid or is payable to the Company under the Amayapampa Sale Agreement.

During February 2012, Republic announced that it had suspended its operations at the Amayapampa gold project pending regulatory and policy certainty specifically related to the nationalization of mining assets and the implications of the Bolivian Draft Mining Code. During the fourth quarter of 2012, Republic sold its interest in the Amayapampa gold project (the “Sale Transaction”). The buyer, LionGold Corp Ltd (“LionGold”), has assumed Republic’s obligations under the Amayapampa Sale Agreement.

The Amayapampa interest is considered a financial instrument and as such has been accounted for at its fair value of $4,813 based on probability-weighted cash flow scenarios and assumptions, including future gold prices, estimated gold production and the expected timing of commercial production commencement (Notes 2 and 13).

As of December 31, 2012, we evaluated the carrying amount of the Amayapampa interest based upon the probability-weighted cash flows taking into account the probability that the project may never go into production and that the start of production may be delayed. Based on higher estimated gold production in third party technical reports and our analysis of LionGold’s financial and technical capabilities and corporate strategies, we concluded that there was no change in fair value as of December 31, 2012.

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8. Capital Stock

Private Placement, July 2012

During July 2012, we closed a private placement of 5,000,000 units (the “July 2012 Units”) for gross proceeds of $15,000 (the “July 2012 Offering”). Each July 2012 Unit consists of one common share in the capital of the Company and one-half of one common share purchase warrant (each full warrant, a “July 2012 Warrant”). Each July 2012 Warrant entitles the holder thereof to purchase one common share at a price of $3.60 per share (subject to adjustment in certain circumstances) and is exercisable for a period of 24 months from the closing of the July 2012 Offering. In connection with the July 2012 Offering, we incurred $770 in commissions and other costs and issued a total of 166,667 compensation warrants to finders that provided services in respect of subscriptions for 3,333,334 July 2012 Units. Each compensation warrant entitles the holder thereof to purchase one common share at a price of $3.18 per share (subject to adjustment in certain circumstances) for a period of 24 months from the closing of the July 2012 Offering. On September 29, 2012, we filed a registration statement on Form S-3 related to the resale by the purchasers of the July 2012 Units of the Common Shares issued as part of the Units and Common Shares issuable upon exercise of the July 2012 Warrants and compensation warrants.

Public Offering, December 2012

During December 2012, we closed a public offering of 4,182,550 units (the “December 2012 Units”), which included 545,550 December 2012 Units issued pursuant to the full exercise of the underwriters’ over-allotment option, for gross proceeds of $11,500 (the “December 2012 Offering”). Each December 2012 Unit consists of one common share in the capital of the Company and one-half of one common share purchase warrant (each full warrant, a “December 2012 Warrant”). Each December 2012 Warrant entitles the holder thereof to purchase one common share at a price of $3.30 per share (subject to adjustment in certain circumstances) and is exercisable for a period of 24 months from the closing of the December 2012 Offering. In connection with the December 2012 Offering, the Company incurred approximately $1,258 in commissions and other costs.

Other issuances

On March 13, 2012, the Company received $733 in proceeds from the issuance of 225,000 Common Shares resulting from the exercise of 225,000 compensation options issued in April 2011. On April 18, 2012, the Company received $1,100 in proceeds from the issue of 478,261 Common Shares resulting from the exercise of 478,261 compensation warrants issued in April 2011. On August 10, 2012, the Company received $265 in proceeds from the issuance of 115,217 Common Shares resulting from an exercise of 115,217 compensation warrants issued in October 2010.

Public Offering, April 2011

During April 2011, we issued 9,000,000 Common Shares on a bought deal basis for aggregate gross proceeds of C$29,700 ($30,870 based on the exchange rate on April 20, 2011) (the “2011 Offering”). Net cash proceeds after legal and regulatory fees were $28,984. Also, in connection with the 2011 Offering, we issued 450,000 compensation options to the underwriters with a fair value of $588 which entitles the holder to purchase one common share a price of C$3.30 per share strike price, exercisable for a period of 24 months from the closing of the 2011 Offering. On May 20, 2011, a related over-allotment option expired unexercised.

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9. Additional Paid-in Capital

	Warrants	Stock options and RSUs	Compensation options	Other paid-in capital	Total additional paid-in capital
As of December 31, 2010	$ 10,721	$ 4,695	$ -	$ 7,565	$ 22,981
Convertible notes broker warrants	(336)	-	-	336	-
Warrants exercised	(97)	-	-	-	(97)
Compensation options issued	-	-	588	-	588
Stock options exercised	-	(430)	-	-	(430)
Stock options expired	-	(828)	-	828	-
Stock options amortization	-	1,496	-	-	1,496
Restricted stock units exercised	-	(392)	-	-	(392)
Restricted stock units expensed	-	524	-	-	524
As of December 31, 2011	10,288	5,065	588	8,729	24,670
Warrants exercised	(601)	-	-	601	-
Warrants issued	3,260	-	-	-	3,260
Warrants expired	(11)	-	-	11	-
Stock options amortization	-	1,081	-	-	1,081
Stock options exercised	-	(50)	-	50	-
Stock options expired	-	(1,585)	-	1,585	-
Restricted stock units expensed	-	3,144	-	-	3,144
Compensation options exercised	-	-	(294)	294	-
As of December 31, 2012	$ 12,936	$ 7,655	$ 294	$ 11,270	$ 32,155

Warrants

Warrant activity is summarized in the following table:

	Warrants outstanding	Valuation	Weighted average exercise price per share	Weighted average remaining life (yrs.)	Intrinsic value
As of December 31, 2010	16,138,480	$ 10,721	$ 3.48	4.6	$ 57
Convertible notes broker warrants expired	(200,000)	(336)			
Exercised	(88,242)	(97)			
As of December 31, 2011	15,850,238	10,288	$ 3.91	3.7	$ 485
Exercised	(619,565)	(601)			
Expired	(10,871)	(11)			
Issued (Note 8)	4,757,941	3,260			
As of December 31, 2012	19,977,743	$ 12,936	$ 4.25	2.6	$ -

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

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The fair value of warrants issued during 2012 was estimated at the issue date using the Black-Scholes Merton fair value model adjusted to relative fair value using the following assumptions:

Expected volatility	63.70% - 67.50%
Risk-free interest rate	0.24% - 0.26%
Expected life (years)	2
Dividend yield	N/A

Compensation Options

	Compensation options outstanding	Valuation	Weighted average exercise price per share	Expiry date	Weighted average remaining life (yrs.)
As of December 31, 2010	-	$ -	$ -		
Issued	450,000	588	3.30	April 2013	2.0
As of December 31, 2011	450,000	588	3.30	April 2013	1.3
Exercised	(225,000)	(294)			
As of December 31, 2012	225,000	$ 294	$ 3.30	April 2013	0.3

Stock-Based Compensation

Under our Stock Option Plan (the “Plan”) and our Long-Term Equity Incentive Plan (the “LTIP”), we may grant options and/or restricted stock units (“RSUs”) or restricted stock awards (“RSAs”) to our directors, officers, employees and consultants. The combined maximum number of our Common Shares that may be reserved for issuance under the

Plan and the LTIP is a variable number equal to 10% of the issued and outstanding Common Shares on a non-diluted basis. Options under the Plan are granted from time to time at the discretion of the Board of Directors of the Company ("Board"), with vesting periods and other terms as determined by the Board. The LTIP is administered by the Board, which can delegate the administration to the Compensation Committee of the Board or to such other officers and employees of Vista as designated by the Board. Stock-based compensation expense for the years ended December 31, 2012, 2011 and 2010 is as follows:

	Year ended December 31,		
	2012	2011	2010
Stock options	$ 1,081	$ 1,496	$ 382
Restricted stock units	3,144	524	126
	$ 4,225	$ 2,020	$ 508

As of December 31, 2012, stock options and RSUs had unrecognized compensation expense of $314 and $3,589, respectively, which is expected to be recognized over a weighted average period of 0.74 and 1.76 years, respectively.

Stock Options

A summary of option activity under the Plan as of December 31, 2012 and 2011 and changes during the period then ended is set forth in the following table:

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	Number of options	Weighted average exercise price per option	Weighted average remaining contractual term	Aggregate intrinsic value
Outstanding - December 31, 2010	2,588,661	$ 3.55	2.90	$ 463
Granted	1,246,000	3.04		
Exercised	(354,984)	2.48		
Cancelled	(85,500)	3.44		
Expired/Forfeited	(199,177)	6.90		
Outstanding - December 31, 2011	3,195,000	3.27	2.73	1,039
Granted	600,000	2.97		
Exercised	(32,500)	2.90		
Expired	(660,000)	5.19		
Outstanding - December 31, 2012	3,102,500	$ 2.80	2.68	$ 637
Exercisable - December 31, 2012	2,802,500	$ 2.79	2.49	$ 626

A summary of our unvested stock options as of December 31, 2012 and 2011 and changes during the period then ended is set forth in the following table:

	Number of options	Weighted average grant-date fair value per option
Unvested - December 31, 2010	82,500	$ 1.36
Granted	1,246,000	1.60
Vested	(693,000)	1.57
Forfeited	(38,000)	1.51
Unvested - December 31, 2011	597,500	1.60
Granted	600,000	1.47
Vested	(897,000)	1.56
Unvested - December 31, 2012	300,000	$ 1.47

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

	Years ended December 31,		
	2012	2011	2010
Expected volatility	81.69% - 83.67%	83.40% - 83.86%	81.86% - 82.88%
Risk-free interest rate	0.77% - 0.88%	0.88% - 1.60%	1.51% - 2.88%
Expected life (years)	5	5	5
Dividend yield	N/A	N/A	N/A

Option pricing models require the input of highly subjective assumptions, including the expected price volatility. Expected price volatility is based on the historical volatility of our Common Shares. Changes in the subjective input assumptions can materially affect the fair value estimate. The expected term of the options granted is derived from the output of the option pricing model and represents the period of time that the options granted are expected to be outstanding. The risk-free rate for the periods within the contractual term of the option is based on the U.S. Treasury yield curve in effect at the date of grant.

Restricted Stock Units

The following table summarizes the RSU activity under the LTIP as of December 31, 2012 and 2011 and changes during the years then ended is set forth in the following table:

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	Number of units	Weighted average grant-date fair value per RSU
Unvested - December 31, 2010	175,500	$ 2.37
Forfeited	(10,000)	2.37
Vested	(165,500)	2.37
Granted	960,000	3.84
Unvested - December 31, 2011	960,000	3.84
Cancelled	(107,832)	3.07
Granted	1,142,339	3.20
Unvested - December 31 , 2012	1,994,507	$ 3.52

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

10. Accumulated Other Comprehensive Income

	Accumulated other comprehensive income	Accumulated other comprehensive income, net of tax
As of December 31, 2010	$ 929	$ 790
Decreases to fair market value of marketable securities during period	(295)	(251)
Decreases due to realization of a gain on sale of marketable securities	(459)	(390)
As of December 31, 2011	175	149
Increases to fair market value of marketable securities during period	19	16
Decreases due to realization of a gain on sale of marketable securities	(192)	(163)
As of December 31, 2012	$ 2	$ 2

11. Weighted Average Common Shares

	At December 31, 2012	2011
Basic common shares	74,351,065	68,457,885
Effect of dilutive stock-based awards	-	637,081
Effect of dilutive warrants	-	200,981
Diluted common shares	74,351,065	69,295,947

Stock options to purchase 3,102,500 and 1,810,000 Common Shares and warrants to purchase 19,977,743 and 15,219,802 Common Shares were outstanding at December 31, 2012 and 2011, respectively, but were not included in the computation of diluted weighted average Common Shares outstanding because their effect would have been anti-dilutive.

12. Commitments and Contingencies

Our exploration and development activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and are generally becoming more restrictive. As such, the future expenditures that may be required for compliance with these laws and regulations cannot be predicted. We conduct our operations to minimize effects on the environment and believe our operations are in compliance with applicable laws and regulations in all material respects.

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We have entered into, or may enter into, various agreements to find, lease or purchase mineral interests. These agreements typically require initial payments plus future payments for the life of the agreement; and may include provisions requiring the payment of NSR royalties. The Company can at its discretion terminate any of these agreements within defined notice periods.

13. Fair Value Accounting

The following table sets forth the Company's assets measured at fair value by level within the fair value hierarchy. As required by accounting guidance, assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

	Fair value at December 31, 2012		
	Total	Level 1	Level 3
Assets:			
Cash equivalents	$ 15,834	$ 15,834	$ -
Marketable securities	626	626	-
Other Investments (Midas Gold shares)	69,489	69,489	-
Amayapampa interest	4,813	-	4,813
Mill Equipment	10,000	-	10,000

	Fair value at December 31, 2011		
	Total	Level 1	Level 3
Assets:			
Cash equivalents	$ 14,802	$ 14,802	$ -
Marketable securities	986	986	-
Long Term Investments (Midas Gold shares)	119,851	119,851	-
Amayapampa interest	4,813	-	4,813

Our cash equivalent instruments, marketable securities and investment in Midas Gold are classified as Level 1 of the fair value hierarchy as they are valued at quoted market prices in an active market.

The estimated fair value of the Amayapampa interest is based on probability-weighted cash flow scenarios discounted using a risk-adjusted discount rate (15%) and assumptions including future gold prices (average gold prices realized range from $1,038 to $1,247, depending on timing of assumed start-up), estimated life-of-mine gold production (ranging from 350,000 to 650,000 ounces) and the expected timing of the start of commercial production (periods ranging from 3 to 6 years, or never), which are management's best estimates based on currently available information. Significant changes in any of the unobservable inputs in isolation would result in a significant change in fair value estimate.

The Company incurred an impairment loss on certain mill equipment (Note 6). This equipment was valued at $10,000 based on a third party assessment of the projected sale value. This valuation was used to determine the impairment charge taken in 2012. The mill equipment is categorized as assets held for sale on the Consolidated Balance Sheets.

At December 31, 2012, the assets classified within Level 3 of the fair value hierarchy represent 15% of the total assets measured at fair value. There were no transfers between levels in 2012.

14. Supplemental Cash Flow Information and Material Non-Cash Transactions

As of December 31, 2012 and 2011, all of our cash was held in liquid bank deposits.

Significant non-cash transactions during the year ended December 31, 2012 included the issuance of 166,667 compensation warrants as compensation to the finders that provided services in connection with our July 2012 Offering (Note 8).

Significant non-cash transactions during the year ended December 31, 2011 included the receipt of 30,402,615 Midas Gold shares with a fair value of $78,872 in exchange for our Yellow Pine assets (Note 4) and the issuance of 450,000 compensation options as compensation to the Underwriters' of our April 20, 2011 equity financing (Note 8).

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Significant non-cash transactions during the year ended December 31, 2010 included the issuance of 1,902,684 Common Shares as partial consideration for the repurchase of convertible debt in the principal and interest payable amount of $6,358 and the issuance of compensation options and special warrants to finders and agents as part of our 2010 private placement of special warrants.

15. Income Taxes

The Company's provision for income taxes for the year ended December 31, 2012, consists of a deferred tax benefit of $20,147. The Company has not recognized a current income tax expense or benefit due to overall loss positions. The deferred income tax benefit being recognized at December 31, 2012, relates primarily to the unrealized loss and underling basis difference in the Company’s investment in Midas Gold shares (Note 4). For the year ended December 31, 2011, the Company recognized a deferred tax expense related to the unrealized gain and underlying basis difference in its investment in Midas Gold.

Tax Expense

Income tax expense consists of the following:

	Years ended December 31,		
	2012	2011	2010
Current income tax expense (benefit)			
U.S.	$ -	$ -	$ -
Canada	-	-	-
Other Foreign	-	-	-
	-	-	-
Deferred income tax expense (benefit)			
U.S.	(20,147)	35,522	-

Canada	-	-	-
Other Foreign	-	-	-
	(20,147)	35,522	-
Total tax expense (benefit)	$ (20,147)	$ 35,522	$ -

Source of Income

The Company's U.S. and foreign source income is as follows:

	Years ended December 31,		
	2012	2011	2010
U.S.	$ (52,448)	$ 109,895	$ (2,469)
Canada	(11,962)	(985)	(5,057)
Other Foreign	(26,393)	(21,842)	(12,494)
	$ (90,803)	$ 87,068	$ (20,020)

Rate Reconciliation

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

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	Years ended December 31, 2012	2011	2010
Income taxed at statutory rates	$ (34,860)	$ 33,846	$ (7,008)
Increase (decrease) in taxes from:			
Stock-based compensation	147	113	98
Debt discount interest	-	(2)	(182)
Meals and entertainment	3	5	3
Other adjustments	6	77	60
Adjustment due to capital transactions	(733)	89	-
Imputed interest	24	82	108
Realized fx gain (loss) on intercompany balances	(3)	-	(1)
Prior year provision to actual adjustments	(40)	987	1,829
Differences in tax rates	3,905	1,930	630
Effect of foreign exchange	(340)	603	(755)
Change in effective tax rate	(333)	(764)	209
Expiration of NOLs	70	1,526	-
Change in valuation allowance	12,007	(2,970)	5,009
Income tax (benefit)/expense	$ (20,147)	$ 35,522	$ -

Deferred Taxes

Deferred 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 our deferred tax assets and liabilities as at December 31 are as follows:

	December 31, 2012	2011	2010
Deferred income tax assets			
Excess tax basis over book basis of property, plant and equipment	$ 8,001	$ 6,011	$ 6,495
Marketable securities	62	-	-
Operating loss carryforwards	37,635	26,772	20,945

Capital loss carryforwards	2,630	2,645	2,773
Other	3,219	2,023	1,407
Unrealized foreign exchange on loans	217	676	864
Total future tax assets	51,764	38,127	32,484
Valuation allowance for future tax assets	(41,817)	(29,291)	(31,886)
	9,947	8,836	598
Deferred income tax liabilities			
Marketable securities	-	14,092	116
Other investments	24,839	29,784	
Amayapampa disposal consideration	482	482	482
	25,321	44,358	598
Total Deferred Taxes	$ (15,374)	$ (35,522)	$ -

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Valuation Allowance on Canadian and Foreign Tax Assets

We establish a valuation allowance against the future income tax assets if, based on available information, it is more likely than not that all of the assets will not be realized. The valuation allowance of $41,817 and $29,291 at December 31, 2012 and 2011, respectively, relates mainly to net operating loss carryforwards, in Canada and other foreign tax jurisdictions, where the utilization of such attributes is not more likely than not. The Company continually assesses both positive and negative evidence to determine whether it is more likely than not that deferred tax assets can be realized prior to their expiration.

Loss Carryforwards

The Corporation has available income tax losses of $77,280, which may be carried forward and applied against future taxable income when earned.

The losses expire as follows:

	Noncapital Canada [1]	U.S.	Mexico	Barbados	Indonesia	Total
2012	$ -	$ -	$ -	$ -	$ -	$ -
2013	-	-	(282)	-	(383)	(665)
2014	(725)	-	(124)	-	(211)	(1,060)
2015	(889)	-	(322)	(9)	(385)	(1,605)
2016	-	-	(125)	(8)	(7)	(140)
2017	-	-	(533)	(12)	-	(545)
2018	-	-	(6,230)	(84)	-	(6,314)
2019	-	(519)	(1,138)	(63)	-	(1,720)
2020	-	(783)	(2,505)	(28)	-	(3,316)
2021	-	(779)	(8,735)	(50)	-	(9,564)
2022	-	(748)	(3,856)	-	-	(4,604)
2023	-	(691)	-	-	-	(691)
2024	-	(2,082)	-	-	-	(2,082)

2025	-	(2,362)	-	-	-	(2,362)
2026	(1,027)	(1,213)	-	-	-	(2,240)
2027	(847)	(1,700)	-	-	-	(2,547)
2028	(5,245)	(1,719)	-	-	-	(6,964)
2029	(4,022)	(1,971)	-	-	-	(5,993)
2030	(5,032)	(1,836)	-	-	-	(6,868)
2031	(3,806)	(3,408)	-	-	-	(7,214)
2032	(8,473)	(2,313)				(10,786)
	$ (30,066)	$ (22,124)	$ (23,850)	$ (254)	$ (986)	$ (77,280)

(1) Canadian capital loss carryforwards of $21,039 and Australian NOLs of $59,761, which do not expire and are therefore not included above.

Of the total Canadian net operating loss, $13,721 relates to an equity component for share-issuance cost deduction for which no tax benefit for financial reporting purposes in the income statement will be recognized.

Accounting for uncertainty in taxes

ASC 740 guidance requires that the Company evaluate all income tax positions taken, and recognize a liability for any uncertain tax positions that are not more likely than not to be sustained by the tax authorities. As of December 31, 2012, the Company believes it has no liability for unrecognized tax positions. If the Company were to determine there were any uncertain tax positions, the Company would recognize the liability and related interest and penalties within income tax expense.

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Tax statute of limitations

The Company files income tax returns in Canada, U.S. federal and state jurisdictions and other foreign jurisdictions. There are currently no tax examinations underway for these jurisdictions. Furthermore, the Company is no longer subject tax Canadian tax examinations by the Canadian Revenue Authority for years ended on or before December 31, 2001 or U.S. federal income tax examinations by the Internal Revenue Service for years ended on or before December 31, 2009. Some U.S. state and other foreign jurisdictions are still subject for tax examination for years ended on or before December 31, 2008.

Although certain tax years are closed under the statute of limitations, tax authorities can still adjust losses being carried forward into open years.

16. Retirement Plan

We sponsor 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. We make contributions of up to 4% of eligible employees’ salaries. Our contributions were as follows: 2012 – $57; 2011 – $63; 2010 – $59.

17. Geographic and Segment information

The Company has one reportable operating segment, consisting of evaluation, acquisition, and exploration activities. We evaluate, acquire, explore and advance gold exploration and potential development projects, which may lead to gold production or value adding strategic transactions. These activities are focused principally in Australia, North America and Indonesia. We reported no revenues during the years ended December 31, 2012, 2011 and 2010. Geographic location of mineral properties and plant and equipment is provided in Notes 5 and 6, respectively.

18. Related Party Transactions

On April 1, 2009, we entered into an agreement with Sierra Partners LLC ("Sierra") pursuant to which Sierra provides us with support and analysis of our general corporate finance and strategy efforts. A founder and partner of Sierra is also one of our directors. As compensation for these services, we pay Sierra a monthly retainer fee of $10 for the duration of the agreement. We had made cash payments to Sierra under the agreement totaling $120 for each year ended December 31, 2012, 2011 and 2010.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

Effective May 31, 2012, the Company, upon the recommendation of its audit committee, changed auditors from PricewaterhouseCoopers LLP, Vancouver, British Columbia ("PWC Vancouver") to PricewaterhouseCoopers LLP, Denver, Colorado ("PWC Denver"). The change was made because the Company began reporting under U.S. GAAP (formerly the Company reported under Canadian GAAP), and, given that the Company's corporate headquarters are in a suburb of Denver, there was a cost reduction to be realized. On May 31, 2012, at the request of the Company and upon mutual agreement, PWC Vancouver resigned as the principal independent registered public account of the Company. The request for the resignation of PWC Vancouver was recommended and approved by the Company's audit committee.

PWC Vancouver's Report of Independent Registered Public Accounting Firm for each of the past two fiscal years ended December 31, 2011 and 2010 did not contain any adverse opinion or disclaimer of opinion and were not qualified or modified as to uncertainly, audit scope or accounting principles.

In the two most recent fiscal years and any interim period preceding the resignation of PWC Vancouver, the Company is not aware of any disagreements with PWC Vancouver on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreement(s), if not resolved to the satisfaction of PWC Vancouver, would have caused them to make reference to the subject matter of the disagreement(s) in connection with its reports on the Company's consolidated financial statements for such years.

The Company is not aware of any reportable events (as defined in Item 304(a)(1)(v) of Regulation S-K) that have occurred during the two most recent fiscal years and the interim period preceding the resignation of PWC Vancouver.

PWC Vancouver was provided with the disclosure in the Current Report on Form 8-K as filed on May 31, 2012 and provided a letter commenting on the disclosure pursuant to Item 304(a)(3) of Regulation S-K, which was attached as Exhibit 16.1 of Form 8-K.

During the Company's two most recent fiscal years and through May 31, 2012, neither the Company nor anyone on its behalf has consulted with PWC Denver regarding either (i) the application of accounting principles to a specific transaction, either completed or proposed, or the type of audit opinion that might be rendered on the Company's consolidated financial statements, nor did PWC Denver provide with a written report or oral advice that PWC Denver concluded was an important factor considered by the Company in reaching a decision as to accounting, auditing or financial reporting issues, or (ii) any matter that was either the subject of a disagreement within the meaning of Item 304(a)(1)(iv) of Regulation S-K, or a reportable event within the meaning of Item 304(a)(1)(v) of Regulation S0K.

ITEM 9A. CONTROLS AND PROCEDURES.

Disclosure Controls and Procedures.

At the end of the period covered by this annual report on Form 10-K for the fiscal year ended December 31, 2012, an evaluation was carried out under the supervision of and with the participation of our management, including the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), of the effectiveness of the design and operations of our disclosure controls and procedures (as defined in Rule 13a-15(e) and Rule 15d-15(e) under the Exchange Act). Based on that evaluation, the CEO and the CFO have concluded that as of the end of the period covered by this annual report, our disclosure controls and procedures were effective in ensuring that: (i) information required to be disclosed by us in reports that we file or submit to the SEC under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in applicable rules and forms and (ii) material information required to be disclosed in our reports filed under the Exchange Act is accumulated and communicated to our management, including our CEO and CFO, as appropriate, to allow for accurate and timely decisions regarding required disclosure.

Internal Control over Financial Reporting.

Management's Report on Internal Control over Financial Reporting.

Management's report on internal control over financial reporting and the attestation report on management's assessment are included in Item 8 Financial Statements and Supplementary Data herein.

Attestation Report of the Registered Public Accounting Firm.

PricewaterhouseCoopers LLP's attestation report on our internal control over financial reporting is included as part of Item 8. Financial Statements and Supplementary Data herein.

Changes in Internal Controls.

There has been no change in our internal control over financial reporting during the quarter ended December 31, 2012 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION.

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.

Information concerning our executive officers, directors, Audit Committee, Compliance with Section 16(a) of the Exchange Act and Code of Ethics is contained in our definitive Proxy Statement, filed pursuant to Regulation 14A promulgated under the Securities Exchange Act of 1934 for the 2013 Annual Meeting of Stockholders (the “Proxy Statement”) and is incorporated herein by reference..

ITEM 11. EXECUTIVE COMPENSATION.

Information relating to executive compensation will be contained in the Proxy Statement and is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

Information relating to security ownership of certain beneficial owners of our Common Shares, our equity compensation plans and the security ownership of our management will be contained in the Proxy Statement and is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

Information concerning this item will be contained in the Proxy Statement and is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

Information concerning this item will be contained in the Proxy Statement and is incorporated herein by reference.

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 Registered Public Accounting Firm dated March 13, 2013.

2. Report of Independent Registered Public Accounting Firm dated March 14, 2012.

3. Consolidated Balance Sheets – At December 31, 2012 and 2011.

4. Consolidated Statements of Income/(Loss) and Comprehensive Income/(Loss) – Years ended December 31, 2012, 2011, and 2010.

5. Consolidated Statements of Cash Flows – Years ended December 31, 2012, 2011, and 2010.

6. Consolidated Statements of Shareholders' Equity – Years ended December 31, 2012, 2011, and 2010.

7. Notes to Consolidated Financial Statements.

See “Item 8. Consolidated Financial Statements and Supplementary Data”.

Financial Statement Schedules

Schedule A - The Consolidated Financial Statements and Management’s Discussion and Analysis of Midas Gold Corp. as at and for the years ended December 31, 2012 and 2011.

No other 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. Financial Statements and Supplementary Data”.

Exhibits

The following exhibits are filed as part of this report:

Exhibit Number	Description
3.01	Articles of Continuation filed as Exhibit 2.01 to the Form 20-F for the period ended December 31, 1997 and incorporated herein by reference (File No. 1-9025)
3.02	By-Law No. 1 of Vista Gold filed as Schedule B to the Management Information and Proxy Circular as filed on Form 6-K as filed with the SEC on April 9, 1998 and incorporated herein by reference (File No. 1-9025)
3.03	Amended By-Law No. 1 of Vista Gold filed as Schedule D to the Management Information and Proxy Circular as filed with the SEC on April 7, 1999 and incorporated herein by reference (File No. 1-9025)
3.04	Articles of Arrangement of Vista Gold Corp., dated May 10, 2007 filed as Exhibit 3 to the Corporation's Current Report on Form 8-K, dated May 10, 2007 and incorporated herein by reference (File No. 1-9025)
4.01	Note Indenture, dated March 4, 2008, among Vista Gold Corp., Minera Paredones Amarillos S.A. de C.V., as guarantor, HSBC Bank USA, N.A., as trustee and HSBC Mexico, S.A. De C.V., Institucion de Banca Multiple, Grupo Financiero HSBC, Division Fiduciaria, as collateral agent filed as Exhibit 4.1 to the Corporation's Current Report on Form 8-K dated March 3, 2008 and incorporated herein by reference (File No. 1-9025)
4.02	Special Warrant Indenture, dated October 22, 2010 filed as Exhibit 4.1 to the Corporation's Current Report on Form 8-K dated December 15, 2010 and incorporated herein by reference (File No. 1-9025)
4.03	Warrant Indenture, dated October 22, 2010 filed as Exhibit 4.2 to the Corporation's Current Report on Form 8-K dated December 15, 2010 and incorporated herein by reference (File No. 1-9025)
4.04	Warrant Indenture, dated August 1, 2012, filed as Exhibit 4.1 to the Corporation's Current Report on Form 8-K/A dated August 22, 2012 and incorporated herein by reference (File No. 1-9025)
10.01	Stock Option Plan of Vista Gold dated November 1996 as amended in November 1998, May 2003, May 2005 and May 2006 filed as Schedule C to the Corporation's Annual Report on April 3, 2006 and incorporated herein by reference (File No. 1-9025)
10.02	Agreement, dated March 1, 2006, among the Northern Territory of Australia, Vista Gold Australia Pty. Ltd. and Vista Gold Corp. filed as Exhibit 10.24 to the Corporation's Annual Report on Form 8-K, dated February 28, 2006 and incorporated herein by reference (File No. 1-9025)
10.03	Deed of Option, dated October 28, 2004, between Weston Investments, Organic Resources, Vista Gold Corp., Salu Siwa and JCI Limited filed as Exhibit 10.24 to the Corporation's Annual Report on Form 8-K for the SEC on August 25, 2006) and incorporated herein by reference (File No. 1-9025)
10.04	Asset Sale Agreement dated January 4, 2008, among Vista Gold Corp., Minera Paredones Amarillos, S.A. de C.V., Del Norte Company, Ltd. and A.M. King Industries, Inc. filed as Exhibit 10.1 to the Corporation's Current Report on Form 8-K, dated January 2, 2008, and incorporated herein by reference (File No. 1-9025)
10.05	Note Repurchase Agreement dated May 13, 2010, by and between the Corporation and the Noteholder filed as Exhibit 10.1 to the Corporation's Quarterly Report on Form 10-Q dated August 6, 2010 and incorporated herein by reference (File No. 1-9025)
10.06	

	Canadian Agent Agreement dated September 29, 2010, filed as Exhibit 10.1 to the Corporation's Quarterly Report on Form 10-Q dated November 9, 2010 and incorporated herein by reference (File No. 1-9025)
10.07	Canadian Amended and Restated Agent Agreement, dated October 22, 2010, filed as Exhibit 10.2 to the Corporation's Quarterly Report on Form 10-Q dated August 6, 2010 and incorporated herein by reference (File No. 1-9025)
10.08	United States Finder's Agreement dated September 30, 2010, filed as Exhibit 10.3 to the Corporation's Quarterly Report on Form 10-Q dated August 6, 2010 and incorporated herein by reference (File No. 1-9025)
10.09	Canadian Finder's Agreement dated October 22, 2010, filed as Exhibit 10.4 to the Corporation's Quarterly Report on Form 10-Q dated August 6, 2010 and incorporated herein by reference (File No. 1-9025)
10.10	Earn-In Right Agreement, dated February 7, 2012, filed as Exhibit 10.1 to the Corporation's Current Report on Form 8-K dated February 13, 2012 and incorporated herein by reference (File No. 1-9025)
10.11	Employment Agreement with John F. Engele, filed as Exhibit 10.1 to the Corporation's Current Report on Form 8-K dated June 1, 2012 and incorporated herein by reference (File No. 1-9025)
10.12	Employment Agreement with John W. Rozelle, filed as Exhibit 10.1 to the Corporation's Quarterly Report on Form 10-Q dated November 2, 2012 and incorporated herein by reference (File No. 1-9025)
10.13	Amended Employment Agreement of John F. Engele, dated November 1, 2012
10.14	Amended Employment Agreement of Fred Earnest, dated November 1, 2012
10.15	Amended Employment Agreement of John W. Rozelle, dated November 1, 2012
21	Subsidiaries of the Corporation
23.1	Consent of PricewaterhouseCoopers LLP, Denver, independent auditors
23.2	Consent of SRK Consulting (U.S.), Inc.
23.3	Consent of Golder Associates, Inc.
23.4	Consent of Terry Braun
23.5	Consent of Mine Development Associates Inc.
23.6	Consent of Tetra Tech, Inc.
23.7	Consent of Rex Bryan
23.8	Consent of Thomas Dyer
23.9	Consent of Steven Ristorcelli
23.10	Consent of Resource Development Inc.
23.11	Consent of Richard Jolk
23.12	Consent of Deepak Malhotra
23.13	Consent of David Kidd
23.14	Consent of Vicki Scharnhorst
23.15	Consent of Erick Spiller
23.16	Consent of Edwin Lips
23.17	Consent of John Rozelle
23.18	Consent of Stephen Krajewski
23.19	Consent of PricewaterhouseCoopers LLP, Vancouver, independent auditors
23.20	Consent of Deloitte LLP
24	Powers of Attorney
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
101.INS(1) (2)	XBRL Instance Document

101.SCH[1] XBRL Taxonomy Extension – Schema
(2)
101.CAL[1] XBRL Taxonomy Extension – Calculations
(2)
101.DEF[1] XBRL Taxonomy Extension – Definitions
(2)
101.LAB[1] XBRL Taxonomy Extension – Labels
(2)
101.PRE[1] XBRL Taxonomy Extension – Presentations
(2)

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(1) Submitted Electronically Herewith. Attached as Exhibit 101 to this report are the following formatted in XBRL (Extensible Business Reporting Language): (i) Consolidated Statements of Income/(Loss) and Comprehensive Income/(Loss)for the years ended December 31, 2012, 2011 and 2010, (ii) Consolidated Balance Sheets at December 31, 2012 and 2011, (iii) Consolidated Statements of Cash Flows for the years ended December 31, 2012, 2011 and 2010, and (iv) Notes to Consolidated Financial Statements.

(2) Pursuant to Rule 406T of Regulation S-T, these interactive data files are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended or Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise are not subject to liability.

SIGNATURES

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

	VISTA GOLD CORP.
	(Registrant)
Dated: March 13, 2013	By: /s/ Frederick H. Earnest Frederick H. Earnest, Chief Executive Officer
Dated: March 13, 2013	By: /s/ John F. Engele John F. Engele Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

Dated: March 13, 2013	By: /s/ Frederick H. Earnest Frederick H. Earnest, Chief Executive Officer (Principal Executive Officer)
Dated: March 13, 2013	By: /s/ John F. Engele John F. Engele Chief Financial Officer (Principal Financial and Accounting Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

Signature	Capacity	Date
/s/ Frederick H. Earnest	Director	March 13, 2013
Frederick H. Earnest		
*	Director	March 13, 2013

John M. Clark		
*	Director	March 13, 2013
C. Thomas Ogryzlo		
*	Director	March 13, 2013
Tracy Stevenson		
*	Director	March 13, 2013
W. Durand Eppler		
*	Director	March 13, 2013
Michael B. Richings		

* By: /s/ Frederick H. Earnest

Frederick H. Earnest

Attorney-in-Fact

Pursuant to Power of Attorney filed as Exhibit 24 herewith.

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Schedule A

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

(expressed in US Dollars)

INDEPENDENT AUDITOR’S REPORT

To the Board of Directors and Shareholders of Midas Gold Corp.

We have audited the accompanying consolidated financial statements of Midas Gold Corp. and its subsidiaries, which comprise the consolidated statements of financial position as of December 31, 2012 and December 31, 2011, and the consolidated statements of net loss and comprehensive loss, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Midas Gold Corp. and its subsidiaries as of December 31, 2012 and December 31, 2011, and the results of their operations and their cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

(Signed) Deloitte LLP

Chartered Accountants

February 20, 2013

Vancouver, Canada

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Midas Gold Corp.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at December 31, 2012 and 2011

(expressed in US dollars)

	Notes	2012	2011
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		$ 19,618,855	$ 36,954,210
Trade and other receivables		52,188	276,599
Prepaid expenses		193,330	110,619
		$ 19,864,373	$ 37,341,428
NON-CURRENT ASSETS			
Buildings and equipment	4	$ 5,160,163	$ 2,700,363
Exploration and evaluation assets	5	170,778,522	116,407,379
Reclamation bond		18,000	18,000
		$ 175,956,685	$ 119,125,742
TOTAL ASSETS		$ 195,821,058	$ 156,467,170
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Trade and other payables		$ 4,911,936	$ 3,460,697
Current portion of note payable	6	186,233	180,712
Accrued interest payable		9,904	12,918
		$ 5,108,073	$ 3,654,327

NON-CURRENT LIABILITIES			
Long-term portion of note payable	6	$ 379,491	$ 562,708
TOTAL LIABILITIES		$ 5,487,564	$ 4,217,035
EQUITY			
Share capital	7	$ 193,860,089	$ 155,548,706
Equity reserve	7	17,941,573	10,989,830
Deficit		(21,468,168)	(14,288,401)
TOTAL EQUITY		$ 190,333,494	$ 152,250,135
TOTAL LIABILITIES AND EQUITY		$ 195,821,058	$ 156,467,170

Commitments - Note 5, 6 and 13

Approved on behalf of the Board of Directors:

"Stephen Quin" Stephen Quin - Director

"Donald Young" Donald Young - Director

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Midas Gold Corp.

CONSOLIDATED STATEMENTS OF NET LOSS AND COMPREHENSIVE LOSS

For the years ended December 31, 2012 and 2011

(expressed in US dollars)

	2012	2011
EXPENSES		
Consulting	$ 61,489	$ 103,664
Directors' fees	250,204	104,224
Office and administrative	331,924	288,348
Professional fees	343,919	496,733
Salaries and benefits	974,043	936,786
Share based compensation	5,267,392	8,661,418
Shareholder and regulatory	232,046	366,165
Travel and related costs	351,922	310,786
OPERATING LOSS	$ 7,812,939	$ 11,268,124
OTHER (INCOME) EXPENSES		
Foreign exchange (gain) loss	$ (435,457)	$ 2,446,057
Interest income	(197,715)	(276,460)
Total other (income) expenses	$ (633,172)	$ 2,169,597
NET LOSS AND COMPREHENSIVE LOSS	$ 7,179,767	$ 13,437,721
NET LOSS PER SHARE, BASIC AND DILUTED	$ 0.06	$ 0.16
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING, BASIC AND DILUTED	112,747,000	84,739,000

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Midas Gold Corp.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2012 and 2011

(expressed in US dollars except for number of shares)

	Note	Share Capital Shares		Amount		Equity Reserve		Deficit		Total
BALANCE, December 31, 2010		43,812,000	$	12,562,316	$	129,500	$	(850,680)	$	11,841,136
Share based compensation	7	-		-		13,496,607		-		13,496,607
Exercise of options pre Transaction	1,7	4,600,000		1,930,500		(919,500)		-		1,011,000
Shares issued to Vista Gold Corp.	1,7	30,402,615		79,148,742		-		-		79,148,742
Shares issued in private placement	7	6,129,800		15,586,344		-		-		15,586,344
Exercise of options post Transaction	1,7	290,000		266,376		(120,111)		-		146,265
Exercise of warrants post Transaction	1,7	6,116,666		3,150,383		(1,596,666)		-		1,553,717
Shares issued pursuant to initial public offering, net of issue costs	7	13,930,855		42,904,045		-		-		42,904,045
Net loss and comprehensive loss for the year		-		-		-		(13,437,721)		(13,437,721)
BALANCE, December 31, 2011		105,281,936	$	155,548,706	$	10,989,830		(14,288,401)	$	152,250,135
Share based compensation	7	-		-		7,157,058		-		7,157,058
Shares issued in private placement	7	9,085,000		37,843,583		-		-		37,843,583
Exercise of options	7	427,200		467,800		(205,315)		-		262,485
Net loss and comprehensive loss for the year		-		-		-		(7,179,767)		(7,179,767)
BALANCE, December 31, 2012		114,794,136	$	193,860,089	$	17,941,573	$	(21,468,168)	$	190,333,494

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Midas Gold Corp.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31, 2012 and 2011

(expressed in US dollars)

	2012	2011
OPERATING ACTIVITIES:		
Net loss	$ (7,179,767)	$ (13,437,721)
Items not affecting cash:		
Share based compensation	5,267,392	8,661,418
Depreciation	35,317	10,229
Unrealized foreign exchange (gain) loss	(43,601)	1,762,504
Interest income	(197,715)	(276,460)
Changes in:		
Trade and other receivables	229,793	(136,430)
Prepaid expenses	(82,711)	(52,052)
Trade and other payables	(299,753)	533,719
Net cash used in operating activities	$ (2,271,045)	$ (2,934,793)
INVESTING ACTIVITIES:		
Purchase of exploration and evaluation assets	$ (50,831,957)	$ (21,656,964)
Purchase of buildings and equipment	(2,374,355)	(2,739,360)
Interest received	192,333	156,266
Net cash used in investing activities	$ (53,013,979)	$ (24,240,058)
FINANCING ACTIVITIES:		
Proceeds from issuance of common shares, net of share issue costs	$ 38,106,068	$ 61,285,859
Payment of note payable	(177,696)	(172,522)
Interest paid	(22,304)	(27,479)
Net cash provided by financing activities	$ 37,906,068	$ 61,085,858
Effect of foreign exchange on cash	43,601	(1,762,504)
Net (decrease) increase in cash and cash equivalents	(17,335,355)	32,148,503
Cash and cash equivalents, beginning of year	36,954,210	4,805,707
Cash and cash equivalents, end of year	$ 19,618,855	$ 36,954,210
Cash	$ 1,564,903	$ 6,383,309
Guaranteed investment certificates and term deposits	4,950,000	12,782,900
Investment Savings	13,103,952	17,788,001
Total cash and cash equivalents	$ 19,618,855	$ 36,954,210

Supplemental cash flow information - Note 12

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Explanation of Responses:

Midas Gold Corp.

Notes to Consolidated Financial Statements

For the years ended December 31, 2012 and 2011

(expressed in US dollars)

1. Nature of Operations

Midas Gold Corp. ("the Corporation" or "Midas Gold") was incorporated on February 22, 2011 under the Business Corporations Act of British Columbia. The Corporation was organized to locate, acquire and develop mineral properties located principally in the Stibnite – Yellow Pine mining district in Valley County, Idaho (the "District"). The Corporation currently operates in one segment, mineral exploration in the United States. The Corporation's common shares commenced trading on the Toronto Stock Exchange on July 14, 2011 after closing an initial public offering under a prospectus dated June 30, 2011. The corporate office of Midas Gold is located at 1250-999 West Hastings St, Vancouver, BC, V6C 2W2, Canada.

On April 6, 2011, the Corporation executed a transaction (the "Transaction") whereby Midas Gold, Inc. ("MGI") and Vista Gold Corp. ("Vista") contributed their respective Idaho gold assets through a contribution to Midas Gold to form the Golden Meadows Project ("Golden Meadows" or "Project"). Pursuant to the Plan of Share Exchange, on closing of the Transaction, Midas was owned, on a diluted basis, 65% by the shareholders of MGI and 35% by Vista, excluding any contemporaneous or subsequent financings. Midas Gold issued 30,402,615 shares to a subsidiary of Vista and 48,412,000 shares to the former shareholders of MGI.

The Transaction between Midas Gold and MGI did not result in a significant change in the ownership interests of those entities and the acquisition was accounted for as a continuity of interests maintaining the carrying amount of the entities. Accordingly, these financial statements have been prepared to reflect the financial position and results of operations as if these entities had been consolidated since their inception.

The Transaction between Midas Gold and Vista constituted an acquisition of the assets of Idaho Gold Resources, LLC ("IGR"). Midas Gold acquired 100% of the outstanding common shares of Idaho Gold Holding Corporation ("IGHC"), where IGHC is the inactive holding company which held the equity interest in IGR. Below is a summary of the purchase consideration and the allocation of the purchase consideration to the assets acquired and the liabilities assumed. The determination of fair value is based upon management's estimates and certain assumptions with respect to the fair value associated with the assets acquired.

Value attributed to the 30,402,615 common shares issued for the acquisition of IGR	$ 79,148,742
Value of the exploration and evaluation assets acquired	$ 79,148,742

2. Basis of Preparation

a. Statement of Compliance

These consolidated financial statements have been prepared in accordance with Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and the IFRS Interpretations Committee.

b. Basis of Presentation

These consolidated financial statements have been prepared on the historic cost basis except for certain financial instruments, which are measured at fair value as explained in the Summary of Significant Accounting Policies set out in Note 3.

These consolidated financial statements for the years ended December 31, 2012 and 2011 were approved and authorized for issue by the board of directors on February 20, 2013.

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Midas Gold Corp.

Notes to Consolidated Financial Statements

For the years ended December 31, 2012 and 2011

(expressed in US dollars)

3. Summary of Significant Accounting Policies

a. Basis of Consolidation

These consolidated financial statements include the financial statements of Midas Gold and its wholly owned subsidiary companies:

Midas Gold, Inc. (“MGI”);

Idaho Gold Holding Corporation (“IGHC”);

Idaho Gold Resource, LLC (“IGR”); and

MGI Acquisition Corporation (“MGIAC”).

All intercompany transactions, balances, income and expenses, have been eliminated.

b. Functional and Presentation Currency

The functional and presentation currency of the Corporation and its subsidiaries is the US Dollar (“USD”). All amounts in these consolidated financial statements are in USD, unless otherwise stated.

c. Cash and Cash Equivalents

For the purpose of the statement of financial position and statement of cash flows, the Corporation considers all highly liquid investments readily convertible to a known amount of cash with an original maturity of three months or less and subject to an insignificant risk of changes in value to be cash equivalents.

d. Business Combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The cost of each business combination is measured, at the date of the exchange, as the aggregate of the fair value of assets given, liabilities incurred or assumed, and equity instruments issued by the Corporation in exchange for control of the acquiree. Acquisition-related costs incurred for the business combination are expensed. The acquiree's identifiable assets, liabilities and contingent liabilities are recognized at their fair value at the acquisition date.

Goodwill arising on acquisition is recognized as an asset and initially measured at cost, being the excess of the cost of the acquisition over the Corporation's interest in the fair value of the net identifiable assets, liabilities and contingent liabilities recognized. If the Corporation's interest in the fair value of the acquiree's net identifiable assets, liabilities and contingent liabilities exceeds the cost of the acquisition, the excess is recognized in earnings or loss immediately. The interest of non-controlling shareholders in the acquiree is measured at the non-controlling shareholders' proportion of the net fair value of the assets, liabilities and contingent liabilities recognized.

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Midas Gold Corp.

Notes to Consolidated Financial Statements

For the years ended December 31, 2012 and 2011

(expressed in US dollars)

3. Summary of Significant Accounting Policies (continued)

e. Financial Assets

Financial assets are classified into one of four categories, fair value through profit or loss ("FVTPL"), held-to-maturity ("HTM"), available for sale ("AFS") and loans and receivables.

The classification is determined at initial recognition and depends on the nature and purpose of the financial asset.

(i)FVTPL financial assets

Financial assets are classified as FVTPL when the financial asset is held for trading or it is designated as FVTPL. A financial asset is classified as held for trading if:

" it has been acquired principally for the purpose of selling in the near future;
" it is a part of an identified portfolio of financial instruments that the Corporation manages and has an actual pattern of short-term profit-taking; or
" it is a derivative that is not designated and effective as a hedging instrument.

Financial assets classified as FVTPL are stated at fair value with any resultant gain or loss recognized in profit or loss. The net gain or loss recognized incorporates any dividend or interest earned on the financial asset. Transaction costs related to asset classified as FVTPL are expensed. The Corporation does not have any assets classified as FVTPL financial assets.

(ii)HTM financial assets

HTM investments are recognized on a trade-date basis and are initially measured at fair value, including transaction costs. The Corporation does not have any assets classified as HTM investments.

(iii)AFS financial assets

Investments and other assets held by the Corporation are classified as AFS and are stated at fair value. Gains and losses arising from changes in fair value are recognized in other comprehensive income. Impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets, are recognized directly in profit or loss rather than equity. When an investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognized in the investments revaluation reserve is included in profit or loss.

The fair value of AFS monetary assets denominated in a foreign currency are translated at the spot rate at the statement of financial position date. The change in fair value attributable to translation differences on amortized cost of the asset is recognized in profit or loss, while other changes are recognized in equity.

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Midas Gold Corp.

Notes to Consolidated Financial Statements

For the years ended December 31, 2012 and 2011

(expressed in US dollars)

3. Summary of Significant Accounting Policies (continued)

e. Financial Assets (continued)

(iv)Loans and receivables

Trade and other receivables, loans and cash and cash equivalents that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Loans and receivables are initially recognized at the transaction value and subsequently carried at amortized cost using the effective interest rate method less impairment losses. The impairment loss of receivables is based on a review of all outstanding amounts at period end. Bad debts are written off when they are identified. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would not be material.

(v)Effective interest method

The effective interest method calculates the amortized cost of a financial asset and allocates interest income over the corresponding period. The effective interest rate is the rate that discounts estimated future cash receipts over the expected life of the financial asset, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

(vi)Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each period end. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Objective evidence of impairment could include the following:

" significant financial difficulty of the issuer or counterparty;
" default or delinquency in interest or principal payments;
" it has become probable that the borrower will enter bankruptcy or financial reorganization; or
" a significant or prolonged decline in value.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of all financial assets, excluding trade receivables, is directly reduced by the impairment loss. The carrying amount of trade receivables is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

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Midas Gold Corp.

Notes to Consolidated Financial Statements

For the years ended December 31, 2012 and 2011

(expressed in US dollars)

3. Summary of Significant Accounting Policies (continued)

e. Financial Assets (continued)

(vi)Impairment of financial assets (continued)

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease relates to an event occurring after the impairment was recognized; the previously recognized impairment loss is reversed through profit or loss. The impairment on AFS equity instruments is not reversed if the value of the AFS equity investments subsequently increases. On the date of impairment reversal, the carrying amount of the financial asset cannot exceed its amortized cost had impairment not been recognized.

(vii)Derecognition of financial assets

A financial asset is derecognized when:

" the contractual right to the asset's cash flows expire; or
" if the Corporation transfers the financial asset and substantially all risks and rewards of ownership to another entity.

f. Financial Liabilities and Equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Corporation are recorded at the proceeds received, net of direct issue costs.

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

(i) Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expenses over the corresponding period. The effective interest rate is the rate that exactly discounts estimated future cash payments over the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

The Corporation has classified trade and other payables and notes payable as other financial liabilities.

(ii) Derecognition of financial liabilities

The Corporation derecognizes financial liabilities when, and only when, the Corporation's obligations are discharged, cancelled or they expire.

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Midas Gold Corp.

Notes to Consolidated Financial Statements

For the years ended December 31, 2012 and 2011

(expressed in US dollars)

3. Summary of Significant Accounting Policies (continued)

g. Exploration and Evaluation Assets

Exploration and evaluation assets are recorded at cost less accumulated impairment losses, if any. All direct costs related to the acquisition, exploration and evaluation of mineral properties are capitalized until the commercial viability of the asset is established, at which time the capitalized costs are reclassified to mineral properties under development. To the extent that the expenditures are made to establish ore reserves within the rights to explore, the Corporation will consider those costs as capital in nature. The depreciation of a capital asset in connection with exploring or evaluating a property of this nature will be included in the cost of the exploration and evaluation asset.

Management reviews the facts and circumstances to determine whether there is an indication that the carrying amount of the exploration and evaluation assets exceeds their carrying value on a regular basis. Indication includes but is not limited to, the expiration of the right explore, substantive expenditure in the specific area is neither budgeted nor planned and if the entity has decided to discontinue exploration activity in the specific area. If the facts and circumstances suggest the carrying value exceeds the recovery value, the Corporation will write down the carrying value of the property.

h. Loss Per Share

Basic loss per share is computed by dividing the net loss available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted loss per share is computed similar to basic loss per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of share purchase options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding share purchase options were exercised and that the proceeds from such exercises were used to acquire common shares at the average market price during the reporting periods. All share purchase options and warrants were anti-dilutive for the years presented.

i. Foreign Currency Translation

Transactions in currencies other than the entity’s functional currency are recorded at the exchange rate prevailing at the dates of the transactions. Monetary assets and liabilities are translated using the period end foreign exchange rate. Non-monetary assets and liabilities are translated using the historical rate on the date of the transaction. All gains and losses on translation of these foreign currency transactions are included in the consolidated Statement of Net Loss and Comprehensive Loss.

j. Income Taxes

Income tax expense consists of current and deferred tax expense. Income tax expense is recognized in the Statement of Net Loss and Comprehensive Loss.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

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Midas Gold Corp.

Notes to Consolidated Financial Statements

For the years ended December 31, 2012 and 2011

(expressed in US dollars)

3. Summary of Significant Accounting Policies (continued)

j. Income Taxes (continued)

Deferred tax assets and liabilities are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs. A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Corporation does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is derecognized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Corporation intends to settle its current tax assets and liabilities on a net basis.

k. Share Based Compensation

The Corporation grants share purchase options to directors, officers, and employees. The board of directors grants such options for periods of up to five years, with vesting periods determined at its sole discretion and at prices equal to or greater than the closing price on the date the options were granted.

The fair value of the options granted to employees is measured at the grant date, using the Black-Scholes option pricing model, and is recognized over the vesting period, which is the period over which all of the specific vesting conditions are satisfied. Forfeitures are estimated at the grant date. For awards with graded vesting, the fair value of each tranche is measured separately and recognized over its respective vesting period. The fair value is recognized as an expense or capitalized to exploration and evaluation assets, depending on the recipient of the option, with a corresponding increase in equity reserve. The amount recognized as expense is adjusted to reflect the number of share options which actually vest.

When the Corporation grants share purchase options, which only vest upon satisfaction of a contingent event, the fair value of the option is measured on the date of grant using the same valuation model and assumptions used for options without performance conditions. The Corporation will recognize compensation expense based on an estimate of performance condition that will be satisfied.

l. Reclamation and Remediation

The Corporation recognizes liabilities for statutory, contractual, constructive or legal obligations associated with buildings and equipment and exploration and evaluation assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates arising from the decommissioning and site preparation work is capitalized to exploration and evaluation assets along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value of such costs. The Corporation’s estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to exploration and evaluation assets with a corresponding entry to the rehabilitation provision. The Corporation’s estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates. The costs of rehabilitation projects that were included in the rehabilitation provision are recorded against the provision as incurred.

Midas Gold Corp.

Notes to Consolidated Financial Statements

For the years ended December 31, 2012 and 2011

(expressed in US dollars)

3. Summary of Significant Accounting Policies (continued)

m. Buildings and Equipment

Buildings and equipment are recorded at cost less amortization, depletion and accumulated impairment losses, if any.

Where significant components of buildings and equipment have different useful lives, the components are accounted for as separate items. Expenditures incurred to replace a component that is accounted for separately, including major inspection and overhaul expenditures, are capitalized. Directly attributable expenses incurred for major capital projects are capitalized until the asset is brought to a working condition for its intended use. These costs include dismantling and site restoration costs to the extent these are recognized as a provision.

The cost of self-constructed assets includes the cost of materials, direct labor and an appropriate portion of normal overhead. The costs of day-to-day servicing are recognized in expenses as incurred, as “maintenance and repairs.”

Financing costs associated with the construction or acquisition of qualifying assets are capitalized at interest rates relating to loans specifically raised for that purpose. Capitalization of borrowing costs ceases when the asset is ready for its intended use.

The Corporation depreciates its assets, less their estimated residual values, as follows:

Category	Method	Useful life
Equipment and Vehicles	Straight-line	3 to 7 years
Buildings	Straight-line	5 to 10 years

The depreciation method, useful life and residual values are assessed annually.

n. Impairment

The Corporation's tangible and intangible assets are reviewed for indications of impairment at each statement of financial position date. If an indication of impairment exists, the asset's recoverable amount is estimated to determine extent of impairment, if any. Where the asset does not generate independent cash flows, the Corporation estimates the recoverable amount of the cash generating unit ("CGU") to which the asset belongs.

An impairment loss is recognized when the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit and loss for the period. The recoverable amount is the greater of the asset's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Midas Gold Corp.

Notes to Consolidated Financial Statements

For the years ended December 31, 2012 and 2011

(expressed in US dollars)

3. Summary of Significant Accounting Policies (continued)

o. Leases

Operating lease payments are expensed on a straight-line basis over the term of the relevant lease. Incentives received upon entry into an operating lease are recognized straight-line over the lease term.

p. Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

q. Significant Accounting Estimates and Judgments

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions about future events that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, events or actions, actual results may differ from these estimates.

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

i) Economic recoverability and probability of future economic benefits of exploration evaluation and development costs

Management has determined that exploratory drilling, evaluation, development and related costs incurred which were capitalized have future economic benefits and are economically recoverable based on the current information available to the Corporation. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefit including geologic and metallurgic information, history of defining mineral resources, economic studies, and existing permits.

ii) Functional currency

The functional currency for each of the Corporation's subsidiaries is the currency of the primary economic environment in which the entity operates. The Corporation has determined that the functional currency of each entity is the US dollar. Determination of functional currency may involve certain judgments to determine the primary economic environment and the Corporation reconsiders the functional currency of its entities if there is a change in events and conditions which determined the primary economic environment.

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Midas Gold Corp.

Notes to Consolidated Financial Statements

For the years ended December 31, 2012 and 2011

(expressed in US dollars)

3. Summary of Significant Accounting Policies (continued)

q. Significant Accounting Estimates and Judgments (continued)

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustments are as follows:

i) Impairment of building and equipment and exploration and evaluation assets
Management considers both external and internal sources of information in assessing whether there are any indications that the Corporation's building and equipment and exploration and evaluation assets are impaired. External sources of information management considers include changes in the market, economic and legal environment in which the Corporation operates that are not within its control and affect the recoverable amount of its building and equipment and exploration and evaluation assets. Internal sources of information management consider include the manner in which mining properties and building and equipment are being used or are expected to be used and indications of economic performance of the assets.

ii) Depreciation and amortization rate for building and equipment
Depreciation and amortization expenses are allocated based on assumed asset lives. Should the asset life or depreciation rates differ from the initial estimate, an adjustment would be made in the consolidated statements of income.

iii) Mineral resource estimates
The figures for mineral resources are determined in accordance with National Instrument 43-101, "Standards of Disclosure for Mineral Projects", issued by the Canadian Securities Administrators. There are numerous uncertainties inherent in estimating mineral resources, including many factors beyond the Corporation's control. Such estimation is a subjective process, and the accuracy of any mineral resource estimate is a function of the quantity and quality of available data and of the assumptions made and judgements used in engineering and geological interpretation. Differences between management's assumptions (including economic assumptions such as metal prices and market conditions) could have a material effect in the future on the Corporation's financial position and results of operation.

iv) Valuation of share-based compensation

The Corporation uses the Black-Scholes Option Pricing Model for valuation of share-based compensation. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Corporation's earnings and equity reserves.

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Midas Gold Corp.

Notes to Consolidated Financial Statements

For the years ended December 31, 2012 and 2011

(expressed in US dollars)

3. Summary of Significant Accounting Policies (continued)

r. Standards Issued but not yet Effective

Certain pronouncements were issued by the International Accounting Standards Board ("IASB") or the IFRS Interpretations Committee that are mandatory for accounting periods after December 31, 2012. The Corporation does not expect the standards below to have a material impact on the financial statements, although additional disclosures may be required.

(i) The following five new Standards were issued by the IASB in May 2011, and are effective for annual periods beginning on or after January 1, 2013.

A. Consolidated Financial Statements

IFRS 10 Consolidated Financial Statements ("IFRS 10") will replace IAS 27 Consolidated and Separate Financial Statements, and SIC 12 Consolidation – Special Purpose Entities. The portion of IAS 27 that deals with separate financial statements will remain. IFRS 10 changes the definition of control, such that the same consolidation criteria will apply to all entities. The revised definition focuses on the need to have both "power" and "variable returns" for control to be present. Power is the current ability to direct the activities that significantly influence returns. Variable returns can be positive, negative or both. IFRS 10 requires continuous assessment of control of an investee based on changes in facts and circumstances.

B. Joint Arrangements

IFRS 11 Joint Arrangements ("IFRS 11") will replace IAS 31 Interests in Joint Ventures, and SIC 13 Jointly Controlled Entities – Non-monetary Contributions by Venturers. IFRS 11 defines a joint arrangement as an arrangement where two or more parties contractually agree to share control. Joint control exists only when the decisions about activities that significantly affect the returns of an arrangement require the unanimous consent of the parties sharing control. The focus is not on the legal structure of joint arrangements, but rather on how the rights and obligations are shared by the parties to the joint arrangement. IFRS 11 eliminates the existing policy choice of proportionate consolidation for jointly controlled entities. In addition, the Standard categorizes joint arrangements as either joint operations or joint ventures.

C. Disclosure of Interests in Other Entities

IFRS 12 Disclosure of Interests in Other Entities ("IFRS 12") will replace the disclosure requirements currently found in IAS 28 investment in Associates, and is the new Standard for disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities, including information about the significant judgments and assumptions that it has made in determining whether it has control, joint control or significant influence in another entity. IFRS 12 sets out the required disclosures for entities reporting under IFRS 10 and IFRS 11.

Midas Gold Corp.

Notes to Consolidated Financial Statements

For the years ended December 31, 2012 and 2011

(expressed in US dollars)

3. Summary of Significant Accounting Policies (continued)

r. Standards Issued but not yet Effective (continued)

(i)(continued)

A. Separate Financial Statements

The new IAS 27 Separate Financial Statements ("IAS 27") has been updated to require an entity presenting separate financial statements to account for those investments at cost or in accordance with IFRS 9 Financial Instruments. The new IAS 27 excludes the guidance on the preparation and presentation of consolidated financial statements for a group of entities under the control of a parent, which is within the scope of the current IAS 27 Consolidated and Separate Financial Statements, and is replaced by IFRS 10.

B. Investments in Associates and Joint Ventures

The new IAS 28 Investments in Associates and Joint Ventures ("IAS 28") has been updated and it is to be applied by all entities that are investors with joint control of, or significant influence over, an investee. The scope of the current IAS 28 Investments in Associates does not include joint ventures.

(ii)IFRS 13 Fair Value Measurement ("IFRS 13") was issued by the IASB in May 2011, and is effective for annual periods beginning on or after January 1, 2013. Early application is permitted. IFRS 13 was issued to remedy the inconsistencies in the requirements for measuring fair value and for disclosing information about fair value measurement in various current IFRSs. IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, i.e. an exit price.

(iii)In November 2009, the IASB published IFRS 9, "Financial Instruments", which covers the classification and measurement of financial assets as part of its project to replace IAS 39, "Financial Instruments: Recognition and Measurement." In October 2010, the requirements for classifying and measuring financial liabilities were added to IFRS 9. Under this guidance, entities have the option to recognize financial liabilities at fair value through earnings. If this option is elected, entitles would be required to reverse the portion of the fair value change due to own credit risk out of earnings and recognize the change in other comprehensive income. IFRS 9 is effective for the Corporation on January 1, 2015. Early adoption is permitted and the standard is required to be applied retrospectively.

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Midas Gold Corp.

Notes to Consolidated Financial Statements

For the years ended December 31, 2012 and 2011

(expressed in US dollars)

4. Buildings and Equipment

At December 31, 2012 and December 31, 2011, the Corporation's buildings and equipment were as follows:

	Buildings	Equipment and Vehicles	Total
Cost			
Balance, December 31, 2010	$ 33,139	$ 326,335	$ 359,474
Additions	1,230,249	1,511,175	2,741,424
Disposals	-	(2,065)	(2,065)
Balance, December 31, 2011	$ 1,263,388	$ 1,835,445	$ 3,098,833
Additions	1,653,183	2,164,866	3,818,049
Disposals	(425,808)	(32,630)	(458,438)
Balance, December 31, 2012	$ 2,490,763	$ 3,967,681	$ 6,458,444
Accumulated Depreciation			
Balance, December 31, 2010	$ 6,637	$ 43,215	$ 49,852
Disposals	-	(723)	(723)
Depreciation charge for the year	107,033	242,308	349,341
Balance, December 31, 2011	$ 113,670	$ 284,800	$ 398,470
Disposals	(127,744)	(6,217)	(133,961)
Depreciation charge for the year	394,938	638,834	1,033,772
Balance, December 31, 2012	$ 380,864	$ 917,417	$ 1,298,281
Carrying Value			
Balance, December 31, 2010	$ 26,502	$ 283,120	$ 309,622
Balance, December 31, 2011	$ 1,149,718	$ 1,550,645	$ 2,700,363
Balance, December 31, 2012	$ 2,109,899	$ 3,050,264	$ 5,160,163

Depreciation expense included in exploration and evaluation assets was $998,455 (2011 – $339,112) and depreciation expense in statement of loss was $35,317 (2011 –$10,229) for the year ended December 31, 2012.

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Midas Gold Corp.

Notes to Consolidated Financial Statements

For the years ended December 31, 2012 and 2011

(expressed in US dollars)

5. Exploration and Evaluation Assets

At December 31, 2012 and December 31, 2011, the Corporation's exploration and evaluation assets at the Golden Meadows Project were as follows:

	As at 31-Dec-11	Additions	As at 31-Dec-12
Acquisition Costs			
Interest on notes payable	$ 72,898	$ 19,289	$ 92,187
Mineral claims	1,590,687	559,547	2,150,234
Mineral claims acquired from Vista (Note 1)	79,148,742	-	79,148,742
Royalty interest	1,026,750	-	1026,750
Exploration and Evaluation Expenditures			
Consulting and labor cost	9,647,713	10,079,382	19,727,095
Drilling	12,664,745	19,676,341	32,341,086
Drilling support	6,721,311	13,577,349	20,298,660
Engineering	1,456,690	3,740,518	5,197,208
Environmental and sustainability	1,790,728	4,515,872	6306,600
Geochemistry and geophysics	1,730,389	2,419,071	4,149,460
Prepaid exploration and evaluation	556,726	(216,226)	340,500
Balance	$ 116,407,379	$ 54,371,143	$ 170,778,522

	As at 31-Dec-10	Additions	As at 31-Dec-11
Acquisition Costs			
Interest on notes payable	$ 48,528	$ 24,370	$ 72,898
Mineral claims	607,665	983,022	1,590,687
Mineral claims acquired from Vista (Note 1)	-	79,148,742	79,148,742
Royalty interest	1,026,750	-	1,026,750
Exploration and Evaluation Expenditures			
Consulting and labor cost	1,830,545	7,817,168	9,647,713
Drilling			

Explanation of Responses: