

# LETTER TO SHAREHOLDERS

---

## **Dear Fellow Shareholders,**

During 2001 we have focused on maintaining our property position and attracting new investment. I am delighted to announce that we have accomplished both tasks.

The Private Placement, announced in early 2002, creates exciting new opportunities for the Corporation. Following the Annual General Meeting, when we expect overwhelming support for the Private Placement, the focus of the Corporation will shift towards the acquisition of gold resources to add to our existing resource base of over 1.6 million ounces of gold. Vista will build on this foundation to provide shareholders with a high quality portfolio of gold projects poised to take advantage of rising gold prices.

We are committed, as always, to creating value for our shareholders. Success in this current gold price environment, however, will require our focus to shift to the accumulation of resources in the ground rather than rushing to production with marginal returns. The gold price (see chart) hit a low in April 2001 and has begun a persistent climb, which continues today. Gold prices have a long way to go until they reach the levels we saw in the early 1990's, however, and we have a window of opportunity to accumulate additional resources. We will position ourselves to take advantage of the inevitable improvement in gold prices, without rushing into premature production decisions, which would burden the Corporation with debt and deplete our resources with minimal benefit to shareholders. Our new focus comes at a defining moment in our industry. The major gold producers of the world are consolidating to form bigger and bigger companies. These gold behemoths need

ever-bigger projects to satisfy their appetites. Projects that fail to meet their high threshold will become available to companies like Vista. Four years of depressed gold prices have decimated the industry, and those of us that remain have a unique opportunity to take advantage of these changes.

Experience residing in the Corporation's management and Board makes Vista ideally suited to evaluate and acquire gold projects which will represent solid reserves as the price of gold improves.

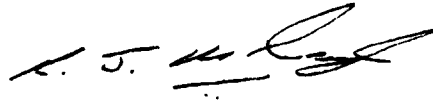
Turning to the Corporation's performance in 2001, the Corporation sustained a net loss of \$3.3 million compared to a net loss of \$13.2 million in 2000, which included a \$10.9 million write-down of mineral properties. At the Hycroft mine in Nevada, we have continued to leach and rinse the heaps during 2001 producing 3,232 ounces of gold compared to 13,493 ounces produced in 2000. While cost-saving measures and the sale of idle equipment sustained the Corporation through 2001, additional work was conducted to further define Hycroft's exploration potential and to select specific targets for drilling. Three types of targets have been identified; additional bulk oxide ore to add to our existing reserve; high-grade feeder systems at moderate depths; and bulk tonnage sulfide gold and silver targets. To date, most drilling has been confined to the top 300 feet of the system, making Hycroft the only large epithermal district in Nevada untested at depth. Less than 25% of the system has been explored and with 2.5 square miles underlain by gold mineralization and 6 miles of productive faults, the potential exists for 3 to 6 million ounces of gold and 50 to 100 million ounces of silver.

In Bolivia the Amayapampa property remains on standby and holding costs have been reduced. Designed on a price of \$300 per ounce the Measured and Indicated open-pit reserves at Amayapampa contain 526,000 ounces of gold. A sustained price of \$325 per ounce will generate an after-tax internal rate of return of 20% on this project. An initial capital investment of \$25 million would produce 47,400 ounces of gold per year during the first five years of operation. There is potential to enhance the project life by adding reserves at depth and in the surrounding area.

We start 2002 with a strong reserve base that has remained intact through these years of low gold price.

The organization is lean and efficient and, with your vote at the Annual General Meeting in support of the resolutions associated with the Private Placement, we will have the funding necessary to enter an exciting new era of growth for the Corporation.

Sincerely,

A handwritten signature in black ink, appearing to read 'R. J. McGregor', with a stylized flourish at the end.

Ronald J. McGregor

President and Chief Executive Officer

# PROPERTIES

---

## **Hycroft Mine, Nevada,**

Vista Gold Holdings wholly owned subsidiary Hycroft Resources & Development Inc., has operated for over ten years and produced over 1.1 million ounces of gold. Mining was suspended in 1998 due to depressed gold prices but the Hycroft mine still contains oxide resources of over 1.0 million ounces of gold and more than 10.0 million ounces of silver. New target areas defined through a comprehensive review of existing data and new mapping are expected to add significantly to the current resource. Work performed since the interruption of mining in 1998 has demonstrated that grade and recoverability of the remaining resources were significantly underestimated at that time.

Hycroft began mining the new Brimstone deposit in 1995, excavating more than 15 million tons of ore and completing the removal of overburden from a large portion of the remaining oxide resource. In that period Hycroft mined 13% more tons of ore at an average grade 12% higher than predicted by the Corporation's original interpretation and modeling based on data from exploration and definition drilling. In 1999 and 2000 the Corporation completed a rigorous re-evaluation of the remaining Brimstone resources under the scrutiny of an independent consulting firm, Mineral Resources Development, Inc. That study incorporated re-logging of

all Brimstone drill data as well as in-fill, twin and confirmation drilling. The study resulted in a significant improvement in remaining reserves, an optimization of plans for future mining and a better understanding of gold occurrence on the property.

Since mining was suspended, continued leaching of Brimstone ore yielded still more gold than projected (6% more to date) through higher metallurgical recovery. Hycroft continues to produce gold from the existing heaps. 3,232 ounces of gold were produced in 2001, and 2002 production may approach 2,000 ounces.

A small portion (486,00 ounces of gold) of this major system is already classified as Measured and Indicated reserves (at \$300 gold). Although new drilling will likely expand reserves prior to resumption of mining, a designed pit to restart mining at Brimstone contains 23.8 million tons of Measured and indicated ore an average gold grade of 0.020 ounces per ton.

The Corporation has reduced holding costs, and sustained all necessary permits and infrastructure, positioning Hycroft to resume mining when gold prices justify the capital expenditure needed.

A more detailed description of the Hycroft mine can be found in the enclosed 10KSB.

## **Amayapampa-Bolivia**

The Amayapampa project is located in the Altiplano region of Bolivia 300 kilometers (186 miles) southeast of La Paz. Due to the continuing low gold prices, maintenance costs for this project have been reduced to a minimum and the project has been on standby during the year.

Based on a gold price of \$300 per ounce, Mine Reserve Associates Inc., an independent mining engineering consulting firm, estimated reserves at Amayampama to be 10.2 million tons grading .051 ounces per ton including dilution containing 526,000 ounces of gold. Within this reserve, an optimized plan at a gold price at \$325 an ounce will generate an after tax internal rate of return of 20%. The optimized study is based on a flow sheet employing a gravity and carbon-in-leach circuit with

a projected metallurgical recovery of 84% and operating at a rate of 2,563 tons of ore per day. Annual gold production during the first five years of operations is estimated to average 47,400 ounces. The estimated initial capital investment required is \$25 million including contingency and working capital. Average operating costs are expected to be \$7.25 per ton of ore, for a total cash cost of \$168 per ounce of gold.

Approximately 15 drill holes intersect mineralization beneath the planned pit, suggesting potential to increase the reserve at depth, where the grade is likely to be significantly higher because the high-grade structures have not been removed by previous underground mining.

Further details on the Amayapampa project are included in the enclosed 10KSB.