ECOLAB INC.
Form 11-K
June 22, 2018

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 11-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2017

OR

TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ________to_______

Commission file number 1-09328

A.Full title of the plan and the address of the plan, if different from that of the issuer named below:

ECOLAB SAVINGS PLAN AND ESOP FOR TRADITIONAL BENEFIT EMPLOYEES

B.Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

ECOLAB INC.

1 Ecolab Place

Saint Paul, Minnesota 55102

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ECOLAB SAVINGS PLAN AND ESOP FOR TRADITIONAL BENEFIT EMPLOYEES

REPORT ON AUDITS OF FINANCIAL STATEMENTS

As of December 31, 2017 and 2016

and

for the year ended December 31, 2017

AND SUPPLEMENTAL SCHEDULES

as of and for the year ended December 31, 2017

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Plan Administrator and Trustees:

Ecolab Savings Plan and ESOP for Traditional Benefit Employees

Opinion on the Financial Statements

We have audited the accompanying statements of net assets available for benefits of Ecolab Savings Plan and ESOP for Traditional Benefit Employees (the "Plan") as of December 31, 2017 and 2016 and the related statement of changes in net assets available for benefits for the year ended December 31, 2017, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2017 and 2016, and the changes in net assets available for benefits for the year then ended December 31, 2017, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Plan's Management. Our responsibility is to express an opinion on the Plan's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Plan in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Plan is not required to have, nor were we engaged to perform, an audit of the Plan's internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Supplemental Information

The supplemental information included in Schedule H, Line 4a – Schedule of Delinquent Participant Contributions for the year ended December 31, 2017 and Schedule H, Line 4i – Schedule of Assets (Held at End of Year) as of December 31, 2017, together referred to as "supplemental information", has been subjected to the auditing procedures performed in conjunction with the Plan's financial statements. The supplemental information is the responsibility of the Plan's management. Our audit procedures included determining whether the supplemental information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information, we evaluated whether the supplemental information, including its form and content, is presented in conformity with Department of Labor's Rules and Regulations for Reporting and Disclosure under Employee Retirement Income Security Act of 1974. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the financial statements as a whole.

We have served as the Plan's auditor since 2015.

/s/ Olsen Thielen & Co., Ltd.

Roseville, Minnesota
June 22, 2018

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STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

December 31 (in thousands)	2017	2016
Investments		
Plan interest in Ecolab Savings Plan Master Trust at fair value	$ 1,497,300	$ 1,357,536
Plan interest in Ecolab Savings Plan Master Trust at contract value	53,982	56,484
Total investments	1,551,282	1,414,020
Receivables		
Notes receivable from participants	19,569	20,320
Dividends receivable	2,032	2,056
Employer contributions receivable	787	718
Employee contributions receivable	7	1
Total receivables	22,395	23,095
Net assets available for benefits	$ 1,573,677	$ 1,437,115

The accompanying notes are an integral part of the financial statements.

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STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

Year ended December 31 (in thousands)	2017
Investment results	
Plan interest in Ecolab Savings Plan Master Trust	$ 222,358
Interest income on notes receivable from participants	869
Contributions	
Participants	30,560
Employer	14,333
Rollovers	959
Total contributions	45,852
Deductions	
Distributions to participants	(132,336)
Plan expenses	(130)
Total deductions	(132,466)
Net increase	136,613
Transfer to other plans	(51)
Net assets available for benefits	
Beginning of year	1,437,115
End of year	$ 1,573,677

The accompanying notes are an integral part of the financial statements.

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NOTES TO FINANCIAL STATEMENTS

1. DESCRIPTION OF PLAN

The following brief description of the Ecolab Savings Plan and ESOP for Traditional Benefit Employees (the "Plan") is provided for general information purposes only. Participants should refer to the Plan document for more complete information regarding the Plan's definitions, benefits, eligibility and other matters.

Master Trust

The Plan is a participating entity in the Ecolab Savings Plan Master Trust (the "Master Trust") with assets held by Fidelity Management Trust Company ("Fidelity" or "trustee"). The Master Trust was established on January 1, 2013 to hold the qualified defined contribution investment assets of both the Plan and the Ecolab Savings Plan and ESOP, as sponsored by Ecolab Inc. and its subsidiaries and certain affiliates ("the Company").

General and Eligibility

The Plan is a contributory qualified defined contribution plan available to certain individuals employed by the Company and is limited to active employees accruing a final average pay or 5% cash balance benefit in the Ecolab Pension Plan. Eligible employees regularly scheduled to work at least 20 hours per week may participate immediately in the Plan provided they are not subject to a collective bargaining agreement which does not provide for their participation. Part-time employees working fewer than 20 hours a week must be employed for a twelve consecutive month period during which they have worked at least 1,000 hours to be eligible to participate. Employee participation in the Plan is voluntary.

The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") and the Internal Revenue Code of 1986, as amended (the "Code").

The Benefits Finance Committee determines the appropriateness of the Plan's investment offerings and monitors investment performance. The Plan Administrator is responsible for administration of the Plan.

Contributions

Contributions are made to the Plan as participant savings contributions, participant rollover contributions, and employer matching contributions.

Participant savings contributions are either pre-tax contributions made by the Company on behalf of participants who have agreed to have their taxable compensation reduced or Roth Savings contributions made by the Company on behalf of participants who have agreed to have their after-tax compensation reduced. Participants may reduce their compensation by up to 50%, subject to a statutory annual maximum of $18,000 for 2017 for the purpose of making savings contributions to the Plan.

Participants who are at least age 50 are allowed to make additional catch-up contributions up to the statutory annual maximum ($6,000 in 2017).

Participants may also contribute amounts representing distributions from other qualified plans (rollover).

Participant contributions of up to 3% of eligible compensation are matched 100% by the Company and participant contributions over 3% and up to 5% of eligible compensation are matched 50% by the Company. The Plan also allows additional employer matching contributions to true-up the employer match. This true-up ensures all participants receive their full annualized employer match.

The Plan contains a separate Employee Stock Ownership Plan (“ESOP”) account for employer and participant contributions which are invested in the Ecolab Stock Fund. The ESOP allows participants to elect the withdrawal of dividends paid on shares to the ESOP account.

Vesting

Participants are fully vested in their account at all times.

Plan Benefits

As participants are fully vested at all times, benefits to participants are equal to their account balances. Upon retirement, death, disability or separation from service, a distribution may be made to the participant or beneficiary equal to the participant's account balance. Employees are able to withdraw any part or all of their account balance upon attainment of age 59 1/2. Loans and in-service withdrawals for hardships are also available. A participant distribution or withdrawal from the Plan generally is subject to federal income tax and may be subject to an early withdrawal penalty, unless rolled over to a qualified plan or an individual retirement account.

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Notes Receivable from Participants

Active participants (and beneficiaries who are parties in interest as defined by ERISA) are permitted to borrow from their accounts. The total amount of a participant's note may not exceed the lesser of (a) $50,000 minus the participant's highest outstanding note balance for the previous twelve-month period, or (b) 50% of the participant's interest in his or her account. When a note is granted, the appropriate account balances are reduced and a separate note account is created.

Note payments, together with interest at a market rate determined by the Plan Administrator, are repaid generally over 5 years unless the note is for the purchase of a principal residence, in which case the term can be up to 15 years.

Notes receivable from participants at December 31, 2017 had interest rates ranging from 3.25% to 8.25% and are due at various dates through January 2033. A participant can have no more than two notes outstanding at any time. Notes receivable from participants are collateralized by the borrower’s account balance and are repaid through ratable payroll deductions.

Participant Accounts and Allocation

Fidelity provides investment management, recordkeeping and trustee services for the Plan directly or indirectly through one or more of its subsidiaries. The Master Trust agreement authorizes services to be performed by the trustee, its agents or affiliates.

Each participant's account is credited with the participant's contributions, the employer matching contributions and investment income thereon, net of Plan expenses. Allocations are based on participant earnings, account balances, or specific participant transactions, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant’s vested account.

All participant contributions made under the Plan are paid to and invested by Fidelity in one or more of the available investment options as directed by the participants.

Participants are allowed to allocate their entire account balance in any combination of the available investment options. Participants can transfer their account balance among the investment options and/or change the investment of their future contributions, and earnings thereon, daily. These transfers and changes must be made in whole dollar amounts of at least $250 and/or in whole percent increments.

Transfer to the Ecolab Savings Plan and ESOP

A participant in the Plan who ceases to be employed with the Company, and is later re-hired, becomes a participant in the Ecolab Savings Plan and ESOP, a separate plan administered by Ecolab Inc., after satisfying the eligibility requirements.

In that case, the Plan requires that the participant's balance in the Plan be automatically transferred to the Ecolab Savings Plan and ESOP. The amount is shown as a transfer from the Plan on the statement of changes in net assets available for benefits.

Plan Termination

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting.

Fully benefit-responsive investment contracts are required to be reported at contract value. Contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. Contract value represents contributions made under each contract, plus earnings, less participant withdrawals, and administrative expenses. The statement of net assets available for benefits presents the Plan's fully benefit-responsive investment contracts at contract value at both December 31, 2017 and 2016.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

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Valuation of Investments and Income Recognition

Fidelity holds the Plan's assets and executes transactions therein based upon instructions received from the Plan Administrator, the Company and the participants in the Plan. The Plan's investments are stated at fair value, except for fully benefit-responsive investment contracts, which are reported at contract value. Fair value is the amount 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. See Note 4 for a discussion of fair value measurements.

Interest income is recorded as earned on an accrual basis and dividend income is recorded on the ex-dividend date. Purchases and sales of securities and realized gains and losses related to sales of investments are recorded on a trade-date basis. Unrealized gains and losses are recorded based on the fair values as of the reporting date. Investment income and investment expenses of the Master Trust are allocated to the Plan according to the investment elections of participants within the Plan. In addition, certain administrative expenses are allocated to the Plan based on its pro rata share of the net assets of the Master Trust.

Notes Receivable from Participants

Notes receivable from participants are measured at their unpaid principal balances plus any accrued interest. Interest income is recorded on the accrual basis of accounting. Related fees are recorded as administrative expenses and are expensed when they are incurred. No allowance for credit losses has been recorded as of December 31, 2017 or 2016. If a participant ceases to make loan repayments and the Plan Administrator deems the participant loan to be in default, the participant loan balance is reduced and a benefit payment is recorded.

Notes receivable from participants have been classified as an investment asset for Form 5500 reporting purposes and, accordingly, have been included as an investment in the supplemental schedule, Schedule H, line 4i – Schedule of Assets (Held at End of Year).

Contributions

Participant contributions are recorded in the period the employer makes the payroll deductions. Employer matching contributions are recorded based on participant contributions in the same period.

Risks and Uncertainties

The Plan provides for a range of investment options in various combinations of investment funds. Investments are exposed to a number of risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, including Ecolab Inc. common stock, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and those changes could materially affect participants' account balances and the amounts reported in the 2017 statement of net assets available for benefits.

Concentration of Market Risk

At December 31, 2017 and 2016, approximately 42% and 45%, respectively, of the Plan’s total assets were invested in the common stock of the Company. The underlying value of the Ecolab Stock Fund is dependent on the performance of the Company and the market’s evaluation of such performance.

Distributions to Participants

Distributions to participants are recorded when paid.

Plan Expenses

The Company pays a portion of the administrative expenses of the Plan, which are excluded from these financial statements, and a portion is paid by Plan participants within the Plan. Certain asset management and administrative fees of the Plan are charged against the Plan’s investment results.

New Accounting Pronouncements

In February 2017, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2017-06, Employee Benefit Plan Master Trust Reporting. The amendments clarify presentation requirements for a plan’s interest in a master trust and require more detailed disclosures of the plan’s interest in the master trust. The amendments in this update are effective for fiscal years beginning after December 15, 2018. Early adoption is permitted. Upon adoption, the amendments shall be applied retrospectively to all periods presented. The Plan is currently evaluating the impact of adoption.

Subsequent Events

The Plan Administrator has evaluated subsequent events through the date and time the financial statements were issued.

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3. PLAN INTEREST IN THE MASTER TRUST

The Plan’s investments are included in the investments of the Master Trust. Each participating retirement plan has a divided interest in the Master Trust. The value of the Plan’s interest in the Master Trust is based on the value of the Plan’s interest in the Master Trust at the beginning of the year, plus current year actual contributions and allocated investment income (loss) less actual distributions and allocated administrative expenses. Investment income (loss), investment management fees and other direct expenses relating to the Master Trust are allocated to the individual participating plans based on the average daily balances. The Plan’s interest in the Master Trust was approximately 45% as of December 31, 2017, and 47% as of December 31, 2016.

The following is a summary of the Master Trust investments, the Plan’s interest in the investments of the Master Trust, and the Plan’s interest percentage ownership of the Master Trust investments as of December 31, 2017 and 2016:

	2017		
(in thousands)	Master Trust Investments	Plan's Interest in Master Trust	Plan's Percent Interest in Master Trust
Investments at fair value			
Ecolab Inc. common stock	$ 777,226	$ 667,701	86%
Interest bearing cash	9,182	7,888	86%
Registered Investment companies	1,448,991	565,615	39%
Common/collective trusts			

		Accumulated	comprehensive	shareholders'	
	shares	Amount	deficit	income/(loss)	equity
Balances at December 31, 2016	97,786,608	$ 455,443	$ (414,933)	$ 15	$ 40,525
Shares issued (RSUs vested, net of shares withheld)	1,625,399	(264)	—	—	(264)
Stock-based compensation	—	874	—	—	874
Other comprehensive loss	—	—	—	(17)	(17)
Net loss	—	—	(12,035)	—	(12,035)
Balances at December 31, 2017	99,412,007	$ 456,053	$ (426,968)	$ (2)	$ 29,083

Cumulative adjustment related to Accounting Standard Update 2016-01	—	—	(2)	2	—
Adjusted balance at January 1, 2018	99,412,007	456,053	(426,970)	—	29,083
Shares issued (RSUs vested, net of shares withheld)	127,942	(39)	—		(39)
Stock-based compensation	—	338	—		338
Net loss	—	—	(948)		(948)
Balances at March 31, 2018	99,539,949	$ 456,352	$ (427,918)	$ —	$ 28,434

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

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VISTA GOLD CORP.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

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

	Three months ended March 31, 2018	2017
Cash flows from operating activities:		
Net loss for the period	$ (948)	$ (2,847)
Adjustments to reconcile net loss for the period to net cash used in operations:		
Depreciation and amortization	228	169
Stock-based compensation	338	246
Gain on disposal of mineral property	—	(358)
(Gain)/loss on other investments	(2,028)	312
Change in working capital account items:		
Other current assets	169	13
Accounts payable, accrued liabilities and other	(962)	72
Net cash used in operating activities	(3,203)	(2,393)
Cash flows from investing activities:		
Disposition of short-term investments, net of acquisitions	2,226	1,491
Proceeds from option/sale agreements, net	—	358
Net cash provided by investing activities	2,226	1,849
Cash flows from financing activities:		
Payment of taxes from withheld shares	(39)	—
Net cash used in financing activities	(39)	—
Net decrease in cash and cash equivalents	(1,016)	(544)
Cash and cash equivalents, beginning of period	1,431	1,904
Cash and cash equivalents, end of period	$ 415	$ 1,360

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

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VISTA GOLD CORP.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

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

1. Nature of Operations and Basis of Presentation

Vista Gold Corp. and its subsidiaries (collectively, “Vista,” the “Company,” “we,” “our,” or “us”) operate in the gold mining industry. We are focused on the evaluation, acquisition, exploration and advancement of gold exploration, and potential development projects, which may lead to gold production or value adding strategic transactions such as earn-in right agreements, option agreements, leases to third parties, joint venture arrangements with other mining companies, or outright sales of assets for cash and/or other consideration. We look for opportunities to improve the value of our gold projects through exploration drilling and/or technical studies focused on optimizing previous engineering work.

The Company’s flagship asset is its 100% owned Mt Todd gold project (“Mt Todd”) in the Northern Territory (“NT”) Australia. Mt Todd is the largest undeveloped gold project in Australia. The Company recently received authorization for the last major environmental permit and completed an updated Preliminary Feasibility Study for Mt Todd, which confirms the project’s robust economics at today’s gold price. With these important milestones complete, Vista is in a position to actively pursue strategic alternatives that provide the best opportunity to maximize value for the Company. We also hold 4.2% of the outstanding common shares in the capital of Midas Gold Corp. (“Midas Gold Shares”), a non-core project in Mexico and royalty interests in the United States and Indonesia.

The interim Condensed Consolidated Financial Statements (“interim statements”) of the Company are unaudited. In the opinion of management, all adjustments and disclosures necessary for a fair presentation of these interim statements have been included. The results reported in these interim statements are not necessarily indicative of the results that may be reported for the entire year. These interim statements should be read in conjunction with the Company’s Consolidated Financial Statements for the year ended December 31, 2017 as filed with the United States Securities and Exchange Commission and Canadian securities regulatory authorities on March 6, 2018 on Form 10-K. The year-end balance sheet data was derived from the audited financial statements and, in accordance with the instructions to Form 10-Q, certain information and footnote disclosures required by United States generally accepted accounting principles have been condensed or omitted.

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

2. Significant Accounting Policies

Revenue Recognition

The FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606). ASU No. 2014-09, as subsequently amended, supersedes the revenue recognition requirements in Revenue Recognition (Topic 605), and most industry-specific guidance throughout the Industry Topics of the Codification. Additionally, ASU No. 2014-09 supersedes some cost guidance included in Revenue Recognition-Construction-Type and Production-Type Contracts (Subtopic 605-35). Under ASU No. 2014-09, an entity should recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU No. 2014-09 also requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts. This includes significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. Additionally, from time to time, the Company may enter into transactions whereby it sells or options certain mineral properties, plant and equipment. In these instances, certain principles of ASC 610, Other Income, may apply when de-recognizing a nonfinancial asset when the Company has determined the sale and/or option agreement does not qualify as a contract with a customer. Certain principles of ASC 606 may apply when recognizing a gain or loss on the transaction even though the transaction is not considered to be in the normal course of business. ASU No. 2014-09 states that entities should apply guidance related to transfer of control and measurement of the transaction price when evaluating the timing and amount of the gain or loss to be recognized. The new guidance is effective for interim and annual periods beginning after December 15, 2017.

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VISTA GOLD CORP.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

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

The Company adopted the new guidance effective January 1, 2018. The guidance may be applied retrospectively for all periods presented or retrospectively with the cumulative effect of initially applying the guidance recognized at the date of initial application. The Company adopted the guidance retrospectively with the cumulative effect of initially applying the amended guidance recognized at January 1, 2018. Based on the contracts outstanding as of December 31, 2017, there was no cumulative effect adjustment required to be recognized at January 1, 2018. Under the Company's adoption approach, results for reporting periods beginning after January 1, 2018, will be presented in the Consolidated Financial Statements under the new guidance, while prior period amounts will not be adjusted and continue to be reported under the guidance in effect for those periods.

The Company has performed an assessment of the revised guidance and the impacts on the Company's Consolidated Financial Statements and disclosures. The Company has completed the review of all contracts with the potential for variable consideration and determined that the adoption of this guidance will primarily impact the timing of revenue recognition on certain option agreements based on the Company's determination of when control is transferred for accounting purposes. Currently, proceeds received from option agreements are considered recovery of the carrying value of the related project until the carrying value reaches zero. After that, any additional proceeds received will be recognized as a contract liability until control has transferred to the buyer or the related contract has terminated.

The Company has completed its evaluation of the potential for future variable consideration from net smelter return royalties ("NSR"), and other production related payments, and determined that there is no impact to the Company's current accounting.   None of the projects which could provide the Company with NSRs or other production related payments are currently in production, and in all cases, we believe there is low probability of future production from these projects. Accordingly, the Company believes its NSRs and other production related payments are fully constrained, and the Company does not record a receivable for them. When it becomes probable that a project which could provide the Company with an NSR or other production related payments could begin production, the Company will evaluate the accounting treatment at that time.

3. Short-term and Other Investments

Short-term investments

As of March 31, 2018 and December 31, 2017, the amortized cost basis of our short-term investments was $12,918 and $15,144, respectively. The amortized cost basis approximates fair value at March 31, 2018 and December 31, 2017. Short-term investments at March 31, 2018 and December 31, 2017 are comprised of U.S. government treasury bills and/or notes, all of which have maturity dates greater than 90 days but less than one year.

Other investments - Midas Gold Shares

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

VISTA GOLD CORP.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

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

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

	March 31, 2018	December 31, 2017
Fair value at beginning of period	$ 3,746	$ 4,994
Gain/(loss) during the period	2,028	(1,248)
Fair value at end of period	$ 5,774	$ 3,746
Midas Gold Shares held at the end of the period	7,802,615	7,802,615

4. Mineral Properties

	At March 31, 2018	At December 31, 2017
Mt Todd, Australia	$ 2,146	$ 2,146
Guadalupe de los Reyes, Mexico	325	325
	$ 2,471	$ 2,471

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

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

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

· maintaining the concessions comprising the GdlR Project in good standing;

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

· granting us a capped NSR on production from open pit mining (the "Open Pit NSR") at rates that range from 1% (at gold prices of $1,400/oz or less) to a maximum of 2% (at gold prices above $1,600/oz) up to an aggregate of $2,000 in royalty payments;

· granting us a perpetual NSR on production from underground mining (the "Underground NSR") at rates that range from 1% (at gold prices of $1,400/oz or less) to a maximum of 2% (at gold prices above $1,600/oz); and

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

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

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

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VISTA GOLD CORP.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

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

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

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

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

Long Valley Claims

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

5. Plant and Equipment

	March 31, 2018			December 31, 2017		
	Cost	Accumulated depreciation	Net	Cost	Accumulated depreciation	Net

Mt Todd, Australia	$ 5,646	$ 4,819	$ 827	$ 5,646	$ 4,591	$ 1,055
Corporate, United States	333	333	—	333	333	—
Used mill equipment, Canada	6,500	—	6,500	6,500	—	6,500
	$ 12,479	$ 5,152	$ 7,327	$ 12,479	$ 4,924	$ 7,555

6. Common Shares

Warrants

Warrant activity is summarized in the following table:

	Warrants outstanding	Weighted average exercise price per share	Weighted average remaining life (yrs.)	Intrinsic value
As of December 31, 2017	6,514,625	1.92	1.6	—
As of March 31, 2018	6,514,625	$ 1.92	1.4	$ —

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 to our directors, officers, employees and consultants. The combined maximum number of our common shares (“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 at any one time. Options and RSUs under the Plan and LTIP, respectively, are granted from time

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

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

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.

Stock-based compensation expense for the three months ended March 31, 2018 and 2017 is as follows:

	Three Months Ended March 31,	
	2018	2017
Stock options	$ 146	$ 12
Restricted stock units	192	234
	$ 338	$ 246

As of March 31, 2018, stock options and RSUs had unrecognized compensation expense of $258 and $667, respectively, which is expected to be recognized over a weighted average period of 1.4 and 1.2 years, respectively.

Stock Options

A summary of options under the Plan as of March 31, 2018 is set forth in the following table:

	Number of options	Weighted average exercise price per option	Weighted average remaining contractual term	Aggregate intrinsic value
Outstanding - December 31, 2017	1,144,500	$ 0.42	1.15	$ 346
Granted	820,000	0.75		8
Outstanding - March 31, 2018	1,964,500	$ 0.56	2.58	$ 374
Exercisable - March 31, 2018	1,164,912	$ 0.50	1.85	$ 284

A summary of our unvested stock options as of March 31, 2018 is set forth in the following table:

	Number of options	Weighted average grant-date fair value per option	Weighted average remaining amortization period (Years)
Unvested - December 31, 2017	246,250	$ 0.22	0.99
Granted	820,000	0.48	
Vested	(266,662)	0.48	
Unvested - March 31, 2018	799,588	$ 0.40	1.40

No stock options were granted for the three months ended March 31, 2017. The fair value of stock options granted during the three months ended March 31, 2018 to employees, directors and consultants was estimated at the grant date using the Black-Scholes option pricing model using the following assumptions:

	2018
Expected volatility	77.1 %
Risk-free interest rate	2.6 %
Expected life (years)	5
Dividend yield	—
Forfeiture assumption	— %

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

Restricted Stock Units

The following table summarizes the RSUs outstanding under the LTIP as of March 31, 2018:

	Number of units	Weighted average grant-date fair value per unit
Unvested - December 31, 2017	1,567,907	$ 0.85
Cancelled/forfeited	(101,392)	0.98
Vested, net of shares withheld	(127,942)	0.97
Granted	319,000	0.75
Unvested - March 31, 2018	1,657,573	$ 0.81

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

During the three months ended March 31, 2018, the Company withheld shares with an equivalent value to the employee withholding tax obligation which resulted from RSUs that vested in the period. Shares withheld are considered cancelled/forfeited.

7. Commitments and Contingencies

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

Under our agreement with the Jawoyn Association Aboriginal Corporation (the "JAAC"), we must offer the JAAC the opportunity to establish a joint venture with Vista holding a 90% participating interest and the JAAC holding a 10% participating interest in Mt Todd. In addition, the JAAC will be entitled to an annual cash payment, or payment in kind, equal to 1% of the value of the annual gold production from the current mining licenses, and a 1% NSR on other metals, subject to a minimum payment of A$50 per year.

8. Fair Value Accounting

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

	Fair value at March 31, 2018		
	Total	Level 1	Level 3
Marketable securities	$ 79	$ 79	$ —
Other investments (Midas Gold Shares)	5,774	5,774	—

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

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VISTA GOLD CORP.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

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

Our marketable securities and investment in Midas Gold Shares are classified as Level 1 of the fair value hierarchy as they are valued at quoted market prices in an active market. Marketable securities are included in other current assets on the Condensed Consolidated Balance Sheets for each period presented.

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

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

9. Geographic and Segment Information

The Company has one reportable operating segment. We evaluate, acquire, explore and advance gold exploration and potential development projects, which may lead to gold production or value adding strategic transactions. These activities are currently focused principally in Australia. We reported no revenues during the three months ended March 31, 2018 and 2017. Geographic location of mineral properties and plant and equipment is provided in Notes 4 and 5, respectively.

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

The following discussion and analysis should be read in conjunction with our unaudited condensed consolidated financial statements for the three months ended March 31, 2018, and the related notes thereto, which have been prepared in accordance with generally accepted accounting principles in the United States. This discussion and analysis contains forward-looking statements and forward-looking information that involve risks, uncertainties and assumptions. Our actual results may differ materially from those anticipated in these forward-looking statements and information as a result of many factors. See section heading "Note Regarding Forward-Looking Statements" below.

All dollar amounts stated herein are in U.S. dollars in thousands, except per share and per ounce amounts and currency exchange rates unless specified otherwise. References to A$ to Australian currency and $ to United States currency.

Overview

Vista Gold Corp. and its subsidiaries (collectively, "Vista," the "Company," "we," "our," or "us") operate in the gold mining industry. We are focused on the evaluation, acquisition, exploration and advancement of gold exploration and potential development projects, which may lead to gold production or value adding strategic transactions such as earn-in right agreements, option agreements, leases to third parties, joint venture arrangements with other mining companies, or outright sales of assets for cash and/or other consideration. We look for opportunities to improve the value of our gold projects through exploration drilling and/or technical studies focused on optimizing previous engineering work. We do not currently generate cash flows from mining operations.

The Company's flagship asset is its 100% owned Mt Todd gold project ("Mt Todd" or the "Project") in the Northern Territory ("NT") Australia. Mt Todd is the largest undeveloped gold project in Australia. The Company recently received authorization for the last major environmental permit and completed an updated Preliminary Feasibility Study for Mt Todd, which confirms the project's robust economics at today's gold price. With these important milestones complete, Vista is in a position to actively pursue strategic alternatives that provide the best opportunity to maximize value for the Company.

Results from Operations

Summary

Consolidated net loss for the three months ended March 31, 2018 and 2017 was $948 and $2,847 or $0.01 and $0.03 per share, respectively. The principal components of these year-over-year changes are discussed below.

Exploration, property evaluation and holding costs

Exploration, property evaluation and holding costs were $1,545 and $1,752 during the three months ended March 31, 2018 and 2017, respectively. These costs are predominantly associated with Mt Todd and are comprised of fixed costs and discretionary costs. For the three months ended March 31, 2018 and 2017, our fixed costs (which include cash expenditures necessary to ensure that we preserve our property rights and meet all of our safety, regulatory and environmental responsibilities) trended approximately 20% higher in 2018 compared to the same period in 2017 as baseline monitoring activities have been introduced in compliance with the terms of the EPBC permit, which was granted in January 2018. In addition, we have added site employees to complement site environmental, maintenance and exploration activities. We expect 2018 fixed costs, in Australian dollar terms, to continue to trend 20% to 25% higher than 2017 fixed costs.

The magnitude of discretionary program spending during the three months ended March 31, 2018 was lower than the discretionary program spending during the three months ended March 31, 2017. The principle 2018 program was the drilling of four additional PQ core holes designed to extract approximately 5 tonnes of higher grade material from the Batman pit, for the completion of two additional approximately 2.5 tonne high pressure grinding roll (“HPGR”) crushing, X-ray transmission (“XRT”) and laser sorting tests. These tests are being conducted to confirm gold loss in the

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rejected material for higher grade ores. The material 2017 discretionary programs included: the completion of the drilling program to generate the 20 tonne sample used in the ore sorting testing program; the ore sorting testing program and subsequent metallurgical studies including grinding studies to confirm the potential for improved gold recoveries and preparation of the draft mine management plan. Based on these studies, the Company completed a pre-feasibility study, the results of which were announced during the first quarter of 2018. See "Project Updates" below for a summary of the pre-feasibility study results.

Corporate administration

Corporate administration costs were $1,423 and $1,021 during the three months ended March 31, 2018 and 2017, respectively. Higher 2018 fixed costs were incurred principally as a result of the completion of the MT Todd PFS update, which affected investor relations, regulatory and compensation costs. We expect 2018 fixed costs to trend approximately 15% - 20% higher than 2017 fixed costs, as we expect to continue our increased emphasis on investor relations programs through the remainder of the year.

Gain on disposal of mineral property

Long Valley claims

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

Non-operating income and expenses

Gain/(loss) on other investments

Gain/(loss) on other investments was $2,028 and $(312) for the three months ended March 31, 2018 and 2017, respectively. These amounts are the result of changes in fair value of the common shares we hold in Midas Gold Corp. ("Midas Gold Shares").

Financial Position, Liquidity and Capital Resources

Operating activities

Net cash used in operating activities was $3,203 and $2,393 for the three months ended March 31, 2018 and 2017, respectively. The increased use of cash was driven by the reduction in accounts payable and accrued liabilities during the quarter. Relatively high discretionary program activity and completion of the Mt Todd pre-feasibility study, in particular, resulted in higher than normal payables at the end of 2017.

Investing activities

Net cash of $2,226 and $1,849 for the three months ended March 31, 2018 and 2017, respectively, was provided primarily by the disposition of short-term investments, net of acquisitions.

Financing activities

Net cash of $39 for the three months ended March 31, 2018 was used for the payment of certain employee withholding tax obligations, related to the vesting of RSUs, in lieu of the issuance of common shares.

There were no cash transactions from financing activities during the three months ended March 31, 2017.

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Liquidity and capital resources

Our cash and short-term investments as of March 31, 2018 decreased to $13,333 from $16,575 at December 31, 2017 due mainly to expenditures for operating activities and the drawdown of payables. Our net working capital decreased to $18,636 as at March 31, 2018 from $19,057 at December 31, 2017 due mainly to the decrease in cash and short-term investments to fund operating activities, partially offset by an increase in the market value of our Midas Gold Shares.

We believe that our existing working capital, together with potential future sources of non-dilutive financing, will be sufficient to fully fund our currently planned fixed costs and discretionary programs well into 2019.

Potential future sources of non-dilutive financing include the sale of non-core assets such as our used mill equipment and future option payments for the Guadalupe de los Reyes gold/silver project; and, depending on market conditions, the sale of some or all of our remaining Midas Gold Shares.

The continuing long-term viability of the Company is dependent upon our ability to secure sufficient funding and ultimately to generate future profits from operations or sales of assets. The underlying value and recoverability of the amounts shown as mineral properties and plant and equipment in our Condensed Consolidated Balance Sheets are dependent on our ability to fund exploration and development activities that could lead to profitable production or proceeds from the disposition of these assets.

Fair Value Accounting

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

	Fair value at March 31, 2018		
	Total	Level 1	Level 3
Marketable securities	$ 79	$ 79	$ —
Other investments (Midas Gold Shares)	5,774	5,774	—

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

Our marketable securities and investment in Midas Gold Shares are classified as Level 1 of the fair value hierarchy as they are valued at quoted market prices in an active market. Marketable securities are included in other current assets on the Condensed Consolidated Balance Sheets for each period presented.

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

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

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements.

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Contractual Obligations

We have no material contractual obligations as of March 31, 2018.

Project Updates

Mt Todd Gold Project, Northern Territory, Australia

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

In January 2018, we announced the positive results of an updated preliminary feasibility study (the "PFS") for Mt Todd. The PFS is based on the results of a comprehensive review of the Project and the re-design of elements of the process flow sheet, incorporating automated sorting and grinding circuit design changes. The process improvement efforts have resulted in reduced operating costs, increased gold recovery and higher gold production at Mt Todd. Management of Vista believes that the design changes have allowed Vista to achieve a significant improvement in the Project's economics at the current gold price.

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

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

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

IRR (Pre-tax/After-tax)	27.3 / 20.5 %
After-tax Payback (Production Years)	3.2

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

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

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

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

For additional information on Mt Todd, see our technical report entitled “NI 43-101 Technical Report Mt Todd Gold Project 50,00 tpd Preliminary Feasibility Study Northern Territory, Australia” with an effective date of January 24, 2018 and an issue date of March 2, 2018. See Cautionary Note to Investors regarding Estimates of Mineral Reserves and Resource below.

Also in January 2018, we announced that the “authorization of a controlled activity” at Mt Todd, as required under the Australian Environmental Protection and Biodiversity Conservation Act of 1999 (“EPBC”), as it relates to the Gouldian Finch, has been approved by the Australian Commonwealth Department of Environment and Energy. With this authorization, Vista has all the major environmental approvals necessary to allow development of Mt Todd.

During the three months ended March 31, 2018, we completed four additional PQ core holes designed to extract approximately 5 tonnes of higher grade material from the Batman pit, for the completion of two additional bulk HPGR crushing, XRT and laser sorting tests. These tests are being conducted to confirm gold loss in the rejected material from higher grade ores. We are completing additional grinding tests with the manufacturers of the secondary grinding mills in order to obtain specific data for future application. These tests are conducted with Glencore, who manufacture the ISAMill referenced in the PFS, and with FLSmidth, who produce a competing mill known as a vertimill. We are also completing additional testing with our impeller manufacturers in order to determine the design which results in minimal motor horse power and electrical power consumption.

We anticipate completing additional definition drilling at Quigleys, intended to investigate the possibility of providing the mill with future supplemental higher grade Quigleys ore. We also anticipate exploration programs on the ELs, designed to continue investigating some of the known geophysical and geochemical anomalies.

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

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

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

· making payments totaling $6,000 comprised of a payment of $1,500 made at the execution of the Option Agreement (“Option Grant Date”); two successive payments of $1,500 each to be made at the one-year and

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two-year anniversaries of the Option Grant Date; and a final $1,500 payment to be made before the four-year anniversary of the Option Grant Date;

· maintaining the concessions comprising the GdlR Project in good standing;

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

· granting us a capped net smelter return royalty ("NSR") on production from open pit mining (the "Open Pit NSR") at rates that range from 1% (at gold prices of $1,400/oz or less) to a maximum of 2% (at gold prices above $1,600/oz) up to an aggregate of $2,000 in royalty payments;

· granting us a perpetual NSR on production from underground mining (the "Underground NSR") at rates that range from 1% (at gold prices of $1,400/oz or less) to a maximum of 2% (at gold prices above $1,600/oz); and

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

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

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

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

Certain U.S. Federal Income Tax Considerations

Vista has been a "passive foreign investment company" ("PFIC") as defined under Section 1297 of the U.S. Internal Revenue Code of 1986, as amended, in recent years and expects to continue to be a PFIC in the future. Current and prospective United States shareholders should consult their tax advisors as to the tax consequences of PFIC classification and the U.S. federal tax treatment of PFICs. Additional information on this matter is included in Vista's

Annual Report on Form 10-K for the year ended December 31, 2017, under “Part II. Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities — Certain United States Federal Income Tax Considerations for U.S. Residents.”

Note Regarding Forward-Looking Statements

This quarterly report on Form 10-Q contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995 and forward-looking information under Canadian securities laws that are intended to be covered by the safe harbor created by such legislation. All statements, other than statements of historical facts, included in this quarterly report on Form 10-Q, our other filings with the Securities and Exchange Commission and Canadian securities commissions and in press releases and public statements by our officers or representatives that address activities, events or developments that we expect or anticipate will or may occur in the future are forward-looking statements and forward-looking information, including, but not limited to, such things as those listed below:

- our belief that Mt Todd is the largest undeveloped gold project in Australia;

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- our belief that the results of the current PFS demonstrate a technically sound project with robust economics at current gold prices;
- our plans and available funding to continue to identify and study potential Mt Todd optimizations, project improvements and efficiencies;
- our expectation that our fixed costs will increase in 2018;
- our belief that we are in a position to actively pursue strategic alternatives that provide the best opportunity to maximize value for the Company;
- the feasibility of Mt Todd;
- our belief that selectively screening and rejecting sub-economic material will improve gold recoveries and lower process operating costs at Mt Todd;
- our belief that these design changes can be implemented without materially changing the project's capital requirements;
- our belief that design changes have allowed Vista to achieve a significant improvement in the Project's economics;
- our expectation that we will complete additional definition drilling at Quigleys and exploration programs on the ELs in 2018;
- our belief that our existing working capital, coupled with potential future sources of non-dilutive financing will be sufficient to fully fund our currently planned fixed costs and discretionary programs well into 2019;
- our belief that the At-the-Market program will provide additional financing flexibility at a low cost;
- the potential monetization of our non-core assets, including our mill equipment which is for sale, and our Midas Gold Shares;
- our expectation that research and development grants from the Australian Government will not be a material source of near term funding;
- estimates of future operating and financial performance;
- potential funding requirements and sources of capital, including near-term sources of additional cash;
- our expectation that the Company will continue to incur losses and will not pay dividends for the foreseeable future;
- the timing, performance and results of feasibility studies;
- our potential entry into agreements to find, lease, purchase, option or sell mineral interests;
- our plans to advance work at Mt Todd to take advantage of our strategic position;
- our expectation of Mt Todd's impact, including environmental and economic impacts;
- plans and estimates concerning potential project development, including the use of high pressure grinding roll crushers and access to a water supply, as well as the ability to obtain all required permits;
- our belief that we are in compliance in all material respects with applicable laws and regulations including applicable mining, health, safety and environmental statutes and regulations in all of the jurisdictions in which we operate;
- our belief that we maintain reasonable amounts of insurance;
- estimates of mineral reserves and mineral resources;

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- our intention to improve the value of our gold projects and our expectation that the selected discretionary programs will add value to Mt Todd;
- potential changes in regulations or taxation initiatives;
- our expectation that we will continue to be a passive foreign investment company (“PFIC”);
- the potential that we may grant options and/or restricted stock unit (“RSUs”) or restricted stock awards to our directors, officers, employees and consultants;
- the potential that future expenditures may be required for compliance with various laws and regulations governing the protection of the environment;
- the potential that development projects may lead to gold production or value adding strategic transactions;
- our belief that Minera Alamos will have no interest in the Guadalupe de los Reyes gold/silver project if the Option Agreement is terminated;

- our belief that we will receive any future payments and that we will be granted the Open-Pit NSR and the Underground NSR pursuant to the terms of the Guadalupe de los Reyes gold/silver project Option Agreement;
- our belief that if we exercise the Guadalupe de los Reyes gold/silver project Back-in Right we will enter into a joint venture agreement on acceptable terms, if at all; and

- preliminary estimates of the reclamation and other related costs associated with certain mining claims in British Columbia.

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

- pre-feasibility and feasibility study results and preliminary assessment results and the accuracy of estimates and assumptions on which they are based;
- resource and reserve estimate results, the accuracy of such estimates and the accuracy of sampling and subsequent assays and geologic interpretations on which they are based;
- technical and operational feasibility and the economic viability of deposits;
- our ability to obtain, renew or maintain the necessary authorizations and permits for Mt Todd, including its development plans and operating activities;
- the timing and results of a feasibility study on Mt Todd;
- delays in commencement of construction at Mt Todd;
- increased costs that affect our operations or our financial condition;
- our reliance on third parties to fulfill their obligations under agreements with us;
- whether projects not managed by us will comply with our standards or meet our objectives;

· a shortage of skilled labor, equipment and supplies;

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- whether our acquisition, exploration and development activities, as well as the realization of the market value of our assets, will be commercially successful and whether any transactions we enter into will maximize the realization of the market value of our assets;
- the lack of cash dividend payments by us;
- the success of future joint ventures, partnerships and other arrangements relating to our properties;
- perception of potential environmental impact of Mt Todd;
- known and unknown environmental and reclamation liabilities, including reclamation requirements at Mt Todd;
- our history of losses from operations;
- future water supply issues at Mt Todd;
- litigation or other legal claims;
- environmental lawsuits;
- lack of adequate insurance to cover potential liabilities;
- our ability to attract, retain and hire key personnel;
- fluctuations in the price of gold;
- volatility in our stock price and gold equities generally;
- our ability to raise additional capital or raise funds from the sale of non-core assets on favorable terms, if at all;
- industry consolidation which could result in the acquisition of a control position in the Company for less than fair value;
- inherent hazards of mining exploration, development and operating activities;
- the accuracy of calculations of mineral reserves, mineral resources and mineralized material and fluctuations therein based on metal prices, and inherent vulnerability of the ore and recoverability of metal in the mining process;
- changes in environmental regulations to which our exploration and development operations are subject;
- changes in climate change regulations could result in increased operating costs;
- intense competition in the mining industry;
- potential challenges to the title to our mineral properties;
- evolving corporate governance and public disclosure regulations;
- tax initiatives on domestic and international levels;
- fluctuation in foreign currency values;
- potential adverse findings in review of our Australian research and development grants; and
- our likely status as a PFIC for U.S. federal tax purposes.

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

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required by law, we assume no obligation to publicly update any forward-looking statements and forward-looking information, whether as a result of new information, future events or otherwise.

Cautionary Note to Investors Regarding Estimates of Mineral Reserves and Resources

Our technical report entitled “NI 43-101 Technical Report Mt Todd Gold Project 50,000 tpd Preliminary Feasibility Study Northern Territory, Australia” and with an effective date of January 24, 2018 and an issue date of March 2, 2018 referenced herein uses the terms “mineral reserve”, “proven mineral reserve” and “probable mineral reserve” as defined in Canadian National Instrument 43-101 – Standards of Disclosure for Mineral Projects (“NI 43-101”) and the Canadian Institute of Mining, Metallurgy and Petroleum (the “CIM”) – CIM Definition Standards on Mineral Resources and Mineral Reserves, adopted by the CIM Council, as amended (the “CIM Definition Standards”). These definitions differ from the definitions in the United States Securities and Exchange Commission (“SEC”) Industry Guide 7 (“SEC Industry Guide 7”) under the United States Securities Act of 1933, as amended (the “Securities Act”). Under SEC Industry Guide 7 standards, a “final” or “bankable” feasibility study is required to report reserves, the three-year historical average metal price is used in any reserve or cash flow analysis to designate reserves, and the primary environmental analysis or report must be filed with the appropriate governmental authority.

In addition, the technical report uses the terms “mineral resource”, “measured mineral resource”, “indicated mineral resource” and “inferred mineral resource” are defined in and required to be disclosed by NI 43-101; however, these terms are not defined terms under SEC Industry Guide 7 and are normally not permitted to be used in reports and registration statements filed with the SEC. Investors are cautioned not to assume that all or any part of a mineral deposit in these categories will ever be converted into reserves. “Inferred mineral resources” have a great amount of uncertainty as to their existence, and great uncertainty as to their economic, technical and legal feasibility. It cannot be assumed that all, or any part, of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian rules, estimates of inferred mineral resources may not form the basis of feasibility or pre-feasibility studies, except in rare cases. Investors are cautioned not to assume that all or any part of an inferred mineral resource exists or is economically, technically or legally mineable. Disclosure of “contained ounces” in a resource is permitted disclosure under Canadian regulations; however, the SEC normally only permits issuers to report mineralization that does not constitute “reserves” by SEC standards as in place tonnage and grade without reference to unit measures.

Accordingly, the technical report contains descriptions of our mineral deposits that may not be comparable to similar information made public by U.S. companies subject to the reporting and disclosure requirements under the United States federal securities laws and the rules and regulations thereunder.

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ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

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

Currency risk

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

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

Credit risk

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

Other Price Risk

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

Metal Price Risk

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

ITEM 4. CONTROLS AND PROCEDURES.

Disclosure Controls and Procedures.

At the end of the period covered by this quarterly report on Form 10-Q for the three months ended March 31, 2018, an evaluation was carried out under the supervision of and with the participation of our management, including the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), of the effectiveness of the design and operations of our disclosure controls and procedures (as defined in Rule 13a-15(e) and Rule 15d-15(e) under the Exchange Act). Based on that evaluation, the CEO and the CFO have concluded that as of the end of the period covered by this quarterly report, our disclosure controls and procedures were effective in ensuring that: (i) information required to be disclosed by us in reports that we file or submit to the SEC under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in applicable rules and forms and (ii) material information required to be disclosed in our reports filed under the Exchange Act is accumulated and communicated to our management, including our CEO and CFO, as appropriate, to allow for accurate and timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There has been no change in our internal control over financial reporting during the quarter ended March 31, 2018 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

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PART II

ITEM 1. LEGAL PROCEEDINGS.

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

ITEM 1A. RISK FACTORS.

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

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

In March 2018, the Company issued 68,746 common shares upon the vesting of Restricted Stock Units granted under the Company's Long-Term Equity Incentive Plan. The market value of the common shares issued was $0.75 per share. The common shares were issued to certain executive officers of the Company pursuant to the exemption from registration under the Securities Act of 1933, as amended, provided by Section 4(a)(2) thereof.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

ITEM 4. MINE SAFETY DISCLOSURE.

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

Pursuant to Section 1503(a) of the United States Dodd-Frank Wall Street Reform and Consumer Protection Act of 2011 (the “Dodd-Frank Act”), issuers that are operators, or that have a subsidiary that is an operator, of a coal or other mine in the United States are required to disclose in their periodic reports filed with the SEC information regarding specified health and safety violations, orders and citations, related assessments and legal actions, and mining-related fatalities under the regulation of the Federal Mine Safety and Health Administration (“MSHA”) under the United States Federal Mine Safety and Health Act of 1977 (the “Mine Act”). During the three months ended March 31, 2018, our U.S exploration properties were not subject to regulation by the MSHA under the Mine Act and consequently no disclosure is required under Section 1503(a) of the Dodd-Frank Act.

ITEM 5. OTHER INFORMATION.

None.

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ITEM 6. EXHIBITS.

Exhibits

The following exhibits are filed as part of this report:

Exhibit Number	Description
3.01	Certificate of Continuation, previously filed as Exhibit 3.1 to the Corporation's Form 8-K dated June 12, 2013 and incorporated by reference herein (File No. 1-9025)
3.02	Notice of Articles, previously filed as Exhibit 3.2 to the Corporation's Form 8-K dated June 12, 2013 and incorporated herein by reference (File No. 1-9025)
3.03	Articles, previously filed as Exhibit 3.3 to the Corporation's Form 8-K dated June 12, 2013 and incorporated herein by reference (File No. 1-9025)
4.01	Warrant Indenture dated August 8, 2016, previously filed as Exhibit 4.1 to the Corporation's Form 8-K dated August 8, 2016 and incorporated by reference herein (File No. 1-9025)
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)	XBRL Instance Document
101.SCH*(1)	XBRL Taxonomy Extension – Schema
101.CAL*(1)	XBRL Taxonomy Extension – Calculations
101.DEF*(1)	XBRL Taxonomy Extension – Definitions
101.LAB*(1)	XBRL Taxonomy Extension – Labels
101.PRE*(1)	XBRL Taxonomy Extension – Presentations

* - Filed herewith

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

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SIGNATURES

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

	VISTA GOLD CORP.	
	(Registrant)	
Dated: April 27, 2018	By:	/s/ Frederick H. Earnest Frederick H. Earnest, Chief Executive Officer
Dated: April 27, 2018	By:	/s/ John F. Engele John F. Engele Chief Financial Officer