Contango ORE, Inc.
Form 10-K
August 27, 2014

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

FORM 10-K

ý ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended June 30, 2014

OR

¨ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to

Commission file number 000-54136
CONTANGO ORE, INC.
(Exact name of registrant as specified in its charter)

Delaware	27-3431051
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

3700 BUFFALO SPEEDWAY, SUITE 925
HOUSTON, TEXAS 77098
(Address of principal executive offices)
(713) 877-1311
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:	
Common Stock, Par Value $0.01 per share	OTCBB

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ¨ No ý
Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ¨ No ý
Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ý No ¨
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ý No ¨
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	¨	Accelerated filer	¨
Non-accelerated filer	¨	Smaller reporting company	ý

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No ý

At December 31, 2013, the aggregate market value of the registrant's common stock held by non-affiliates (based upon the closing sale price of shares of such common stock as reported on the OTCBB was $34,384,196. As of August 26, 2014, there were 3,805,539 shares of the registrant's common stock outstanding.

Documents Incorporated by Reference

Items 10, 11, 12, 13 and 14 of Part III have been omitted from this report since registrant will file with the Securities and Exchange Commission, not later than 120 days after the close of its fiscal year, a definitive proxy statement, pursuant to Regulation 14A. The information required by Items 10, 11, 12, 13 and 14 of this report, which will appear in the definitive proxy statement, is incorporated by reference into this Form 10-K.

CONTANGO ORE, INC.
ANNUAL REPORT ON FORM 10-K
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Some of the statements made in this report may contain “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, and Section 21E of the Securities Exchange Act of 1934, as amended. The words and phrases “should be”, “will be”, “believe”, “expect”, “anticipate”, “estimate”, “forecast”, “goal” and similar expressi identify forward-looking statements and express our expectations about future events. These include such matters as:

- Our financial position
- Business strategy, including outsourcing
- Meeting our forecasts and budgets
- Anticipated capital expenditures
- Prices of gold and rare earth elements
- Timing and amount of future discoveries (if any) and production of natural resources on our Tetlin Property
- Operating costs and other expenses
- Cash flow and anticipated liquidity
- Prospect development
- New governmental laws and regulations

Although we believe the expectations reflected in such forward-looking statements are reasonable, such expectations may not occur. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from future results expressed or implied by the forward-looking statements. These factors include among others:

- Ability to raise capital to fund capital expenditures
- Operational constraints and delays
- The risks associated with exploring in the mining industry
- The timing and successful discovery of natural resources
- Availability of capital and the ability to repay indebtedness when due
- Low and/or declining prices for gold and rare earth elements
- Price volatility for natural resources
- Availability of operating equipment
- Operating hazards attendant to the mining industry
- Weather
- The ability to find and retain skilled personnel
- Restrictions on mining activities
- Legislation that may regulate mining activities
- Impact of new and potential legislative and regulatory changes on mining operating and safety standards
- Uncertainties of any estimates and projections relating to any future production, costs and expenses.
- Government subsidies to our competitors
- Timely and full receipt of sale proceeds from the sale of any of our mined products (if any)
- Interest rate volatility
- Federal and state regulatory developments and approvals
- Availability and cost of material and equipment
- Actions or inactions of third-parties
- Potential mechanical failure or under-performance of facilities and equipment
- Environmental risks
- Strength and financial resources of competitors
- Worldwide economic conditions
- Expanded rigorous monitoring and testing requirements
- Ability to obtain insurance coverage on commercially reasonable terms
- Market conditions for joint ventures and acquisitions in the event of a successful discovery

You should not unduly rely on these forward-looking statements in this report, as they speak only as of the date of this report. Except as required by law, we undertake no obligation to publicly release any revisions to these

forward-looking statements to reflect events or circumstances occurring after the date of this report or to reflect the occurrence of unanticipated events. See the information under the heading “Risk Factors” in this Form 10-K for some of the important factors that could affect our financial performance or could cause actual results to differ materially from estimates contained in forward-looking statements.

PART I

Item 1. BUSINESS

Overview

We are a Houston-based company, whose primary business is to explore in the State of Alaska for gold ore and associated minerals. As of June 30, 2014 we had leased or had control over approximately 768,357 acres of Alaskan Native, Federal and State of Alaska properties for the exploration of gold ore and associated minerals. We anticipate that from time to time we will acquire additional acreage in Alaska for the exploration of gold ore and associated minerals through leases or obtaining additional mining claims.

In January 2014, the Company entered into an engagement agreement (the "Engagement Agreement") with Petrie Partners, LLC ("Petrie"), pursuant to which Petrie was retained as a financial advisor to assist the Company in its evaluation of its strategic alternatives, including the possible sale of the Company. Pursuant to the Engagement Agreement, Petrie will provide a variety of financial advisory and investment banking services. We have paid Petrie a retainer fee of $100,000, and they will be entitled to a success fee equal to 2.5% of the consideration paid. In addition, if requested by the Company, upon delivery of an opinion by Petrie, the Company will pay Petrie a fairness opinion fee of $250,000, which amount will be deducted from the success fee, if payable. The Company is continuing its strategic review process and, to date, no agreement has been reached with respect to any specific strategic transaction. While the Company has considered several different commercially reasonable strategic alternatives, there can be no assurance that a transaction will be consummated on terms acceptable to the Board of Directors of the Company, or at all.

Background

Contango Mining Company (“Contango Mining”), a wholly owned subsidiary of Contango Oil & Gas Company (“Contango”), was formed on October 15, 2009 as a Delaware corporation for the purpose of engaging in exploration in the State of Alaska for (i) gold ore and associated minerals and (ii) rare earth elements. Contango Mining initially acquired a 50% interest in the Original Properties (defined below) from Juneau Exploration, L.P., (“JEX”) in exchange for $1 million and a 1% overriding royalty interest in the Original Properties under a Joint Exploration Agreement (the “Joint Exploration Agreement”). On September 15, 2010, Contango Mining acquired the remaining 50% interest in the Original Properties by increasing the overriding royalty interest in the Original Properties granted to JEX to 3% pursuant to an Amended and Restated Conveyance of Overriding Royalty Interest (the “Amended ORRI Agreement”), and JEX and Contango Mining terminated the Joint Exploration Agreement. JEX continues to assist the Company in acquiring land in Alaska pursuant to an advisory agreement dated September 6, 2012 (the "Advisory Agreement"). Mr. Brad Juneau, the Company's Chairman, President and Chief Executive Officer, is also the sole manager of the general partner of JEX.

The Company was formed on September 1, 2010 as a Delaware corporation and on November 29, 2010, Contango Mining assigned the Original Properties and certain other assets and liabilities to Contango. Contango contributed the Original Properties and $3.5 million of cash to the Company, pursuant to the terms of a Contribution Agreement (the “Contribution Agreement”), in exchange for approximately 1.6 million shares of the Company’s common stock. The transactions occurred between companies under common control.

Contango distributed all of the Company’s common stock to Contango’s stockholders of record as of October 15, 2010, promptly after the effective date of the Company’s Registration Statement Form 10 on the basis of one share of common stock for each ten (10) shares of Contango’s common stock then outstanding.

The Company had no operating history prior to the contribution of Contango Mining’s assets and liabilities. The financial statements of the Company include the financial position, results of operations, and cash flows of Contango Mining since its inception on October 15, 2009 (the “Inception”). The equity structure was retroactively adjusted to reflect the capital structure of the Company. References that describe the operations of the Company include the operations of Contango Mining for the periods prior to November 29, 2010.

Properties

The Original Properties contributed by Contango included:

•a 100% leasehold interest (the "Tetlin Lease") in approximately 675,000 acres (the "Tetlin Properties") from the Tetlin Village Council, the council formed by the governing body for the Native Village of Tetlin, an Alaska Native Tribe;

•approximately 18,021 acres in unpatented mining claims from the State of Alaska for the exploration of gold and associated minerals;

•approximately 3,440 acres in unpatented Federal mining claims for the exploration of rare earth elements;
•approximately 97,280 acres in unpatented mining claims from the State of Alaska for the exploration of rare earth elements, which were abandoned effective December 1, 2012.

The Tetlin Lease originally had a ten year term beginning July 2008 with an option to renew the Tetlin Lease for 50% of the acreage for an additional ten years. In December 2012, the Tetlin Lease was amended, allowing the Company to renew 100% of the acreage in 2018, in exchange for $200,000, which the Company paid to the Tetlin Village Council. If the properties under the Tetlin Lease are placed into commercial production, the Tetlin Lease will be held throughout production and the Company would be obligated to pay a production royalty to the Native Village of Tetlin, which varies from 2% to 5%, depending on the type of metal produced and the year of production. In June 2011, the Company paid the Tetlin Village Council $75,000 in exchange for reducing the production royalty payable to them by 0.25%. In July 2011, the Company paid the Tetlin Village Council an additional $150,000 in exchange for further reducing the production royalty by 0.50%. These payments lowered the production royalty to a range of 1.25% to 4.25%, depending on the type of metal produced and the year of production. On or before July 15, 2020, the Tetlin Village Council has the option to increase its production royalty by (i) 0.25% by payment to CORE of $150,000, or (ii) 0.50% by payment to CORE of $300,000, or (iii) 0.75% by payment to CORE of $450,000.

If any of the Original Properties are placed into commercial production, the Company would be obligated to pay a 3.0% production royalty to JEX. In September 2012, the Company and JEX entered into an Advisory Agreement in which JEX will continue to provide assistance in acquiring additional properties in Alaska in exchange for a 2.0% production royalty on properties acquired after July 1, 2012 (any such properties, the "Additional Properties"). During the fiscal year ended June 30, 2013, the Company staked an additional 71,896 acres consisting of 474 unpatented State of Alaska mining claims in Eastern Alaska for the exploration of gold ore and associated minerals. The Company did not stake any additional properties in the fiscal year ended June 30, 2014. If any of the Additional Properties are placed into commercial production, the Company would be obligated to pay JEX a 2.0% production royalty under the Advisory Agreement.

Our Tetlin Lease is our only material property. We also hold certain unpatented mining claims. We believe that we hold good title to our properties in accordance with standards generally accepted in the minerals industry. As is customary in the minerals industry , we conduct only a perfunctory title examination at the time we acquire a property. Before we begin any mine development work, however, we will conduct a full title examination and perform curative work on any defects that we deem significant. A significant amount of additional work is likely required in the exploration of the properties before any determination as to the economic feasibility of a mining venture can be made. Due to harsh weather conditions in Alaska, our exploration field work is normally restricted to May through October. The following table summarizes our property holdings as of June 30, 2014:

		Original Properties		Additional Properties		Total	
Mineral / Jurisdiction	Project Name	Claims	Acreage	Claims	Acreage	Claims	Acreage
GOLD							
Tetlin Village Council	Tetlin Lease	n/a	675,000	—	—	—	675,000
State of Alaska	TOK / Tetlin	122	10,821	9	29	131	10,850
	LAD / Triple Z	45	7,200	—	—	45	7,200
	Eagle	—	—	369	56,507	369	56,507
	Bush	—	—	48	7,680	48	7,680
	ADC 2	—	—	48	7,680	48	7,680
		167	693,021	474	71,896	641	764,917
REE							
Federal	Salmon Bay	123	2,460	—	—	123	2,460
	Stone Rock	49	980	—	—	49	980

	172	3,440	—	—	172	3,440
TOTAL	339	696,461	474	71,896	813	768,357

Since 2009, the Company's primary focus has been the exploration and development of its Tetlin Properties and almost all of its resources have been directed to that end. The Company's State of Alaska and Federal claims are not material properties of

the Company. For this reason, the Company abandoned its State of Alaska rare earth element claims consisting of the Alatna, Spooky, Wolf and Swift claims in December 2012. All work presently planned by the Company is directed at exploration of its Tetlin Properties and increasing understanding of the characteristics of, and economics of, any mineralization. There are no known quantifiable mineral reserves on the Tetlin Properties or any of our other properties as defined by SEC Industry Guide 7. During the 2014 summer season, the Company conducted only minimal exploration activities. The Company will require further financing to fund significant exploration activities in future periods.

Strategy

Using our limited capital availability to increase our reward potential on selective prospects. We will concentrate our risk investment capital on our Tetlin Properties. Exploration prospects are inherently risky as they require large amounts of capital with no guarantee of success. Furthermore, we may never achieve a competitive advantage in the conduct of our business, since it is unlikely that our properties will have commercially viable mineral deposits. Should our properties prove to have known commercial deposits, or mineral ore, we will be required to either (i) contract with third parties to mine our mineral ore, or (ii) consider a joint venture or a sale of all or a portion of our properties. In addition, valuations of mineral commodities are highly volatile and are currently depressed compared to 2012. In the event they remain depressed, the Company may decide not to raise additional funds for further exploratory drilling for one or more years.

Our strategic initiatives are to undertake cost efficient and effective exploration activities to discover mineralization and potential mineral reserves which may be commercially mined. If we are successful in our exploration activities, we will consider a joint venture or sale of our properties to qualified mining companies. On January 23, 2014, the Company announced that it had initiated the exploration and evaluation of strategic alternatives aimed at enhancing shareholder value, and retained Petrie Partners, LLC as its financial advisor to assist the Company in connection with its strategic review. The Company is continuing the strategic review process and, to date, no agreement has been reached with respect to any specific strategic transaction. While the Company has considered several different commercially reasonable strategic alternatives, there can be no assurance that a transaction will be consummated on terms acceptable to the Board of Directors of the Company, or at all.

Structuring Incentives to Drive Behavior. We believe that equity ownership aligns the interests of our consultants, executives, employees and directors with those of our stockholders. The Company’s directors, officers and employees do not receive cash compensation for their work for the Company. As of June 30, 2014, the Company's directors, employees, and our technical consultant beneficially own approximately 11.3% of our common stock. An additional 22.0% of our common stock is beneficially owned by the Estate of Mr. Kenneth R. Peak, our former Chairman.

In November 2010, the Company's directors, executive officers and our technical consultant were granted an aggregate of 93,906 shares of restricted stock. The restricted stock vests over three years, beginning in November 2011, the one-year anniversary of the date the shares were granted. As of June 30, 2014, all of the restricted stock granted in November 2010 has vested.

In December 2013, the Company's directors, executive officers and our technical consultant were granted an aggregate of 95,000 shares of restricted stock. The restricted stock vests over two years, beginning with one-third vesting on the date of grant. As of June 30, 2014, there were 63,333 shares of restricted stock that remained unvested.

The option awards listed in the table below have been granted to directors, officers, employees and consultants of the Company:

	Option Awards		
Period Granted	Options Granted	Weighted Average Exercise Price	Vesting Period [7]
September 2011 [1]	50,000	$13.13	Vests over two years, beginning with one-third on the grant date.
July 2012 [2]	100,000	$10.25	Vests over two years, beginning with one-third on the grant date.
December 2012 [3]	250,000	$10.20	

			Vests over two years, beginning with one-third on the grant date.
June 2013 [4]	37,500	$10.00	Vested Immediately
July 2013 [5]	5,000	$10.00	Vested Immediately
September 2013 [6]	37,500	$10.01	Vested Immediately
September 2013 [6]	15,000	$10.01	Vests over two years, beginning with one-third on the grant date.

(1) The Company granted 40,000 stock options to its directors and officers and an additional 10,000 stock options to its technical consultant, the owner of Avalon, for services performed during fiscal year 2011.

(2) The Company granted 75,000 stock options to its directors and officers and an additional 25,000 stock options to its technical consultant for services performed during fiscal year 2012.

(3) The Company granted 175,000 stock options to its directors and an additional 75,000 stock options to its technical consultant for services performed during fiscal year 2013.

(4) The Company granted 37,500 stock options to its employees for services performed during fiscal year 2013.

(5) The Company granted 5,000 stock options to an employee of Avalon for services performed during fiscal year 2013.

(6) The Company granted 52,500 stock options to its employees for services performed during the first quarter of fiscal year 2014.

(7) If at any time there occurs a change of control, as defined in the 2010 Plan, any options that are unvested at that time will immediately vest.

Ms. Leah Gaines was appointed Vice President, Chief Financial Officer, Chief Accounting Officer, Treasurer and Secretary of the Company as of October 1, 2013. The appointment of Ms. Gaines followed the resignation of Mr. Sergio Castro and Ms. Yaroslava Makalskaya as a result of the merger between Contango Oil & Gas Company and Crimson Exploration Inc. Mr. Sergio Castro and Ms. Yaroslava Makalskaya are officers of Contango Oil & Gas Company where they have increased responsibilities after the merger. On June 28, 2013 the Compensation Committee elected to immediately vest all of the stock options of Mr. Castro and Ms. Makalskaya.

Alliance with JEX. JEX is a private company formed primarily for the purpose of assembling natural gas and oil prospects. JEX was responsible for securing and negotiating the Tetlin Lease and assisting in obtaining the Original Properties and initially engaged Avalon to conduct mineral exploration activities on the Tetlin Lease. If any of the Original Properties are placed into commercial production, the Company is obligated to pay a 3% overriding royalty to JEX. JEX will also continue to assist us in acquiring additional acreage in Alaska and provide other consulting services to the Company. Pursuant to an Advisory Agreement dated September 6, 2012 with JEX, the Company agreed to pay JEX a production royalty of 2% on all minerals mined from properties acquired by the Company after July 1, 2012 in the State of Alaska.

Exploration and Mining Property

Exploration and mining rights in Alaska may be acquired in the following manner: public lands, private fee lands, unpatented Federal or State of Alaska mining claims, patented mining claims, and tribal lands. The primary sources for acquisition of these lands are the United States government, through the Bureau of Land Management and the United States Forest Service, the Alaskan state government, tribal governments, and individuals or entities who currently hold title to or lease government and private lands.

Tribal lands are those lands that are under control by sovereign Native American tribes or Alaska Native corporations established by the Alaska Native Claims Settlement Act of 1971 (ANSCA). Areas that show promise for exploration and mining can be leased or joint ventured with the tribe controlling the land, including land constituting the Tetlin Lease.

The Federal government owns public lands that are administered by the Bureau of Land Management or the United States Forest Service. Ownership of the subsurface mineral estate can be acquired by staking a twenty (20) acre mining claim, which is granted under the General Mining Law of 1872, as amended (the “General Mining Law”). The Federal government continues to own the surface estate even though the subsurface can be controlled with a right to extract through claim staking. Private fee lands are lands that are controlled in fee-simple title by private individuals or corporations. These lands can be controlled for mining and exploration activities by either leasing or purchasing the surface and subsurface rights from the private owner. Patented mining claims are claims that were staked under the General Mining Law, and through application and approval the owners were granted full private ownership of the surface and subsurface estate by the Federal government. These lands can be acquired for exploration and mining through lease or purchase from the owners. In order to acquire a patent, an applicant must, among other things, prove that improvements have been made on the land of not less than $500, pay a fee of five dollars ($5) per acre, and identify and describe the mineral deposit located in the land. Unpatented mining claims located on public land owned by another entity can be controlled by leasing or purchasing the claims outright from the owners.

With respect to unpatented mining claims, the Federal or applicable state government continues to own the fee interest in real property while allowing private parties to stake claims for exploration, development and commercial extraction of minerals with rights of ingress and egress on the real property. Unpatented claims give the claimant the exclusive right to explore for and to develop the underlying minerals and use the surface for such purpose. However, the claimant does not own title to either the minerals or the surface, and the claim is subject to annual assessment work requirements and the payment of annual rental fees which are established by the governing authority of the land on which the claim is located. Unpatented mining claims are generally considered to be subject to greater title risk than other real property interests because the validity of unpatented mining claims is often uncertain, due to the complex Federal and state laws and regulations that supplement the General Mining Law. Unpatented

mining claims and related rights, including rights to use the surface, are also subject to challenges by third parties or contests by the Federal or applicable state government. In addition, there are few public records that definitively determine the issues of validity and ownership of unpatented state mining claims. Our mining claims on land belonging to the State of Alaska have no opportunity to be patented. Rights to deposits of minerals on Alaska state land that is open to claim staking may be acquired by discovery, location and recording as prescribed in Alaska state statutes (AS 38.05.185 – 38.05.280). The State of Alaska requires holders of unpatented mining claims to perform annual assessment work and pay an annual fee on the claims in order to maintain the claimant's title to the mining rights in good standing. State of Alaska unpatented mining claims are subject to a title reservation of 3% net profits royalty for all mineral production on net mining income of $100,000 or more. Mining claims located on state of Alaska lands cannot be deeded to the claimant.

Consulting Services provided by Avalon Development Corporation

The Company is a party to a Professional Services Agreement ("PSA") with Avalon to provide certain geological consulting services and exploration activities with respect to the properties. Pursuant to the PSA, Avalon provides geological consulting services and exploration activities, including all field work at the Tetlin Lease. The Company pays Avalon on a per diem basis and reimburses Avalon for its expenses. As additional compensation, the owner of Avalon received 23,477 restricted shares of common stock in November 2010; stock options to purchase 10,000 shares of common stock of the Company in September 2011; stock options to purchase 25,000 shares of common stock of the Company in July 2012; and stock options to purchase 75,000 shares of common stock of the Company in December 2012. The restricted shares vest over three years beginning in November 2011, the one-year anniversary of the date the shares were granted and the stock options vest over two years beginning on the date such options were granted. In July 2013, the Company granted stock options to purchase 5,000 shares of common stock to one of the Avalon employees. In December 2013, the owner of Avalon received 30,000 restricted shares of common stock of the Company, one third of which vested immediately, and the remainder will vest over the next two years.

Avalon is a Fairbanks, Alaska based mineral exploration consulting firm, which has conducted mineral exploration in Alaska since 1985. Its team of engineers and geoscientists combined with its geographic information systems (GIS) database allows Avalon to synthesize existing geological, geochemical and geophysical data and identify specific target areas for ground evaluation and/or acquisition. Avalon's exploration team has identified or conducted discovery drilling on several gold deposits in Alaska and has completed digital GIS compilations of the Tintina Gold Belt, a regional-scale mineral province stretching from southwest Alaska to the southern Yukon Territory. Avalon also has experience exploring for copper, nickel and platinum group elements ("Cu-Ni-PGE") deposits and also created a comprehensive GIS compilation of PGE prospects in Alaska, an internally-owned database that contains data on over 200 PGE occurrences in Alaska. In 2002, Avalon expanded its digital database to the identification and acquisition of rare earth element prospects in Alaska.

Work schedules vary widely from a 7 day per week, 30-day minimum schedule for field related geologists and geological engineers to 40-hours per week schedules for geographic information system and management staff. Because the Company does not have experience exploring or evaluating gold or rare earth element prospects, we rely on Avalon's exploration expertise to determine whether our exploration activities will be likely to develop commercially viable deposits. Avalon's mineral exploration services include pre-field planning, in-progress evaluation/modification and post-field critical review. Avalon will continue to work in conjunction with the Company to identify new properties and will conduct the initial exploration for such properties. If the exploratory work on the properties should prove successful, the Company could develop a wholly-owned mining operation entity to conduct mining operations, contract with mining companies to extract mineral ore from our properties or enter into a joint venture with or sale of our properties to an established mining company.

Services Provided by Tetlin Village Members

Since the start of the term of our Tetlin Lease, the Company has worked closely with the Tetlin Tribal Council to train and employ Tetlin residents during Tetlin project exploration programs. While there was only minimal exploration work performed in the 2014 summer program, during the 2013 exploration program, there were more than 15 Tetlin residents working on the Tetlin project exploration program, employed on a seasonal basis

through Avalon. Their duties include reconnaissance soil, stream sediment and pan concentrate sampling, diamond drill core processing, drill pad construction and related tasks, expediting services, food services, database management, vehicle transportation and maintenance services, reclamation activities, and project management tasks. On October 15, 2010, the Company entered into a consulting agreement, as amended from time to time (the "Consulting Agreement"), with the Chief of the Tetlin Village (the "Consultant"). The Consultant has special knowledge and experience with governmental affairs and tribal affairs issues and operates an independent consulting practice. Under the terms of the Consulting Agreement, the Consultant assists the Company in negotiations with other native tribes to lease additional properties and assists the Company with State of Alaska and Federal governmental affairs issues. The Company pays the Consultant $5,000 per month

and certain lodging costs while Consultant is in Fairbanks, Alaska, in exchange for his services. In addition, the Company can pay discretionary bonuses for assistance in the Company's efforts to acquire additional acreage in Alaska.

Community Affairs

The Company's activities have increased road traffic and general activity on the Tetlin lands. During the fiscal years ended June 30, 2013 and 2014, the Company expended approximately $208,000 an $434,000, respectively, on road work, snow plowing, flood relief, winter fuel, village repairs and charitable contributions.

In August 2013, the Company advanced $100,000 to the Tetlin Village Council under a Promissory Note (the "Tetlin Note") for road improvements. The terms of the Tetlin Note required the advance be repaid without interest on the earlier of (i) October 1, 2013 or (ii) a date that was within five days following the date the Tetlin Village Council received funds from the State of Alaska for road improvements. The Tetlin Note was repaid on October 4, 2013.

Marketing and Pricing

Should our exploratory drilling activities prove to be successful, the Company intends to enter into joint ventures with or sell some or all of our Properties to qualified mining companies. In addition, valuations of mineral commodities are highly volatile and are currently depressed compared to 2012. In the event they remain depressed, the Company may decide not to raise additional funds for further exploratory drilling for one or more years.

Adverse Climate Conditions

Weather conditions affect the Company’s ability to conduct exploration activities and mine any ore from its Properties in Alaska. While exploratory drilling and related activities may only be conducted from May to October on certain of our Properties, the Company believes development work and any subsequent mining may be conducted year-round.

Competition

We currently face strong competition for the acquisition of exploration-stage properties as well as extraction of any minerals in Alaska. Numerous larger mining companies actively seek out and bid for mining prospects as well as for the services of third party providers and supplies, such as mining equipment and transportation equipment. Our competitors in the exploration, development, acquisition and mining business will include major integrated mining companies as well as numerous smaller mining companies, almost all of which have significantly greater financial resources and in-house technical expertise. In addition, we will compete with others in efforts to obtain financing to explore our mineral properties.

While there are few rare earth mining companies in the United States, the global rare earth mining and processing markets are competitive. China currently accounts for over 90% of rare earth mineral production and manufacturing, and should our rare earth mining efforts prove to be successful, we may not be able to implement the processing technologies and capabilities that our Chinese counterparts have already established. Our Chinese competitors have greater financial resources, as well as other strategic advantages to maintain, improve and expand their mining programs. In addition, Chinese domestic economic policies may allow Chinese companies to produce at relatively lower costs.

Competitive conditions may be substantially affected by various forms of legislation and regulation considered from time to time by the government of the United States and the State of Alaska, as well as factors that we cannot control, including international political conditions, overall levels of supply and demand for minerals, and currency fluctuations.

Government Regulation

Our mineral exploration activities are generally affected by various laws and regulations, including environmental, conservation, tax and other laws and regulations relating to the exploration of minerals. Various Federal and Alaskan laws and regulations often require permits for exploration activities and also cover extraction of minerals. In addition, our Tetlin Lease is located on land leased from the Tetlin Village Council. Federally recognized Native American tribes are independent governments, with sovereign powers, except as those powers may have been limited by treaty or by the United States Congress. Such tribes maintain their own governmental systems and often their own judicial systems and have the right to tax, and to require licenses and to impose other forms of regulation and regulatory fees,

on persons and businesses operating on their lands. As sovereign nations, federally recognized Native American tribes are generally subject only to federal regulation. States do not have the authority to regulate them, unless such authority has been specifically granted by Congress, and state laws generally do not directly apply to them and to activities taking place on their lands, unless they have a specific agreement or compact with the state or federal government allowing for the application of state law. We will continue to use our best efforts to ensure that the Company is in

compliance with all applicable laws and regulations but the denial of permits required to explore for or mine ore may prevent us from realizing any revenues arising from the presence of minerals on our properties.

Environmental Regulation

The Company believes that it is currently operating in compliance with all environmental regulations. While the Alaska Department of Natural Resources, Office of Project Management and Permitting coordinates the permitting of mine projects on state lands, it has no jurisdiction on Native American land such as the Tetlin Lease. However, the Company has voluntarily elected, with the concurrence of the Chief of Tetlin Village and the Tetlin Village Council, to conduct its mineral exploration and development activities under the same terms and conditions as required on State of Alaska mining claims.

The Company has applied for and been issued valid Hard Rock Exploration permits and Temporary Water Use Permits covering past and planned activities on the Tetlin Properties. These permits were issued to the Company by the Alaska Department of Natural Resources in 2012 and 2013 and consist of the following multi-year permits:

1. Alaska Hard Rock Exploration and Reclamation Permit #2626 covering exploration drilling activities on the Tetlin Lease. This permit extends through December 31, 2015. Each year during the term of the permit, the Company will submit a reclamation statement detailing reclamation actions taken and a letter of intent to do reclamation for the following year.
2. Alaska Temporary Water Use Permits F2011-51 and F2012-157, each allowing a seasonal average water use of 21,600 gallons per day during the period May 20 to October 15 during calendar years 2011 through 2016. These water use authorizations are specific to Alaska Hard Rock Exploration permit #2626;

The above referenced State of Alaska permits were issued to the Company to cover its access road, drill pad and core drilling impacts. The Company does not anticipate requiring additional permits from the State of Alaska for the remainder of 2014. Reclamation of surface disturbance, if any, associated with our exploration activities is conducted concurrently where required.

The Company also has received a Nationwide Permit #6, Permit #POA-2013-286, from the U.S. Department of the Army Corps of Engineers with respect to the Company’s intended drilling and access-related disturbances on wetlands within the Tetlin Lease, which is valid through March 18, 2017. However, much of the land covered by such permit has been burned by natural wildfires since such lands were classified as wetlands more than 20 years ago. As a consequence of the wildfires and natural habitat changes that have taken place since the wildfires, certain of the Tetlin Properties may no longer be considered wetlands according to Corps of Engineers guidelines. As a consequence, the Company has initiated a wetlands determination process whereby portions of the lands covered by this permit will be reclassified as non-wetlands. This initial wetlands determination process was paid for by the Company and was conducted by ABR, Inc., an independent environmental consulting firm that is recognized by a U.S. Department of the Army Corps of Engineers. Initial steps in the Company’s wetlands determination process on the Tetlin Properties were completed in late 2013. Additional steps in the process are anticipated as the Tetlin project advances.

The Company began collecting baseline environmental data in 2012 and continued this process during the summer exploration season in 2013. The Company has not developed a comprehensive environmental permitting strategy as the Company remains in an exploration stage. If and when its exploration work is significantly advanced that additional baseline environmental studies and prefeasibility studies are desirable, the Company will be required to expend considerable funds and resources for an environmental impact statement and related studies to advance any mining project.

Any future mining operations are subject to local, state and federal regulation governing environmental quality and pollution control, including air quality standards, greenhouse gas, waste management, reclamation and restoration of properties, plant and wildlife protection, handling and disposal of radioactive substances, and employee health and safety. Extraction of mineral ore is subject to stringent environmental regulation by state and federal authorities, including the Environmental Protection Agency. Such regulation can increase the cost of planning, designing, installing and operating mining facilities or otherwise delay, limit or prohibit planned operations.

Significant fines and penalties may be imposed for failure to comply with environmental laws. Some environmental laws provide for joint and several strict liability for remediation of releases of hazardous substances. In addition, we may be subject to claims alleging personal injury or property damage as a result of alleged exposure to hazardous substances.

The Federal Mine Safety and Health Act of 1977 and regulations promulgated thereunder as well as the State of Alaska Department of Labor and Workforce Development impose a variety of health and safety standards on numerous aspects of employee working conditions related to mineral extraction and processing operations, including the training of personnel, operating procedures and operating equipment. In addition, the Company may be subject to additional state and local mining standards. The Company believes that it currently is in compliance with applicable mining standards; however, we cannot predict whether changes

in standards or the interpretation or enforcement thereof will have a material adverse effect on our business, financial condition or otherwise impose restrictions on our ability to conduct mining operations.

A typical time frame for baseline environmental studies and permitting for a gold mine in Alaska may consume a decade or more. There are numerous state and federal permits and authorizations required from many different state and federal agencies. Federal legislation and regulations adopted and administered by the U.S. Environmental Protection Agency, Forest Service, Bureau of Land Management, Fish and Wildlife Service, Mine Safety and Health Administration, and other federal agencies, legislation such as the Federal Clean Water Act, Clean Air Act, National Environmental Policy Act, Endangered Species Act, and Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA") and various laws and regulations administered by the State of Alaska including the Alaska Department of Fish and Game, the Alaska Department of Environmental Conservation, Alaska Department of Transportation and Public Facilities and the Alaska Department of Natural Resources, have a direct bearing on exploration and mining operations conducted in Alaska. These regulations will make the process for preparing and obtaining approval of a plan of operations much more time-consuming, expensive, and uncertain. The Alaska Department of Natural Resources coordinates the permitting of mining operations in the State of Alaska and has developed a process to integrate federal, state and local government requirements to obtain mine permits, and also provides an opportunity for public comment. Plans of operation will be required to include detailed baseline environmental information and address how detailed reclamation performance standards will be met. In addition, all activities for which plans of operation are required will be subject to a new standard of review by the U.S. Bureau of Land Management, which must make a finding that the conditions, practices or activities do not cause substantial irreparable harm to significant scientific, cultural, or environmental resource values that cannot be effectively mitigated.

CERCLA generally imposes joint and several strict liability for costs of investigation and remediation and for natural resource damages, with respect to the release of hazardous substances (as designated under CERCLA) into the environment. CERCLA also authorizes the EPA, and in some cases, third parties, to take action in response to threats to the public health or the environment and to seek to recover from the potentially responsible parties the costs of such action. Our mining operations may generate wastes that fall within CERCLA's definition of Hazardous Substances.

Employees

The Company has four part-time employees. Of these, two are officers of the Company. Brad Juneau is the Chairman, President and Chief Executive Officer of the Company and is responsible for the management of the Company. Leah Gaines is the Vice President, Chief Financial Officer, Chief Accounting Officer, Treasurer and Secretary of the Company and is responsible for the financial and accounting affairs of the Company. Mr. Juneau and Ms. Gaines each devote approximately 10% of their time to the Company's business. The Company also uses the services of independent consultants and contractors to perform various professional services, including land acquisition, legal, environmental and tax services. In addition, the Company utilizes the services of Avalon to perform geological, exploration and drilling operation services and independent third party engineering firms to evaluate any reserves.

Directors and Executive Officers

The following table sets forth the names, ages and positions of our directors and executive officers:

Name	Age	Position
Brad Juneau	55	Chairman, President, and Chief Executive Officer
Leah Gaines	38	Vice President, Chief Financial Officer, Chief Accounting Officer, Treasurer and Secretary
Joseph Compofelice	65	Director
Joseph G. Greenberg	53	Director

Brad Juneau. Mr. Juneau, the Company's co-founder, was elected President and Chief Executive Officer in December 2012. Mr. Juneau was first appointed President, Acting Chief Executive Officer and director in August 2012 when the Company's Co-founder, Mr. Kenneth R. Peak took a medical leave of absence. Mr. Juneau was appointed Chairman of the Board in April 2013. Mr. Juneau is the sole manager of the general partner of JEX. Prior to forming JEX in

1998, Mr. Juneau served as Senior Vice President of Exploration for Zilkha Energy Company from 1987 to 1998. Prior to joining Zilkha Energy Company, Mr. Juneau served as Staff Petroleum Engineer with Texas International Company for three years, where his principal responsibilities included reservoir engineering, as well as acquisitions and evaluations. Prior to that, he was a production engineer with Enserch Corporation in Oklahoma City. Mr. Juneau holds a Bachelor of Science degree in Petroleum Engineering from Louisiana State University. Mr. Juneau previously served as a Director of Contango from April 2012 to March 2014.

Leah Gaines. Ms. Gaines was appointed as the Company's Vice President, Chief Financial Officer, Chief Accounting Officer, Treasurer and Secretary on October 1, 2013. Ms. Gaines has also served as Vice President and Chief Financial Officer of JEX since October 2010. Prior to joining JEX, she served as the Controller for Beryl Oil and Gas, LP and Beryl Resources LP from July 2007 to December 2009. From April 2006 to July 2007, Ms. Gaines held the position of Financial Reporting Manager at SPN Resources, a division of Superior Energy Services. From 2003 to 2006, Ms. Gaines was the Senior Financial Reporting Accountant at Hilcorp Energy. Ms. Gaines was a Principal Accountant at El Paso Corporation in its Power Asset division from 2001 to 2003. Prior to that, Ms. Gaines worked at Deloitte and Touche, LLP for three years as a Senior Auditor. Ms. Gaines graduated Magna Cum Laude from Angelo State University with a Bachelor of Business Administration in Accounting and is a Certified Public Accountant with over sixteen years of experience.

Joseph Compofelice. Mr. Compofelice has been a Director of the Company since its inception. Since January 1, 2014, Mr. Compofelice has been an Operating Partner at White Deer Energy, a private equity firm that targets investments in the energy business. Mr. Compofelice served as Managing Director of Houston Capital Advisors, a boutique financial advisory, mergers and acquisitions investment service from January 2004 - December 2013.

Mr. Compofelice served as Chairman of the Board of Trico Marine Service, a provider of marine support vessels serving the international natural gas and oil industry, from 2004 to 2010 and as its Chief Executive Officer from 2007 to 2010. Mr. Compofelice was President and Chief Executive Officer of Aquilex Services Corp., a service and equipment provider to the power generation industry, from October 2001 to October 2003. From February 1998 to October 2000 he was Chairman and CEO of CompX International Inc., a provider of components to the office furniture, computer and transportation industries. From March 1994 to May 1998 he was Chief Financial Officer of NL Industries, a chemical producer, Titanium Metals Corporation, a metal producer and Tremont Corp.

Mr. Compofelice received his Bachelor of Science from California State University at Los Angeles and his Masters of Business Administration from Pepperdine University.

Joseph G. Greenberg. Mr. Greenberg has been a Director of the Company since its inception. Mr. Greenberg is Founder and President of Alta Resources, L.L.C., an oil and natural gas exploration company. Prior to founding Alta Resources in 1999, Mr. Greenberg worked as an exploration geologist for Shell Oil Company and Edge Petroleum Company. Mr. Greenberg received a Bachelor of Science in Geology and Geophysics from Yale University in 1983, and a Masters in Geological Sciences from the University of Texas at Austin in 1986. He has over twenty-five years of diversified experience in oil and gas exploration.

The Board of Directors is responsible for managing the Company in accordance with the provisions of the Company's Bylaws and Certificate of Incorporation and applicable law. The number of directors which constitutes the Board of Directors is established by the Board, subject to a minimum of three and a maximum of seven directors. Except as otherwise provided by the Bylaws for filling vacancies on the Company's Board of Directors, the Company's directors are elected at the Company's annual meeting of stockholders and hold office until their respective successors are elected, or until their earlier resignation or removal. Our executive officers are elected annually by the Board and serve until their successors are duly elected and qualified or until their earlier resignation or removal. There are no family relationships between our directors or executive officers.

The Board of Directors elected Mr. Juneau as Chairman of the Board and Chief Executive Officer for a number of reasons. Mr. Juneau is the co-founder of the Company and beneficially owns approximately 4% of the Company's common stock, making him one of the largest shareholders. Mr. Juneau has been an active entrepreneur who founded JEX and built the business into a successful exploration company.

Corporate Offices

The Company currently subleases office space from JEX at 3700 Buffalo Speedway, Ste 925, Houston, TX 77098 for approximately $11,000 per quarter.

Code of Ethics

We adopted a Code of Ethics for senior management in September 2010. A copy of our Code of Ethics is filed as an Exhibit to this Form 10-K and is also available on our website at www.contangoore.com.

Available Information

You may read and copy all or any portion of this annual report on Form 10-K, our quarterly reports on Form 10-Q and current reports on Form 8-K, as well as any amendments and exhibits to those reports, without charge at the office of the Securities and Exchange Commission (the "SEC") in Public Reference Room, 100 F Street NE, Washington, DC, 20549. Information regarding the operation of the public reference rooms may be obtained by calling the SEC at 1-800-SEC-0330. In addition, filings made with the SEC electronically are publicly available through the SEC's website at http://www.sec.gov, and at our website at http://www.contangoore.com. This annual report on Form 10-K, including all exhibits and amendments, has been filed electronically with the SEC.

Item 1A. RISK FACTORS

In addition to other information set forth elsewhere in this Form 10-K, you should carefully consider the following factors when evaluating the Company. An investment in the Company is subject to risks inherent in our business as an exploration stage company. The value of an investment in the Company may decrease, resulting in a complete loss of your investment. The risk factors below are not all inclusive.

The probability that an individual prospect will contain commercial grade reserves is extremely remote.

The probability of finding economic mineral reserves on any of our properties is extremely small. It is common to spend millions of dollars on an exploration prospect and complete many phases of exploration and still not obtain mineral reserves that can be economically exploited. Therefore, the possibility that our properties will contain commercial mineral reserves and that the Company will recover funds spent on exploration is extremely remote.

The price of gold and the gold mining industry have suffered dramatic declines in the past several years.

With the price of gold declining over the past several years, many large mining companies have announced the closure of existing gold mines and a moratorium on new gold mine development. In the future, the Company may seek an experienced mining joint venture partner or the possible sale of its Tetlin Lease discovery to a large gold mining company, and this decline in the industry may reduce the number of potential candidates and the potential value for such a transaction.

We may not have sufficient capital to operate our business in future years and may be required to cease operations.

The Company will have a limited amount of cash to fund its operations in future years. As of August 26, 2014 our current cash balance is approximately $3.3 million, an amount insufficient to fund further significant exploration programs. Without additional funds to support the Company's exploratory drilling activities, we may be required to cease operations and you may lose your entire investment in the Company.

Our ability to successfully execute our business plan is dependent on our ability to obtain adequate financing.

Our business plan, which includes the drilling of exploration prospects, will require substantial capital expenditures. We will require financing to fund any exploration activities beyond 2014. Our ability to raise capital will depend on many factors, including the status of various capital and industry markets at the time we seek such capital. Accordingly, we cannot be certain that financing will be available to us on acceptable terms, if at all. In the event additional capital resources are unavailable, we may be required to cease our exploration and development activities or be forced to sell all or some portion of our properties in an untimely fashion or on less than favorable terms.

We have no revenue to date from our properties, which may negatively impact our ability to achieve our business objectives.

Since the acquisition of the properties, we and our predecessors have conducted only very limited exploration activities and to date have not, discovered any commercially viable mineral deposits. Our ability to become profitable will be dependent on the receipt of revenues from the extraction of minerals greater than our operational expenses. We and our predecessors have carried on our business of exploring our properties at a loss since our inception and expect to continue to incur losses unless and until such time as one of our properties enters into commercial production and generates sufficient revenues to fund our continuing operations. The amounts and timing of expenditures will depend on the progress of ongoing exploration, the results of consultants' analysis and recommendations, the rate at which operating losses are incurred, and other factors, many of which are beyond our control. Whether any mineral deposits

we discover would be commercially viable depends on a number of factors, which include, without limitation, the particular attributes of the deposit, market prices for the minerals, and governmental regulations. If we cannot discover commercially viable deposits or commence actual mining operations, we may never generate revenues and will never become profitable.

Our continued viability depends on the exploration, permitting, development and operation of our Tetlin Properties, which is the only material property of the Company.

Our only material project at this time is our Tetlin Lease, which is in the exploration stage. Our continued viability is based on successfully implementing our strategy, including performing appropriate exploratory and engineering work and evaluating such work, permitting and construction of a mine and processing facilities in a reasonable timeframe.

The properties in which we have an interest do not have any proven or probable reserves and we may never identify any commercially exploitable mineralization.

None of our properties have any proven or probable reserves. To date, we have only engaged in material exploration activities on our Tetlin Properties. Accordingly, we do not have sufficient information upon which to assess the ultimate success of our exploration efforts. There is no assurance that we may ever locate any commercial mineral resources on our properties. Additionally, even if we find minerals in sufficient quantities to warrant recovery, such recovery may not be economically profitable. Mineral exploration is highly speculative in nature, involves many risks and is frequently non-productive. Unusual or unexpected geologic formations and the inability to obtain suitable or adequate machinery, equipment or labor are risks involved in the conduct of exploration programs. If we do not establish reserves, we will be required to curtail or suspend our operations, in which case the market value of our common stock will decline, and you may lose all of your investment.

Our properties are located in the remote regions of Alaska and exploration activities may be limited by weather conditions and limited access and existing infrastructure.

Our focus is on the exploration of our properties in the State of Alaska. The arctic climate limits certain exploration activities to the period from May through October. In addition, the remote location of our properties may limit access and increase exploration expenses. Higher costs associated with exploration activities and limitation on the annual periods in which we can carry on exploration activities will increase the costs and time associated with our planned exploration activities and could negatively affect the value of our properties and securities.

We are highly dependent on the technical services provided by our consultant, Avalon, including the exploration of the properties and exploratory drilling activities, and could be seriously harmed if Avalon terminated its services with us or became otherwise unavailable.

Because we have only four part-time employees, none of whom are mineral geoscientists or have experience in the mining industry, we depend upon our consultant, Avalon, for the success of our exploration projects and expect to remain so for the foreseeable future. Our ability to continue conducting exploration activities is in large part dependent upon the efforts of our consultant. As a result, we have limited control over the exploratory operations on the properties. In addition, highly qualified explorationists and engineers are difficult to attract and retain. We are dependent upon Avalon for assistance in acquiring acreage for our exploration projects in Alaska, planning work programs, conducting field work and interpreting assay results, and expect to remain dependent for the foreseeable future. As a result, the loss of the services of our consultant could have a material adverse effect on us and could prevent us from pursuing our business plan.

We are dependent on the services provided by the Chief of the Tetlin Village, and could be seriously harmed if the Chief terminated his services or became otherwise unavailable.

We are dependent upon the knowledge and experience provided by the Chief of the Tetlin Village regarding governmental affairs and tribal affairs issues. The loss of the services of the Chief could have a material adverse effect on us and could prevent us from pursuing our business plan.

Concentrating our capital investment in our Tetlin Properties in the State of Alaska increases our exposure to risk.

We expect to focus our capital investments in gold and associated mineral prospects in our Tetlin Properties in the State of Alaska. However, our exploration prospects in Alaska may not lead to any revenues or we may not be able to drill for mineral deposits at anticipated finding and development costs due to financing, environmental or operating

uncertainties. Should we be able to make an economic discovery on our Tetlin Properties, we would then be solely dependent upon a single mining operation for our revenue and profits.

We will rely on the accuracy of the estimates in reports provided to the Company by outside consultants and engineers.

We have no in-house mineral engineering capability, and therefore will rely on the accuracy of reserve reports provided to us by our independent third party consultants. If those reports prove to be inaccurate, our financial reports could have material misstatements. Further, we will use the reports of our independent consultants in our financial planning. If the reports prove to be inaccurate, we may also make misjudgments in our financial planning.

Exploration activities involve a high degree of risk, and our participation in exploratory drilling activities may not be successful.

Our future success will largely depend on the success of our exploration drilling program. Participation in exploration drilling activities involves numerous risks, including the significant risk that no commercially marketable minerals will be discovered. The mining of minerals and the manufacture of mineral products involves numerous hazards, including:

- Ground or slope failures;
- Pressure or irregularities in formations affecting ore or wall rock characteristics;
- Equipment failures or accidents;
- Adverse weather conditions;
- Compliance with governmental requirements and laws, present and future;
- Shortages or delays in the availability and delivery of equipment; and
- Lack of adequate infrastructure, including access to roads, electricity and available housing.
- Poor results from our drilling activities would materially and adversely affect our future cash flows and results of operations.

We have no assurance of title to our properties.

We hold 89,917 acres in the form of State of Alaska unpatented mining claims, for gold ore exploration. We also hold approximately 3,440 acres in unpatented U.S. Federal mining claims for REE exploration. Unpatented mining claims are unique property interests, in that they are subject to the paramount title of, the State of Alaska or the U.S. Federal government, as applicable, and rights of third parties to uses of the surface within their boundaries, and are generally considered to be subject to greater title risk than other real property interests. The rights to deposits of minerals lying within the boundaries of the unpatented state claims are subject to Alaska Statues 38.05.185 – 38.05.280, and are governed by Alaska Administrative Code 11 AAC 86.100 – 86.600. The validity of all State of Alaska unpatented mining claims is dependent upon inherent uncertainties and conditions.
With respect to our Tetlin Lease, we retained title lawyers to conduct a general examination of title to the mineral interest prior to executing the Tetlin Lease. Prior to conducting any mining activity, however, we will obtain a full title review of the Tetlin Lease to identify more fully any deficiencies in title to the lease and, if there are deficiencies, to identify measures necessary to cure those defects to the extent reasonably possible. However, such deficiencies may not be cured by us. It does happen, from time to time, that the examination made by title lawyers reveals that the title to properties is defective, having been obtained in error from a person who is not the rightful owner of the mineral interest desired. In these circumstances, we may not be able to proceed with our exploration and development of the lease site or may incur costs to remedy a defect. It may also happen, from time to time, that we may elect to proceed with mining work despite defects to the title identified in a title opinion.

We have entered into the Tetlin Lease with a Native American tribe for the exploration of gold and associated minerals. The enforcement of contractual rights against Native American tribes with sovereign powers may be difficult.

Federally recognized Native American tribes are independent governments with sovereign powers, except as those powers may have been limited by treaty or the United States Congress. Such tribes maintain their own governmental systems and often their own judicial systems and have the right to tax, and to require licenses and to impose other forms of regulation and regulatory fees, on persons and businesses operating on their lands. As sovereign nations, federally recognized Native American tribes are generally subject only to federal regulation. States do not have the authority to regulate them, unless such authority has been specifically granted by Congress, and state laws generally do not directly apply to them and to activities taking place on their lands, unless they have a specific agreement or

compact with the state or Federal government allowing for the application of state law. Our Tetlin Lease provides that it will be governed by applicable federal law and the law of the State of Alaska. We cannot assure you, however, that this choice of law clause would be enforceable, leading to uncertain interpretation of our rights and remedies under the Tetlin Lease.

Federally recognized Native American tribes also generally enjoy sovereign immunity from lawsuit similar to that of the states and the United States federal government. In order to sue a Native American tribe (or an agency or instrumentality of a Native American tribe), the Native American tribe must have effectively waived its sovereign immunity with respect to the matter in dispute. Moreover, even if a Native American tribe effectively waives its sovereign immunity, there exists an issue as to the forum in which a lawsuit can be brought against the tribe. Federal courts are courts of limited jurisdiction and generally do not have jurisdiction to hear civil cases relating to matters concerning Native American lands or the internal affairs of Native American governments. Federal courts may have jurisdiction if a federal question is raised by the lawsuit, which is unlikely in a typical contract dispute. Diversity of citizenship, another common basis for federal court jurisdiction, is not generally present in a suit

against a tribe because a Native American tribe is not considered a citizen of any state. Accordingly, in most commercial disputes with tribes, the jurisdiction of the federal courts, may be difficult or impossible to obtain. Our Tetlin Lease contains a provision in which the Tetlin Village Council expressly waives its sovereign immunity to the limited extent necessary to permit judicial review in the courts in Alaska of certain issues affecting the Tetlin Lease.

Competition in the mineral exploration industry is intense, and the Company is smaller and has a much more limited operating history than most of its competitors.

We will compete with a broad range of mining companies with far greater resources in our exploration activities. Several mining companies concentrate drilling efforts on one type of mineral and thus may enjoy economies of scale and other efficiencies. However, our drilling strategies currently include exploring for gold ore and associated minerals. As a result, we may not be able to compete effectively with such companies. We will also compete for the equipment and labor required to operate and to develop our Properties if our exploration activities are successful. Most of our competitors have substantially greater financial resources than we do. These competitors may be able to evaluate, bid for and purchase a greater number of properties and prospects than we can. In addition, most of our competitors have been operating for a much longer time than we have and have substantially larger staffs. Gold and rare earth minerals processing requires complex and sophisticated processing technologies. We have no experience in the minerals processing industry.

We have only owned mining properties since the acquisition by our predecessors of the properties in 2009 and 2010. Furthermore, no member of our management has any technical training or experience in minerals exploration or mining. Because of our limited operating history, we have limited insight into trends that may emerge and affect our business. We may make errors in predicting and reacting to relevant business trends and will be subject to the risks, uncertainties and difficulties frequently encountered by early-stage companies in evolving markets such as ours. We may not be able to compete effectively with more experienced companies or in such a highly competitive environment.

The mining industry is historically a cyclical industry and market fluctuations in the prices of minerals could adversely affect our business.

Prices for minerals tend to fluctuate significantly in response to factors beyond our control. These factors include:

- Global economic conditions;
- Domestic and foreign tax policy;
- The price of foreign imports of gold and rare earth elements, and products derived from the foregoing;
- The cost of exploring for, producing and processing mineral ore;
- Available transportation capacity; and
- The overall supply and demand for minerals.

Changes in commodity prices would directly affect revenues and may reduce the amount of funds available to reinvest in exploration and development activities. Reductions in mineral prices not only reduce revenues and profits, but could also reduce the quantities of reserves that are commercially recoverable. Declining metal prices may also impact our operations by requiring a reassessment of the commercial feasibility of any of our mining work.

Because our sole source of revenue, if our exploration efforts are successful, will be the sale of gold and associated minerals, changes in demand for, and the market price of, gold and associated minerals could significantly affect our profitability. The value and price of our common stock may be significantly affected by declines in the prices of gold and rare earth minerals and products.

Gold prices fluctuate widely and are affected by numerous factors beyond our control such as interest rates, exchange rates, inflation or deflation, fluctuation in the relative value of the United States dollar against foreign currencies on the world market, global and regional supply and demand for gold, and the political and economic conditions of gold producing countries throughout the world.

An increase in the global supply of gold and associated minerals may adversely affect our business.

The pricing and demand for gold and associated minerals is affected by a number of factors beyond our control, including global economic conditions and the global supply and demand for gold and associated minerals and products. Increases in the amount of gold and associated minerals sold by our competitors may result in price reductions, reduced margins and we may not be able to compete effectively against current and future competitors.

We depend upon our management team and our consultant, Avalon.

The successful implementation of our business strategy and handling of other issues integral to the fulfillment of our business strategy depends, in part, on our management team, as well as our consultant, Avalon, and its geoscientists, geologists, engineers and other professionals engaged by Avalon. The loss of key members of our management team or the professional staff at Avalon could have a material adverse effect on our business, financial condition and operating results.

We are subject to complex laws and regulations, including environmental regulations that can adversely affect the cost, manner or feasibility of doing business.

Our exploratory mining operations are subject to numerous laws and regulations governing our operations and the discharge of materials into the environment, including the Federal Clean Water Act, Clean Air Act, Endangered Species Act, and the Comprehensive Environmental Response, Compensation, and Liability Act. Federal initiatives are often also administered and enforced through state agencies operating under parallel state statutes and regulations. Failure to comply with such rules and regulations could result in substantial penalties and have an adverse effect on us. These laws and regulations may:

- Require that we obtain permits before commencing mining work;
- Restrict the substances that can be released into the environment in connection with mining work;
- Impose obligations to reclaim land in order to minimize long term effects of land disturbance; and
- Limit or prohibit mining work on protected areas.

Under these laws and regulations, we could be liable for personal injury and clean-up costs and other environmental and property damages, as well as administrative, civil and criminal penalties. We maintain only limited insurance coverage for sudden and accidental environmental damages. Accordingly, we may be subject to liability, or we may be required to cease production from properties in the event of environmental damages. Compliance with environmental laws and regulations and future changes in these laws and regulations may require significant capital outlays, cause material changes or delays in our current and planned operations and future activities and reduce the profitability of operations. It is possible that future changes in these laws or regulations could increase operating costs or require capital expenditures in order to remain in compliance. Any such changes could have an adverse effect on our Tetlin Properties, business, financial condition and results of operations.

We are subject to the Federal Mine Safety and Health Act of 1977 and regulations promulgated thereto, which impose stringent health and safety standards on numerous aspects of our operations.

Our exploration and mining work in Alaska is subject to the Federal Mine Safety and Health Act of 1977, which impose stringent health and safety standards on numerous aspects of mineral extraction and processing operations, including the training of personnel, operating procedures, operating equipment and other matters. Our failure to comply with these standards could have a material adverse effect on our business, financial condition or otherwise impose significant restrictions on our ability to conduct mining work.

We may be unable to obtain, maintain or renew permits necessary for the exploration, development or operation of any mining activities, which could have a material adverse effect on our business, financial condition or results of operation.

We must obtain a number of permits that impose strict conditions, requirements and obligations relating to various environmental and health and safety matters in connection with our current and future operations. To obtain certain permits, we may be required to conduct environmental studies, collect and present data to governmental authorities

and the general public pertaining to the potential impact of our current and future operations upon the environment and take steps to avoid or mitigate the impact. The permitting rules are complex and have tended to become more stringent over time. Accordingly, permits required for our mining work may not be issued, maintained or renewed in a timely fashion or at all, or may be conditioned upon restrictions which may impede our ability to operate efficiently. The failure to obtain certain permits or the adoption of more stringent permitting requirements could have a material adverse effect on our business, our plans of operation, and properties in that we may not be able to proceed with our exploration, development or mining programs.

Anti-takeover provisions of our certificate of incorporation, bylaws and Delaware law could adversely affect potential acquisition by third parties.

In December 2012, our Board of Directors adopted a shareholder rights plan, which was amended on March 21, 2013 (as amended, the "Rights Plan"), pursuant to which one preferred stock purchase right was distributed as a dividend on each share of our common stock held of record as of the close of business on December 20, 2012. The Rights Plan is designed to deter coercive

takeover tactics and to prevent an acquirer from gaining control of the Company without offering a fair price to all of our stockholders. The existence of the Rights Plan, however, could have the effect of making it more difficult for a third party to acquire a majority of our outstanding common stock, and thereby adversely affect the market price of our common stock.

In addition, our certificate of incorporation, bylaws and the Delaware General Corporation Law contain provisions that may discourage unsolicited takeover proposals. These provisions could have the effect of inhibiting fluctuations in the market price of our common stock that could result from actual or rumored takeover attempts, preventing changes in our management or limiting the price that investors may be willing to pay for shares of common stock. Among other things, these provisions:

- Limit the personal liability of directors;
- Limit the persons who may call special meetings of stockholders;
- Prohibit stockholder action by written consent;
- Establish advance notice requirements for nominations for election of the board of directors and for proposing matters to be acted on by stockholders at stockholder meetings;
- Require us to indemnify directors and officers to the fullest extent permitted by applicable law;
- Impose restrictions on business combinations with some interested parties.

Our common stock is thinly traded.

There are approximately 3.8 million shares of our common stock outstanding, with directors, employees, and our technical consultant beneficially owning approximately 11.3% of our common stock and the Estate of Mr. Kenneth R. Peak, our former Chairman, beneficially owning approximately 22.0% of our common stock. Since our common stock is thinly traded, the purchase or sale of relatively small common stock positions may result in disproportionately large increases or decreases in the price of our common stock.

We do not intend to pay dividends in the foreseeable future.

For the foreseeable future, we intend to retain any earnings to finance the development of our business, and we do not anticipate paying any cash dividends on our common stock. Any future determination to pay dividends will be at the discretion of our Board of Directors and will be dependent upon then-existing conditions, including our operating results and financial condition, capital requirements, contractual restrictions, business prospects and other factors that our Board of Directors considers relevant. Accordingly, investors must rely on sales of their common stock after any price appreciation, which may never occur, as the only way to realize a return on their investment.

Item 1B. UNRESOLVED STAFF COMMENTS

None

Item 2. PROPERTIES

Our properties are located in the State of Alaska, and principally consist of a mineral lease and unpatented mining claims. Only our Tetlin Properties are a material property of the Company. None of the known prospects on the Tetlin Properties is known to host quantifiable mineral reserves as defined by SEC Industry Guide 7.

We believe that we hold good title to our properties in accordance with standards generally accepted in the minerals industry. As is customary in the mining industry, we conduct only a perfunctory title examination at the time we acquire a property. Before we begin any mining activities, however, we will conduct a full title examination and perform curative work on any defects that we deem significant.

Lease with Tetlin Village Council

JEX entered into the Tetlin Lease with the Tetlin Village Council, effective as of July 15, 2008. An undivided 50% leasehold interest was sold to Contango Mining pursuant to the Joint Exploration Agreement dated as of

September 29, 2009 in exchange for $1 million and a 1% overriding royalty interest. JEX transferred its remaining 50% leasehold interest to Contango Mining as of September 15, 2010 in exchange for an increased overriding royalty aggregating 3% pursuant to an Amended ORRI Agreement. The Tetlin Lease covers approximately 675,000 acres of land, provides for an initial term of ten (10) years, with an option to renew the acreage for an additional ten years, or so long as we continue conducting mining operations on the Tetlin Lease. While the Company is required to spend $350,000 per year annually until July 15, 2018 in exploration costs pursuant to the Tetlin Lease, the Company's exploration expenditures on the Tetlin Properties through 2014 satisfied this requirement because under the Tetlin Lease, exploration funds spent in any year in excess of $350,000 are credited toward future years’ exploration cost requirements.

If the Tetlin Lease is placed into commercial production of precious or non-precious metals, we will be obligated to pay a production royalty to the Native Village of Tetlin, ranging from 2.0% to 5.0%. The Company has purchased 0.75% of this production royalty for $225,000, which reduces the production royalty to a range of 1.25% to 4.25%. On or before July 15, 2020, the Tetlin Village Council has the option to repurchase the 0.75% production royalty for $450,000, or a portion thereof. Until such time as production royalties begin, the Company originally paid the Tetlin Village Council an advance minimum royalty of $50,000 per year, which shall be credited toward any production royalty payable to the Tetlin Village Council. On July 15, 2012, the advance minimum royalty increased to $75,000 per year, and subsequent years are escalated by an inflation adjustment. As of June 2014, the Company had prepaid the $75,000 advance minimum royalty due to the Tetlin Village Council on July 15, 2014, and prepaid $40,000 of the $75,000 advance minimum royalty that is due to the Tetlin Village Council on July 15, 2015.

Gold Mining Claims

A listing of our State of Alaska unpatented mining claims as of June 30, 2014 for gold and associated minerals are listed in Exhibit 99.1, 99.3, 99.4, 99.5, and 99.6. These mining claims are not material and are not known to host quantifiable mineral reserves as defined by SEC Industry Guide 7.

REE Mining Claims

A listing of our Federal mining claims as of June 30, 2014 for rare earth elements are listed in Exhibit 99.2. These mining claims are not material and are not known to host quantifiable mineral reserves as defined by SEC Industry Guide 7.

Location of and Access to our Properties

Our Tetlin Properties are located in the Tetlin Hills and Mentasta Mountains of eastern interior Alaska, 300 kilometers southeast of the city of Fairbanks and 20 kilometers southeast of Tok, Alaska. The Tetlin Lease covers an area measuring approximately 80 kilometers north-south by 60 kilometers east-west in eastern Interior Alaska.

The Tetlin Properties are accessible via helicopter and via road. The 23-mile long Tetlin Village Road is an all-weather gravel road connecting the village with the town of Tok on the Alaska Highway. The majority of our Tetlin Properties is accessible only via helicopter, although many winter trails exist in the Tetlin Hills and Mentasta Mountains in the northern and southwestern parts of the Properties, respectively. Winter trails link Tetlin Village to the village of Old Tetlin and continue south to the Tetlin River airstrip, a 1,500 foot long unmaintained gravel strip located in the Tetlin River Valley. Winter trails also provide access to the Tuck Creek valley from the village of Mentasta on the Tok Cutoff Highway.

Two seasonal dirt roads have been permitted and constructed through the Tetlin Village to allow surface access to the Chief Danny gold-copper-silver prospect in the northern Tetlin Hills. Both of these roads begin along the Tetlin Village Road and extend to the Chief Danny project and access to both roads is controlled by gates at their junction with the Tetlin Village Road.

The paved Alaska Highway passes near the northern edge of the Tetlin Properties as does the southern terminus of the Taylor Highway where it joins the Alaska Highway at Tetlin Junction. The 23-mile long Tetlin Village road provides year-round access to the northern Tetlin Hills, linking Tetlin Village to the Alaska Highway. Buried electrical and fiber-optic communications cables follow this road corridor and link Tetlin Village to the Tok power and communications grid. The Tok public electric facility is capable of generating up to 2 megawatts of power, and the nearest high capacity public electric facilities to the Tetlin Properties are in Delta Junction, 107 road miles northwest of the Tetlin project and Glennallen, 138 road miles southwest of the Tetlin Properties. The Company does not have any plant or equipment at its Tetlin Properties, relying on contractors to perform work.

We do not believe the Tetlin Properties have been previously explored for minerals.

Gold Exploration

To date, our gold exploration has concentrated on the Tetlin Properties. During the 2014 summer season, we conducted only minimal exploration activities. Our exploration effort on the Tetlin Properties in prior periods has resulted in identifying one mineral prospect (Chief Danny) and several other gold and copper leads. We have drilled certain of these other leads as part of our 2013 exploration program. We gathered surface, bedrock, and stream sediment data on the Tetlin Properties as well as on the Eagle state of Alaska claims adjacent to the Tetlin Properties. None of our exploration targets are known to host quantifiable commercial mineral reserves, as defined by SEC Industry Guide 7, none have had metallurgical or mineral processing studies conducted on them, and none are near or adjacent to other known significant gold or copper deposits. There has been no recorded past placer or lode mining on these leads, and to our knowledge, the Company is the only entity known to have conducted drilling operations on these leads.

The majority of the Tetlin Properties is hosted within the Yukon-Tanana Terrane (YTT), a regionally extensive package of metamorphic rocks. Rocks of the YTT on the Tetlin Properties consist primarily of more deformed, higher temperature metamorphic rocks on the northern third of the project and less deformed, lower temperature metamorphic rocks to the south. Country rocks on the Tetlin Properties are intruded by poorly documented granitic rocks.

Large-scale structural features within the Tetlin Properties are closely tied to movements along the Tintina-Kaltag and Denali-Farewell fault systems, two continental-scale faults between which are a series of district and prospect-scale northeast, northwest and east-west structures. Limited exposures in the northern half of the property make identification of these structures difficult. Prospect to hand-sample scale folding has been noted throughout the project area.

Although alpine glaciation has affected elevations above 4,500 feet on the southern edge of the Tetlin Properties, most of the Tetlin Properties escaped Pleistocene continental glaciation. However, due to its proximity to continental glaciers to the north and east, the Tetlin Properties were covered by a variable thickness of wind-blown silt ranging up to 10 meters thick. This extremely fine-grained, metal-barren silt effectively masks the geochemical signature of underlying bedrock containing gold-copper-silver mineralization. Following deposition of this silt layer, the Tetlin Properties were subjected to an extensive period of surface weathering, which now extends 200-300 feet below surface.

From a regional perspective, the Tetlin Properties are located in the Tintina Gold Belt in rocks that are highly prospective for gold deposits as well as porphyry copper-molybdenum-gold deposits that are younger than the gold deposits of the Tintina Gold Belt. . These two genetically different types of mineralization overlap in eastern Interior Alaska and the western Yukon Territory and are host to dozens of known prospects, deposits and active mines. In addition, rocks on the southern edge of the Tetlin Properties are prospective for nickel-copper-platinum group element deposits. Prior to its discovery in 2009, the style of mineralization discovered on the Chief Danny prospect on our Tetlin Properties was unknown in Interior Alaska. Diamond drilling results from 2011 through 2013 has revealed the presence of a distinctive suite of elements and minerals at the Peak and Discovery Zones that does not match the typical characteristics of gold deposits of the Tintina Gold Belt but do share several diagnostic characteristics of gold-copper-silver skarn deposits, possibly as part of a larger porphyry copper-molybdenum-gold system. Skarn is a term that refers to a distinctive class of mineral deposits formed where limestone-bearing rocks are intruded by hot, fluid-bearing granitic rocks. The Peak Zone mineralization most closely resembles the gold-sulfide skarns mined at the Fortitude deposit in the Battle Mountain Mining District of central Nevada.

Chief Danny Prospect

The Chief Danny Prospect currently is the most advanced exploration target on the Tetlin Properties and is comprised of several distinct mineralized areas, the Peak Zone, Discovery Zone, Roadcut Zone and the Saddle Zone. The Chief Danny prospect was discovered during rock, stream sediment and pan concentrate sampling in 2009 and since then has been explored using top of bedrock soil auger sampling, trenching, ground induced polarization (IP) geophysics, airborne magnetic and resistivity surveys and core drilling. Results from this work indicate the presence of a zoned metal-bearing system consisting of a gold-copper-iron enriched core covering six square miles at Chief Danny South (includes Peak, Discovery and Roadcut Zones) and a fault-offset arsenic-gold enriched zone to the north covering three square miles at the Saddle Zone. We have conducted extensive drilling on the Peak Zone. We have also conducted environmental base line studies on the areas surrounding the Chief Danny Prospect, as well as conducted airborne magnetic and resistivity programs. From 2009 through 2013, the Company conducted field-related exploration work at the Chief Danny Prospect, including collecting the following samples:

Year	Program	Core Samples	Rock Samples	Soil Samples	Pan Con Samples	Stream Silt Samples	Core (feet)	IP/Geophysics (kilometers)	Trenching (feet)

2009	Chief Danny	—	958	33	94	11	—	—	2,330
2010	Chief Danny	—	613	760	668	795	—	14	—
2011	Chief Danny	1,267	20	688	—	—	8,057	3,957	—
2012	Chief Danny	5,223	82	1,029	—	—	36,004	—	—
2013	Chief Danny	8,970	6	1,406	—	—	47,079	2,524	—
	Total	15,460	1,679	3,916	762	806	91,140	6,495	2,330

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2013 Exploration Program. The Company completed 14,349 meters (47,079 ft) of core drilling in 69 core holes during the 2013 Tetlin project exploration program. Drilling included infill and step-out drilling in the Peak Zone (60 holes, 11,592 meters), and completion of 9 additional core holes on 5 other leads in the greater Chief Danny prospect (2,757 meters). The Company also completed approximately 2,500 line-kilometers of airborne magnetic and electromagnetic geophysics, completed or commenced all of the baseline water quality sampling, cultural resource assessments, wetlands mapping, preliminary metallurgical testing and acid rock drainage testing. We spent approximately $9.0 million for this work which includes drilling, geochemical analyses, airborne geophysics, landholding fees and other related expenses. The following table summarizes the significant drilling results released to date for 2013:

Significant 2013 Drill Intercepts from the Peak Zone. Sample intervals are calculated using a 0.5 grams per ton (gpt) lower cut off for gold with no internal waste greater than 3 meters in thickness and less than cutoff grade. Intercepts shown are drill intercept lengths. True width of mineralization is unknown. The grade cutoff for gold (Au) is 0.5 gpt; for silver (Ag) is 10 gpt; and for copper (Cu) is 0.1%.

Drill Hole	Zone	From (meters)	To (meters)	Interval (meters)	Au gpt	Au_opt	Ag gpt	Cu %
TET13062	Peak	88.90	153.70	64.80	13.101	0.382	21.0	0.482
TET13063	Peak	131.11	171.60	40.49	16.550	0.483	36.1	0.732
TET13064	Peak	147.20	191.40	44.20	8.464	0.247	5.5	0.169
TET13065	Peak	184.45	206.93	22.48	1.160	0.034	10.5	0.403
TET13067	Peak	114.80	125.10	10.30	0.180	0.005	18.2	0.215
TET13068	Peak	—	112.80	112.80	0.196	0.006	13.5	0.267
TET13069	Peak	54.60	162.63	108.03	0.026	0.001	11.0	0.406
TET13070	Peak	116.80	154.92	38.12	1.815	0.053	1.8	0.040
TET13071	Peak	129.90	186.50	56.60	1.182	0.034	1.9	0.048
TET13072	Peak	170.99	199.82	28.83	1.173	0.034	6.4	0.133
TET13073	Peak	170.23	192.64	22.41	0.708	0.021	5.5	0.103
TET13074	Peak	78.90	105.80	26.90	0.079	0.002	17.9	0.336
TET13075	Peak	83.70	134.50	50.80	0.057	0.002	8.1	0.354
TET13076	Peak	107.80	163.50	55.70	0.044	0.001	17.0	0.661
TET13077	Peak	135.48	162.12	26.64	0.022	0.001	34.6	1.110
TET13078	Peak	77.06	105.00	27.94	2.648	0.077	3.1	0.123
TET13079	Peak	120.04	157.89	37.85	4.366	0.127	3.7	0.203
TET13080	Peak	135.41	157.38	21.97	5.378	0.157	2.7	0.070
TET13081	Peak	146.53	179.73	33.20	2.550	0.074	52.4	0.491
TET13082	Peak	5.79	93.38	87.59	4.025	0.117	19.3	0.300
TET13083	Peak	112.46	143.65	31.19	1.350	0.039	5.5	0.163
TET13084	Peak	134.95	160.33	25.38	5.086	0.148	9.0	0.244
TET13085	Peak	130.13	175.16	45.03	2.740	0.080	69.5	1.401
TET13088	Peak	19.18	157.20	138.02	3.626	0.106	11.4	0.113
TET13089	Peak	2.74	101.60	98.86	2.500	0.073	3.5	0.093
TET13090	Peak	127.60	159.20	31.60	0.087	0.003	24.3	0.882
TET13091	Peak	45.11	98.78	53.67	1.111	0.032	10.5	0.249
TET13092	Peak	77.90	87.63	9.73	0.004	—	3.5	0.157
TET13093	Peak	141.70	146.56	4.86	1.184	0.035	9.7	0.092
TET13094	Peak	129.90	153.60	23.70	0.415	0.012	106.6	0.716
TET13095	Peak	146.00	191.35	45.35	0.193	0.006	12.3	0.151
TET13096	Peak	85.04	86.70	1.66	1.968	0.057	0.9	0.013
TET13097	Peak	171.53	196.00	24.47	0.726	0.021	8.5	0.156

TET13098	Peak	9.75	94.18	84.43	4.988	0.145	16.7	0.167
TET13100	Peak	10.98	106.90	95.92	5.748	0.168	6.9	0.140

Drill Hole	Zone	From (meters)	To (meters)	Interval (meters)	Au gpt	Au_opt	Ag gpt	Cu %
TET13102	Peak	6.35	30.90	24.55	0.758	0.022	5.9	0.223
TET13103	Peak	150.40	186.95	36.55	0.145	0.004	88.3	0.340
TET13104	Peak	—	142.60	142.60	2.529	0.074	2.4	0.082
TET13105	Peak	50.30	52.74	2.44	1.081	0.032	1.8	0.008
TET13106	Peak	57.45	103.33	45.88	0.016	—	35.1	0.070
TET13107	Peak	—	159.25	159.25	7.010	0.204	6.6	0.102
TET13108	Peak	14.33	73.25	58.92	1.058	0.031	10.8	0.130
TET13109	Peak	81.52	114.20	32.68	0.089	0.003	3.2	0.181
TET13110	Peak	2.13	99.06	96.93	9.060	0.264	4.3	0.093
TET13111	Peak	169.77	172.82	3.05	0.175	0.005	7.6	0.232
TET13113	Peak	82.60	97.50	14.90	0.946	0.028	66.3	0.086
TET13117	Peak	—	134.82	134.82	4.848	0.141	2.9	0.084
TET13119	Peak	6.10	80.70	74.60	1.303	0.038	2.9	0.130
TET13120	Peak	196.10	202.39	6.29	0.186	0.005	2.9	0.130
TET13121	Peak	46.70	55.26	8.56	5.671	0.165	10.8	0.121
TET13122	Peak	81.38	84.09	2.71	2.255	0.066	3.9	0.010
TET13124	Peak	33.22	168.72	135.50	3.240	0.095	3.6	0.115
TET13125	Peak	65.17	121.92	56.75	0.284	0.008	15.3	0.523
TET13128	Peak	116.12	119.17	3.05	0.489	0.014	2.5	0.157
TET13129	Peak	9.60	75.90	66.30	1.450	0.042	3.7	0.250
TET13130	Peak	9.14	31.39	22.25	2.348	0.068	1.1	0.082

2012 Exploration Program. The 2012 exploration program at the Chief Danny Prospect began in mid-May and was completed in mid-October 2012. We originally budgeted $3.6 million to utilize one rig and drill 20,000 feet in 20 to 40 core holes. Initial results from the drilling program at Chief Danny resulted in reallocating funds from our other gold and copper leads to the Chief Danny Prospect, which enabled us to utilize two rigs to drill 36,004 feet in 50 core holes. The Company also conducted additional soil auger geochemical sampling on the western and southern margins of the Chief Danny Prospect and conducted baseline water quality sampling in drainage basins that have the potential to be impacted by the development of the Chief Danny Prospect. The total cost of our 2012 exploration program on our Chief Danny prospect was approximately $4.6 million, compared to investing only $1.0 million on our other gold and copper leads which also included geochemical analysis, claim rentals and other related expenses.

The 2012 exploration program expanded on previously drilled areas and intercepted high grade gold and copper mineralization in the newly designated Peak Zone discovery. The results from four holes contained high gold values over substantial widths, with the best section grading an average 192 feet grading 11.996 ppm gold, 9.1 ppm silver and 0.243% copper in one hole; 14.5 feet grading 46.148 ppm gold, 25.9 ppm silver and 0.518% copper in another hole; and 120 feet grading 0.309 ppm gold, 71.6 ppm silver and 1.114% copper in another hole (see table of results below). In general, all of the holes intercepted a 100 to 125 foot wide zone of alteration and mineralization. The mineralization dips at a low angle to the north and trends northwest-southeast. In addition to gold, silver and copper, other anomalous metals include arsenic, bismuth, cobalt, molybdenum and tin with lesser, more sporadic anomalous lead and zinc.

Significant 2012 Gold Drill Results from the Peak Zone. Sample intervals are calculated using a 0.5 ppm lower cut off for gold with no internal intervals below cutoff grade that are greater than ten feet thick. Intercepts shown are drill intercept lengths. True width of mineralization is not known.

Drill Hole	Zone	From (meters)	To (meters)	Interval (meters)	Au opt	Au gpt	Ag gpt	Cu %
TET1216	Peak	14.02	15.54	1.52	0.123	4.208	7.2	0.096
TET1216	Peak	19.96	45.72	25.75	0.228	7.832	23.5	0.061

including	Peak	25.91	28.95	3.05	0.634	21.75	34.8	0.086
And	Peak	42.67	44.19	1.52	1	34.3	50.9	0.01
TET1216	Peak	53.34	60.04	6.71	0.102	3.499	15.8	0.535

Drill Hole	Zone	From (meters)	To (meters)	Interval (meters)	Au opt	Au gpt	Ag gpt	Cu %
including	Peak	56.39	57.09	0.70	0.379	13	123	0.865
TET1216	Peak	64.61	78.33	13.72	0.081	2.766	1.4	0.053
including	Peak	70.31	70.62	0.30	0.274	9.385	4.8	0.809
And	Peak	76.81	78.33	1.52	0.252	8.632	4.2	0.117
TET1216	Peak	81.38	113.99	32.61	0.109	3.735	2.6	0.113
including	Peak	105.97	106.28	0.30	1.604	55	9.3	0.727
And	Peak	106.28	107.89	1.62	0.282	9.661	3.6	0.133
TET1217	Peak	7.92	56.99	49.07	0.327	11.218	21.6	0.085
including	Peak	7.92	32.31	24.38	0.574	19.677	16.9	0.082
including	Peak	14.02	18.59	4.57	1.255	43.033	15.5	0.142
And	Peak	23.16	26.21	3.05	0.844	28.95	19.9	0.051
And	Peak	27.74	32.31	4.57	0.726	24.9	37.6	0.054
TET1217	Peak	139.47	140.44	0.98	0.122	4.173	48.7	0.11
TET1218	Peak	85.34	143.86	58.52	0.422	14.452	9.1	0.243
including	Peak	103.93	106.67	2.74	0.945	32.393	8.9	0.324
And	Peak	107.13	111.55	4.42	1.459	50.007	25.9	0.518
And	Peak	136.15	142.33	6.19	0.941	32.249	13.2	0.347
TET1218	Peak	151.48	155.29	3.81	0.064	2.19	6.1	0.194
TET1219	Peak	31.24	32.61	1.37	0.036	1.223	20.9	0.072
TET1219	Peak	44.19	80.46	36.27	0.076	2.589	3.3	0.086
including	Peak	45.72	59.43	13.72	0.137	4.696	2.7	0.131
TET1219	Peak	89.91	92.65	2.74	0.041	1.4	13.7	0.26
including	Peak	89.91	90.43	0.52	0.157	5.372	29.2	0.106
TET1219	Peak	96.31	97.84	1.52	0.13	4.457	0.8	0.012
TET1219	Peak	108.50	122.22	13.72	0.053	1.821	3.2	0.218
TET1219	Peak	139.29	143.55	4.27	0.444	15.218	2.3	0.114
including	Peak	139.29	140.51	1.22	1.35	46.3	5.9	0.274
TET1235	Peak	168.61	185.92	17.31	0.635	21.766	7.4	0.319
including	Peak	171.65	176.17	4.51	1.977	67.797	10.2	0.363
including	Peak	171.65	173.12	1.46	2.713	93	14.2	0.459
And	Peak	173.12	174.64	1.52	2.287	78.4	10.9	0.392
TET1235	Peak	188.97	192.01	3.05	0.18	6.161	7.6	0.363
TET1235	Peak	198.11	199.63	1.52	0.154	5.29	55.8	2.12
TET1236	Peak	155.44	204.21	48.77	0.429	14.717	10.1	0.244
including	Peak	164.58	201.16	36.57	0.554	18.991	12.9	0.307
including	Peak	166.11	172.20	6.10	1.103	37.8	6	0.387
And	Peak	193.54	195.06	1.52	1.397	47.9	16.1	0.921
And	Peak	199.63	201.16	1.52	1.368	46.9	13.1	0.33
TET1238	Peak	123.44	128.01	4.57	0.019	0.636	47.1	1.158
TET1238	Peak	135.63	138.68	3.05	0.039	1.334	145.9	3.735
TET1239	Peak	118.56	121.61	3.05	0.043	1.477	13.4	0.444
TET1239	Peak	136.85	138.37	1.52	0.047	1.618	42.6	1.06
TET1241	Peak	36.27	39.62	3.35	0.094	3.213	3.4	0.088
TET1241	Peak	45.72	50.29	4.57	0.048	1.632	1.9	0.059
TET1241	Peak	60.35	64.61	4.27	0.028	0.95	2.6	0.023
TET1241	Peak	137.15	141.73	4.57	0.019	0.645	46.9	0.445
TET1242	Peak	19.51	28.65	9.14	0.047	1.611	3.7	0.105

TET1242	Peak	42.37	45.57	3.20	0.043	1.483	1.4	0.048
TET1242	Peak	115.82	118.26	2.44	0.026	0.9	0.3	0.011
TET1242	Peak	121.30	124.35	3.05	0.048	1.653	1.2	0.021
TET1242	Peak	142.94	162.45	19.51	0.08	2.756	2.6	0.154
including	Peak	149.04	151.94	2.90	0.207	7.098	2	0.1
and	Peak	161.63	162.45	0.82	0.44	15.1	11.5	0.232
TET1243	Peak	30.17	34.75	4.57	0.021	0.714	1.3	0.032
TET1243	Peak	100.27	101.80	1.52	0.103	3.534	0.8	0.018
TET1244	Peak	87.17	90.22	3.05	0.057	1.963	—	0.006

Drill Hole	Zone	From (meters)	To (meters)	Interval (meters)	Au opt	Au gpt	Ag gpt	Cu %
TET1244	Peak	96.31	103.93	7.62	0.095	3.273	0.8	0.013
TET1244	Peak	108.50	113.08	4.57	0.097	3.324	0.9	0.019
including	Peak	108.50	110.03	1.52	0.248	8.501	1	0.008
TET1244	Peak	157.57	160.62	3.05	0.02	0.689	—	0.004
TET1246	Peak	72.54	75.59	3.05	0.055	1.899	1.6	0.01
TET1246	Peak	341.36	342.67	1.31	0.114	3.919	2.6	0.299
TET1246	Peak	435.54	437.21	1.68	0.035	1.214	5.3	0.193
TET1247	Peak	17.83	20.42	2.59	0.046	1.561	0.3	0.015
TET1247	Peak	32.92	38.10	5.18	0.067	2.283	0.2	0.01
including	Peak	35.96	36.57	0.61	0.268	9.175	1.3	0.039
TET1247	Peak	44.80	45.26	0.46	0.108	3.713	0.6	0.015
TET1247	Peak	63.40	64.31	0.91	0.183	6.279	0.8	0.004
TET1247	Peak	74.67	77.87	3.20	0.047	1.611	0.4	0.021
TET1247	Peak	233.16	234.68	1.52	0.039	1.345	0.6	0.012
TET1248	Peak	12.19	28.35	16.15	0.03	1.03	1.2	0.012
TET1249	Peak	16.76	22.55	5.79	0.022	0.757	1.7	0.008
TET1249	Peak	45.72	46.78	1.07	0.105	3.602	1.2	0.007
TET1257	Peak	17.07	24.08	7.01	0.03	1.012	23.2	0.006
TET1257	Peak	151.17	167.02	15.85	0.06	2.07	16.9	0.521
including	Peak	154.53	156.35	1.83	0.188	6.447	8.4	0.205
TET1257	Peak	171.35	173.36	2.01	0.065	2.219	27	0.827
TET1259	Peak	148.74	150.26	1.52	0.042	1.449	18.5	0.191
TET1261	Peak	87.47	89.00	1.52	0.093	3.193	—	0.037

Following discovery of the Peak Zone, additional drilling was completed along strike to the northwest and southeast, eventually extending gold and/or copper mineralization over approximately 1700 feet of strike. Gold grades in excess of 1 ppm were encountered in all of these holes. Alteration and sulfide mineralization styles were identical along the entire strike length drilled in 2012.

2011 Exploration Program. The 2011 exploration program at the Chief Danny Prospect consisted of 1,267 core samples taken over 8,057 feet of drilling in 11 core holes. The geophysics conducted in 2011 was airborne magnetics and resistivity surveys as opposed to the ground IP (induced polarization) that was done in 2010. Core drilling and trenching at the Chief Danny prospect in 2011 did not return significant grade-thickness intervals for holes number 1, 3, 6, 8, 9 and 11. During its 2011 exploration program, the Company spent approximately $2.4 million on drilling activity and geochemical analyses of its Chief Danny prospect. For the remaining holes, intervals of gold and copper mineralization were as follows, in gpt for gold and silver and percent for copper:

Hole No.	Depth	Footage with Returns	Grams of Gold	Grams of Silver	Percent Copper
2	328 feet	4 feet	4.94 gpt	143.0 gpt	0.56%
4	735 feet	10 feet	0.94 gpt	1.10 gpt	0.03%
5	1,416 feet	12 feet	3.10 gpt	300.2 gpt	0.26%
7	976 feet	21 feet	7.40 gpt	4.90 gpt	0.15%
10	139 feet	32 feet	1.18 gpt	3.1 gpt	0.04%
Trench	n/a	70 feet	0.69 gpt	8.60 gpt	0.38%

Our 2013 exploration program was designed and supervised by Avalon, the primary geological consultant for the Company. A more complete description of Avalon is set forth in Item 1 - Consulting Services provided by Avalon Development Corporation. The President of Avalon is Curtis J. Freeman who graduated from the College of Wooster,

Ohio, with a B.A. degree in Geology (1978) and graduated from the University of Alaska with an M.S. degree in Economic Geology (1980). Mr. Freeman is a member of the American Institute of Professional Geologists, the Society of Economic Geologists, the Geological Society of Nevada, the Alaska Miners Association, the Association for Mineral Exploration of British Columbia and the Prospectors and Developers Association of Canada. From 1980 to the present Mr. Freeman has been actively employed in various capacities in the mining industry in numerous locations in North America, Central America, South America, New Zealand and Africa.

Geochemical Analysis and Security

All samples submitted in 2010 and 2011 were prepared for assay by ALS Minerals at their facilities in Fairbanks, Alaska and analyzed at their Vancouver, British Columbia facility. Analytical work consisted of gold by fire assay with atomic absorption finish plus multi-element inductively coupled plasma atomic emission spectrography (ICP-AES) analyses using 4-acid digestion. All samples processed in 2009 through 2011 were cataloged in the field and shipped via ground transport to Avalon's secure warehouse in Fairbanks and then transported by ALS Minerals employees to the ALS Minerals preparation facility in Fairbanks.

All original samples submitted in 2012 were prepared by Acme Analytical Lab and analyzed for gold at its Fairbanks, Alaska facility, and analyzed for all other elements at its Vancouver, British Columbia facility. Analytical work consisted of gold by fire assay with atomic absorption finish plus multi-element inductively coupled plasma atomic emission spectrography (ICP-AES) analyses using 4-acid digestion. All samples collected in 2012 were cataloged in the field and shipped via ground transport: either directly to Acme's preparation and analysis facility in Fairbanks by an Avalon contractor; or to Avalon's secure warehouse in Fairbanks and then transported by Acme employees to the Acme facility in Fairbanks. Sample reject material was submitted as check assays to be prepared by ALS Minerals at its facilities in Fairbanks and analyzed at their Vancouver, British Columbia facility. Analytical work consisted of gold by fire assay with atomic absorption finish plus multi-element inductively coupled plasma atomic emission spectrography (ICP-AES) analyses using 4-acid digestion.

All original samples submitted in 2013 for geochemical analysis were prepared by two different labs, Acme Analytical Lab and ALS Minerals, at their respective facilities in Fairbanks and analyzed at their respective facilities in Vancouver, British Columbia. Analytical work consisted of gold by fire assay with atomic absorption finish plus multi-element inductively coupled plasma atomic emission spectrography (ICP-AES) analyses using 4-acid digestion. All samples collected in 2013 were cataloged in the field and shipped via ground transport directly to Acme's or ALS Minerals' preparation facility in Fairbanks by an Avalon contractor. Sample reject material from 2012 was submitted as check assays to be prepared by ALS Minerals' facility in Fairbanks and analyzed at their Vancouver, British Columbia facility. At the conclusion of the 2013 field season, ALS Minerals analyzed 57% of the samples and Acme analyzed 43% of the samples.

As of the date of this document, there has been no new geochemical sampling work conducted on the Tetlin project during 2014. We believe the parties working on sampling of the Tetlin Properties followed industry accepted procedures for sample preparation, analysis and security.

Sampling, Analysis and Security

During 2009 and 2010, Avalon personnel randomly inserted 230 standards and 79 blanks into the flow of soil, rock, pan concentrate, and stream sediment samples prior to shipment to the analytical lab. Blanks consisted of Browns Hill Quarry basalt, an unmineralized Quaternary basalt flow from the Fairbanks Mining District, Alaska. Extensive previous analysis of this same blank rock type has given Avalon a large geochemical database for use on a comparative basis. Three different commercial standards provided by Analytical Solutions were used during 2009 and 2010. Values in these standards ranged from 0.852 ppm to 7.390 ppm gold. The quality assurance/quality control procedure was completed at the Avalon warehouse in Fairbanks. Evaluation of both the blanks and standards indicate no unacceptable sample results in the blanks or standards that were submitted.

During 2011, Avalon personnel randomly inserted 259 standards and 87 blanks into the flow of soil, rock, pan concentrate, stream sediment, and drill core samples prior to shipment to the analytical lab. Blanks consisted of Browns Hill Quarry basalt, an unmineralized Quaternary basalt flow from the Fairbanks Mining District, Alaska. Extensive previous analysis of this same blank rock type has given Avalon a large geochemical database for use on a

comparative basis. Thirteen different commercial standards provided by Analytical Solutions were used during 2011. Values in these standards ranged from 0.049 ppm to 2 ppm gold. One commercial standard provided by Rock Labs was used during 2011. The standard value is 0.203 ppm gold. The quality assurance/quality control procedure was completed at the Avalon warehouse in Fairbanks.

In order to test the reproducibility of geochemical results obtained from auger sampling, a number of the Chief Danny soil sample sites from 2010 were revisited and re-sampled during 2011. By reproducing samples at previously visited sites Avalon can test for the variability of the sampling procedure. The re-sampled sites consisted of 18 sites around the Saddle zone in the 2011 Chief Danny expansion grid and 18 sites at the 2010 Chief Danny grid. All of the re-sampled sites were located along pre-cut IP geophysical lines. This not only allowed Avalon to test for the consistency of the sampling method but also provided further ground-truthing data for comparison with the IP data collected in 2010. The geochemical assay results from the replicate samples did show some variation when compared to the original samples; however these discrepancies were likely a function of the inherent variability in the soil chemistry rather than inconsistencies in the sampling method. For example, one of the 2011 replicate samples (sample #634112) taken from the 2010 Chief Danny grid produced anomalous gold and copper values at 994 ppb gold and 170 ppm copper; the highest grade soil sample taken during 2011. The 2010 soil sample collected at this site produced anomalous gold

and copper values at 494 ppb gold and 216 ppm copper. The conclusion drawn from the soil re-sampling effort is that strong gold, copper and arsenic values can be duplicated and that as long as sample quality remains high, neither false positives nor false negatives are likely in the soil sample data.

During 2012, Avalon personnel randomly inserted 754 standards and 119 blanks into the flow of soil, rock, and drill core samples prior to shipment to the analytical labs. Blanks consisted of Browns Hill Quarry basalt. Thirteen different commercial standards provided by Analytical Solutions were used during 2012. Values in these standards ranged from 0.334 ppm to 7.15 ppm gold. Five different commercial standards provided by Rock Labs were used during 2012. Values in these standards ranged from 0.085 ppm to 3.562 ppm gold. The quality assurance/quality control procedure was completed at the Avalon warehouse in Fairbanks.

Due to the high grade gold and copper values observed in drill holes from the Peak Zone during the 2012 drilling program, the rejects from surface to 487 feet depth from drill hole TET1218 drill holes were resubmitted to ALS Minerals for gold and ICP analyses using identical preparations methods as used for the original Acme samples. A comparison of the values from the two labs exhibits good accuracy and repeatability for all of the elements of interest, even at extremely high gold values. In addition, Avalon re-submitted 109 original drill core samples to Acme for rerun gold analyses. Values in the re-assayed samples ranged from 83% more than original value to 125% lower than original value and averaged 11% lower than original Acme analytical results. These variances are thought to be due to nature sample variability since samples and blanks did not show such variability.

During 2013, Avalon personnel inserted 1001 standards and 304 blanks into the flow of soil, rock, and drill core samples prior to shipment to the analytical labs. Blanks consisted of Browns Hill Quarry basalt. Fifteen different commercial standards provided by Analytical Solutions were used during 2013. Values in these standards ranged from 0.514 ppm to 9.25 ppm gold. Six different commercial standards provided by Rock Labs were used during 2013. Values in these standards ranged from 0.084 ppm to 3.562 ppm gold. The quality assurance/quality control procedure was completed on-site at the Avalon warehouse in Tok, Alaska.

To further check the high grade gold and copper values observed in drill holes from the Peak Zone during the 2012 drilling, the rejects from 6 drill holes (666 samples) were resubmitted to ALS Minerals for gold and ICP analyses using identical preparations methods as used for the original Acme samples. Holes that were rich in gold and copper and holes that were rich in silver and copper were selected. The results of these assays continue to show good accuracy and repeatability for all of the elements of interest.

As of the date of this document, there has been no new geochemical sampling work conducted on the Tetlin project during 2014.

Rare Earth Elements

Effective December 1, 2012, we abandoned our State of Alaska rare earth element claims consisting of the Alatna, Spooky, Wolf and Swift claims to devote more time and resources to our Federal claims at Stone Rock and Salmon Bay and our gold exploration. Our initial rare earth element exploration activities included reconnaissance geologic mapping, soil sampling and rock sampling. Additional exploration work is required to advance these projects, but we did not conduct any significant exploration activities in 2013 or 2014. We have decided to abandon our Federal claims at Salmon Bay and Stone Rock projects effective September 1, 2014. We do not expect to explore for rare earth elements this summer and have no current plans to conduct exploration work on these claims.

Acquisition of Other Properties

The Company anticipates from time to time acquiring additional properties in Alaska for exploration, subject to the availability of funds. The acquisitions may include leases or similar rights from Alaska Native corporations or may

include filing Federal or State of Alaska mining claims by staking claims for exploration and development. Acquiring additional properties will likely result in additional expense to the Company for minimum royalties, minimum rents and annual exploratory work requirements.

Overriding Royalty Interest

Pursuant to the Amended ORRI Agreement dated September 15, 2010, in consideration of JEX's assignment of its 50% interest in the properties to Contango Mining, the Company conveyed an overriding royalty interest to JEX which provides that JEX will receive a 3% of 8/8ths overriding royalty interest on all minerals mined from the Original Properties held by the Company as of the date of the Amended ORRI Agreement. Pursuant to an Advisory Agreement dated September 6, 2012 with JEX, the Company agreed to pay JEX a 2% of 8/8ths ORRI on all minerals mined from properties acquired by the Company after July 1, 2012 in the State of Alaska. In addition, we will pay the Tetlin Village Council a production royalty ranging from 2.0% to 5.0% should we deliver to a purchaser on a commercial basis, precious or non-precious metals derived from the Tetlin Lease. The

Company has purchased 0.75% of this production royalty for $225,000, which reduces the production royalty to a range of 1.25% to 4.25%. On or before July 15, 2020, the Tetlin Village Council has the option to repurchase the 0.75% production royalty for $450,000, or a portion thereof.

Item 3. LEGAL PROCEEDINGS

As of the date of this Form 10-K, we are not a party to any legal proceedings and we are not aware of any proceeding contemplated against us.

Item 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

Item 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Our common stock began trading on the Over-The-Counter Bulletin Board (OTCBB) on December 20, 2010 under the symbol "CTGO". The table below shows the high and low prices of our common stock for the periods indicated.

	High	Low
Fiscal Year 2013:		
Quarter ended September 30, 2012	$10.06	$6.50
Quarter ended December 31, 2012	$10.69	$6.60
Quarter ended March 31, 2013	$12.00	$7.60
Quarter ended June 30, 2013	$10.00	$7.85
Fiscal Year 2014:		
Quarter ended September 30, 2013	$12.50	$8.10
Quarter ended December 31, 2013	$11.00	$9.10
Quarter ended March 31, 2014	$14.00	$9.20
Quarter ended June 30, 2014	$13.00	$10.05

As of June 30, 2014, there were 3,805,539 shares of Contango ORE, Inc. common stock outstanding held by approximately 78 registered shareholders.

The Company does not intend to declare or pay any dividends and currently intends to retain any available funds generated by its operations for the development and growth of its business. It does not currently anticipate paying any cash dividends on its outstanding shares of common stock in the foreseeable future. Any future decision to pay dividends on its common stock will be at the discretion of its Board and will depend on its financial condition, results of operations, capital requirements, and other factors the Board may deem relevant.

The following table sets forth information about our equity compensation plans at June 30, 2014:

Plan Category	Number of securities to be issued upon exercise of outstanding options	Weighted-average exercise price of outstanding options	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column(b))
Equity compensation plans approved by security holders	445,000	$ 10.41	366,094
Equity compensation plans not approved by security holders	—	—	—

On September 15, 2010, the Company's Board of Directors (the "Board") adopted the Contango ORE, Inc. Equity Compensation Plan (the "2010 Plan"), which was approved by the Company's shareholders. Under the 2010 Plan, the Board may grant restricted stock and option awards to officers, directors, employees or consultants of the Company. Awards made under the 2010 Plan are subject to such restrictions, terms and conditions, including forfeitures, if any, as may be determined by the Board.

In November 2010, the Company's directors, executive officers and our technical consultant were granted an aggregate of 93,906 shares of restricted stock. The restricted stock vests over three years, beginning in November 2011, the one year anniversary of the date the shares were granted. In October 2012, the Compensation Committee elected to immediately vest all restricted stock held by Mr. Peak.

In December 2013, the Company's directors, executive officers and our technical consultant were granted an aggregate of 95,000 shares of restricted stock. The restricted stock vests over two years, beginning with one-third vesting on the date of grant. As of December 31, 2013, there were 63,333 shares of restricted stock that remained unvested. As of June 30, 2014, the total compensation cost related to unvested awards not yet recognized was $450,703. The remaining costs will be recognized over the remaining vesting period of the awards.

The option awards listed in the table below have been granted to directors, officers, employees and consultants of the Company:

Option Awards

Period Granted	Options Granted	Weighted Average Exercise Price	Vesting Period [7]
September 2011 [1]	50,000	$13.13	Vests over two years, beginning with one-third on the grant date.
July 2012 [2]	100,000	$10.25	Vests over two years, beginning with one-third on the grant date.
December 2012 [3]	250,000	$10.20	Vests over two years, beginning with one-third on the grant date.
June 2013 [4]	37,500	$10.00	Vested Immediately
July 2013 [5]	5,000	$10.00	Vested Immediately
September 2013 [6]	37,500	$10.01	Vested Immediately
September 2013 [6]	15,000	$10.01	Vests over two years, beginning with one-third on the grant date.

(1) The Company granted 40,000 stock options to its directors and officers and an additional 10,000 stock options to its technical consultant, the owner of Avalon, for services performed during fiscal year 2011.

(2) The Company granted 75,000 stock options to its directors and officers and an additional 25,000 stock options to its technical consultant for services performed during fiscal year 2012.

(3) The Company granted 175,000 stock options to its directors and an additional 75,000 stock options to its technical consultant for services performed during fiscal year 2013.

(4) The Company granted 37,500 stock options to its employees for services performed during fiscal year 2013.

(5) The Company granted 5,000 stock options to an employee of Avalon for services performed during fiscal year 2013.

(6) The Company granted 52,500 stock options to its employees for services performed during the first quarter of fiscal year 2014.

(7) If at any time there occurs a change of control, as defined in the 2010 Plan, any options that are unvested at that time will immediately vest.

On March 22, 2013, the Company completed the issuance and sale of an aggregate of 1,230,999 units (“Units”) at a price of $12.00 per Unit with each Unit consisting of (i) one share of the Company's common stock, par value $0.01 per share and (ii) a five-year warrant to purchase one (1) share of Common Stock at $10.00 per share, in a private placement for total proceeds of approximately $14.1 million, including 83,333 shares that were purchased by Mr. Peak, our then-Chairman and 83,334 shares that were purchased by entities controlled by Mr. Brad Juneau, the Company's Chairman, President and Chief Executive Officer. The Units sold were not registered under the Securities Act of 1933, as amended, but the Common Stock issued in the offering and the shares of Common Stock issued upon exercise of the Warrants are subject to a Registration Rights Agreement allowing the shares to be registered by the holders at a future date.

The 1,230,999 Warrants may, at any time on or after the date that is six months following the date of issuance, be exercised in whole or in part for the applicable number of shares. The fair value of each warrant was estimated to be $4.37 as of the date of grant.

Item 6. NOT REQUIRED AS A SMALLER REPORTING COMPANY

Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the financial statements and the related notes and other information included elsewhere in this report.

Overview

The Company was formed on September 1, 2010 as a Delaware corporation. We are a Houston-based company, whose primary business is to explore in the state of Alaska for (i) gold ore and associated minerals and (ii) rare earth elements. We have leased or have control over approximately 768,357 acres of Alaskan Native, Federal and state of Alaska properties for the exploration of gold and associated minerals and rare earth elements.

The Company is an exploration stage company that has not commenced mining or producing commercially marketable minerals. To date, we have not generated any revenue from mineral sales or operations. We have no recurring source of revenue and our ability to continue as a going concern is dependent on our ability to raise capital to fund our future exploration and working capital requirements. In the future, we may generate revenue from a combination of mineral sales and other payments resulting from any commercially recoverable minerals from our properties. We do not expect to generate revenue from mineral sales in the foreseeable future. If our properties fail to contain any proven reserves, our ability to generate future revenue, and our results of operations and financial position, would be materially adversely affected. Other potential sources of cash, or relief of demand for cash, include external debt, the sale of shares of our stock, joint ventures, or alternative methods such as mergers or sale of our assets. No assurances can be given, however, that we will be able to obtain any of these potential sources of cash. We will need to generate significant revenues to achieve profitability and we may never do so.

Claim Rentals and Minimum Royalties. Claim rentals and minimum royalties consist of Federal and state of Alaska rental payments, annual labor payments, and minimum royalty payments payable to the Native Village of Tetlin. We recognized claim rental expenses of $179,394 for the fiscal year ended June 30, 2014, compared to $171,439 for the fiscal year ended June 30, 2013 and $198,797 for the fiscal year ended June 30, 2012. The lower level of claim rentals and minimum royalties the past two years is due to a reduction in minimum labor costs attributable to the release of 97,280 acres of state of Alaska acreage for the exploration rare earth elements, effective December 1, 2012.

Exploration Expenses. We incurred approximately $7.0 million of exploration expense for the fiscal year ended June 30, 2014, compared to $8.1 million for the fiscal year ended June 30, 2013. This decrease is principally attributable to only minimal exploration expenses in the summer of 2014. Components of exploration expense include drilling, permits, fuel, field rentals and field supplies as well as staking, mapping, logging, surveying, plotting and helicopter and other transportation expenses.

For the fiscal year ended June 30, 2013, we incurred approximately $8.1 million of exploration expense, compared to $3.5 million for the fiscal year ended June 30, 2012. This increase is principally attributable to an increase in our summer 2012 and 2013 work programs. The increase is also attributable to stock-based compensation costs recorded under exploration expense related to the issuance of stock options in July 2012 and December 2012 to our technical consultant, pursuant to the Company’s 2010 Equity Compensation Plan. Stock-based compensation costs included in exploration expense totaled $349,853 for the fiscal year ended June 30, 2013, as compared to $58,326 for the fiscal year ended June 30, 2012.

Stock-based Compensation Expenses. We recognized approximately $0.8 million of stock-based compensation expense for the fiscal year ended June 30, 2014, related to restricted stock granted to our officers and directors in November 2010 and December 2013, and stock option awards granted to our officers and directors in September 2011, July 2012, December 2012, June 2013, July 2013, and September 2013. For the fiscal year ended June 30, 2013, we recognized $1.1 million of stock-based compensation expense related to restricted stock granted to officers and directors in November 2010, and stock option awards granted to our officers and directors in September 2011, July 2012, December 2012, and June 2013. All issuances of restricted stock and stock options were made pursuant to the Company’s 2010 Equity Compensation Plan.

General and Administrative Expenses. General and administrative expenses for the fiscal year ended June 30, 2014, 2013 and 2012 were $1,206,506, $662,140 and $366,127, respectively. The year-over-year increases are attributable to increased community affair expenditures and increased legal, accounting and other professional service costs. The Company also began paying office rent in 2014 which contributed to the increase in general and administrative expenses.

The Company's directors and officers currently do not receive cash compensation for their work for the Company. If the Company continues its business activities, and begins paying cash compensation to employees, there could be a

significant increase in our general and administrative expenses.

Liquidity and Capital Resources

The Company is still in the initial stage of conducting exploration activities on its properties, and our longer term liquidity will be impaired to the extent our exploration efforts are not successful in generating commercially viable mineral deposits on the properties.

Liquidity Outlook. Our initial source of funding was the $3.5 million in cash contributed by Contango which has been fully expended. On March 26, 2012, the Company completed the sale of 882,500 shares of Common Stock to accredited investors

at a price of $10.00 per share in a private placement for total proceeds of approximately $8.8 million, including 400,000 shares that were purchased by Mr. Peak, our then-Chairman and Chief Executive Officer. The placement agents used in connection with the transaction received aggregate placement fees and expenses of approximately $0.4 million. After repaying approximately $0.5 million of short-term debt under the Company's Revolving Line of Credit Promissory Note, the Company used the remaining funds on its 2012 exploration program in Alaska and for general corporate purposes.

On March 22, 2013, the Company completed the issuance and sale of an aggregate of 1,230,999 units ("Units") at a price of $12.00 per Unit with each Unit consisting of (i) one share of the Company's common stock, par value $0.01 per share and (ii) a five-year warrant to purchase one (1) share of Common Stock at $10.00 per share (the "Warrant"), in a private placement for total proceeds of approximately $14.1 million, including 83,333 shares that were purchased by Mr. Peak, our then-Chairman and 83,334 shares that were purchased by entities controlled by Mr. Brad Juneau, the Company's President and Chief Executive Officer. The total transaction costs were approximately $0.7 million, including $0.6 million paid to the placement agent. The Company will use these proceeds to fund its 2013 exploration program in Alaska which runs from May through October and for general corporate purposes. The Units sold were not registered under the Securities Act of 1933, as amended, but the Common Stock issued in the offering and the shares of Common Stock issued upon exercise of the Warrants are subject to a Registration Rights Agreement allowing the shares to be registered by the holders at a future date.

Revolving Line of Credit Promissory Note. On November 10, 2011, the Company entered into a $1.0 million Revolving Line of Credit Promissory Note with Contango (the "CORE Note"). The Company and Contango shared common executive officers at the time. The CORE Note contained covenants limiting our ability to enter into additional indebtedness and prohibiting liens on any of our assets or properties. Borrowings under the CORE Note would bear interest at 10% per annum. On March 30, 2012, the Company repaid the $500,000 it had borrowed under the CORE Note, plus accrued interest of $14,917 from the proceeds of the March 2012 equity offering. The CORE Note expired on December 31, 2012.

Dissolution of the Company. While the Company was successful in selling shares of common stock sufficient to fund its 2013 exploration program, the Company will require additional funding to continue further exploration activities.The Company did not seek to raise additional capital in 2014, and if the Company is unable to obtain additional funding or enter into a joint venture or other strategic alternative, the Company may be required to cease operations, dissolve and wind-up the business of the Company.

On January 23, 2014, the Company entered into an engagement agreement (the "Engagement Agreement"), with Petrie Partners, LLC ("Petrie"), pursuant to which Petrie has been retained as a financial advisor to assist the Company in its evaluation of its strategic alternatives, including the possible sale of the Company. Pursuant to the Engagement Agreement, Petrie will provide a variety of financial advisory and investment banking services. We have paid Petrie a retainer fee of $100,000, and they will be entitled to a success fee equal to 2.5% of the consideration paid. In addition, if requested by the Company, upon delivery of an opinion by Petrie, the Company will pay Petrie a fairness opinion fee of $250,000, which amount will be deducted from the success fee, if payable. If the Company receives any break-up or termination fee as a result of a transaction that is subsequently terminated, Petrie shall be entitled to a fee of 33% of the break-up fee up to the amount of the success fee that would have been payable. The Company has agreed to indemnify Petrie and hold it harmless against certain liabilities. The Company is continuing to evaluate its strategic alternatives.

Off-Balance Sheet Arrangements

None

Contractual Obligations

The Tetlin Lease provides for an initial term of ten years, with an option to renew the acreage for an additional ten years, or so long as we continue conducting mining operations on the Tetlin Lease. The Company is required to spend

$350,000 per year annually until July 15, 2018 in exploration costs pursuant to the Tetlin Lease. However, exploration expenditures through our 2011 exploration program have satisfied this requirement because exploration funds spent in any year in excess of $350,000 are credited toward future years' exploration cost requirements. The Tetlin Lease also provides that we will pay the Tetlin Village Council a production royalty ranging from 2.0% to 5.0% should we deliver to a purchaser on a commercial basis precious or non-precious metals derived from the properties under the Tetlin Lease. As of June 30, 2014, the Company has paid the Tetlin Village Council $225,000 in exchange for reducing the production royalty payable to it by 0.75%. These payments lowered the production royalty to a range of 1.25% to 4.25%. On or before July 15, 2020, the Tetlin Village Council has the option to increase its production royalty by (i) 0.25% by payment to CORE of $150,000, (ii) 0.50% by payment to CORE of $300,000, or (iii) 0.75% by payment to CORE of $450,000. Until such time as production royalties begin, the Company pays the Tetlin Village Council an advance minimum royalty of approximately $75,000 per year, which amounts are credited toward the payment of any production royalties.

Additionally, we will pay JEX an overriding royalty of 3% should we deliver to a purchaser on a commercial basis precious metals, non-precious metals or hydrocarbons derived from the Original Properties, or an overriding royalty of 2% should we deliver to a purchaser on a commercial basis precious metals, non-precious metals or hydrocarbons derived from the Additional Properties.

Application of Critical Accounting Policies and Management's Estimates

The discussion and analysis of the Company's financial condition and results of operations is based upon the financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires the Company to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. We have identified below the policies that are of particular importance to the portrayal of our financial position and results of operations and which require the application of significant judgment by management. The Company analyzes its estimates, including those related to its mineral reserve estimates, on a periodic basis and bases its estimates on historical experience, independent third party engineers and various other assumptions that management believes to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions. The Company believes the following critical accounting policies affect its more significant judgments and estimates used in the preparation of the Company's financial statements:

Mineral Property Interests, Exploration and Development Costs: Mineral property interests include interests in the exploration stage mineral properties acquired. The amount capitalized includes costs paid to acquire mineral property interests as well as the costs paid to obtain the lease rights. Exploration costs are expensed as incurred. Development costs are expensed as incurred until the Company obtains proven and probable reserves within its commercially minable properties. Costs of abandoned projects are charged to earnings upon abandonment. Properties determined to be impaired are written-down to the estimated fair value. The Company periodically evaluates whether events or changes in circumstances indicate that the carrying value of mineral property interests and related property, plant and equipment may not be recoverable.

Stock-Based Compensation. The Company applies the fair value method to account for stock-based compensation. Under this method, we will measure and recognize compensation expense for all stock-based payments at fair value at the date of grant and amortize the amount over the employee's service period. Management is required to make assumptions including stock price volatility and employee turnover that are utilized to measure compensation expense.

Item 7A. NOT REQUIRED AS A SMALLER REPORTING COMPANY

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The financial statements and supplemental information required to be filed under Item 8 of Form 10-K are presented on pages F-1 through F- 17 of this Form 10-K.

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

None.

Item 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

An evaluation was performed under the supervision and with the participation of the Company's senior management of the effectiveness of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act")) as of June 30, 2014, the end of the period covered by this report. Based on that evaluation, the Company's management, including the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of such date to ensure that information required to be disclosed in the reports that the Company files under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and (ii) accumulated and communicated to the Company's management, including the Chief Executive Officer and Chief Financial Officer , as appropriate, to allow timely decisions regarding required disclosure.

There were no changes to the Company's internal control over financial reporting (as that term is defined in Rule 13a-15(f) or 15d-15(f) under the Exchange Act) during the three months ended June 30, 2014 that have materially affected or are reasonably likely to materially affect, the Company's internal control over financial reporting.
Management's Report on Internal Control Over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Under the supervision and with the participation of the Company's management, including the Chief Executive Officer and Chief Financial Officer, the Company conducted an evaluation of the effectiveness of its internal control over financial reporting based on the framework in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on the Company's evaluation under the framework in Internal Control - Integrated Framework, the Company's management concluded that its internal control over financial reporting was effective as of June 30, 2014.

This Annual Report on Form 10-K does not include an attestation report from UHY LLP, the Company's independent registered public accounting firm, regarding internal control over financial reporting. Management's report was not subject to attestation by UHY LLP, pursuant to SEC rules that permit the Company to provide only management's report in this Annual Report on Form 10-K.

PART III

Item 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information regarding directors, executive officers, promoters and control persons required under Item 10 of Form 10-K will be contained in our Definitive Proxy Statement for our 2014 Annual Meeting of Stockholders (the "Proxy Statement") under the headings "Election of Directors", "Executive Compensation", "Section 16(a) Beneficial Ownership Reporting Compliance" and "Corporate Governance" and is incorporated herein by reference. The Proxy Statement will be filed with the SEC pursuant to Regulation 14A of the Exchange Act, not later than 120 days after June 30, 2014.

Item 11. EXECUTIVE COMPENSATION

The information required under Item 11 of Form 10-K will be contained in the Proxy Statement under the heading "Executive Compensation" and is incorporated herein by reference.

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

The information required under Item 12 of Form 10-K will be contained in the Proxy Statement under the heading "Security Ownership of Certain Other Beneficial Owners and Management" and is incorporated herein by reference.

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required under Item 13 of Form 10-K will be contained in the Proxy Statement under the heading "Certain Relationships and Related Transactions, and Director Independence" and "Executive Compensation" and is incorporated herein by reference.

Item 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required under Item 14 of Form 10-K will be contained in the Proxy Statement under the heading "Principal Accountant Fees and Services" and is incorporated herein by reference.

PART IV

Item 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) Financial Statements and Schedules:
The financial statements are set forth in pages F-1 to F-16 of this Form 10-K. Financial statement schedules have been omitted since they are either not required, not applicable, or the information is otherwise included.

(b) Exhibits:
The following is a list of exhibits filed as part of this Form 10-K. Where so indicated by a footnote, exhibits, which were previously filed, are incorporated herein by reference.

Exhibit Number	Description
3.1	Certificate of Incorporation of Contango ORE, Inc. (1)
3.2	Bylaws of Contango ORE, Inc. (1)
4.1	Form of Certificate of Contango ORE, Inc. Common Stock (1)
4.2	Certificate of Designation of Series A Junior Preferred Stock of Contango ORE, Inc. (6)
4.3	Rights Agreement, dated as of December 20, 2012, between Contango ORE, Inc. and Computershare Trust Company, N.A., as Rights Agent (6)
4.4	Amendment No. 1 to Rights Agreement, dated as of March 21, 2013, between Contango ORE, Inc. and Computershare Trust Company, N.A., as Rights Agent (7)
10.1	Mineral Lease, effective as of July 15, 2008, between the Native Village of Tetlin and Juneau Exploration Company, d/b/a Juneau Mining Company, as amended by Amendment No. 1 to Mineral Lease, effective as of October 1, 2009. (1)
10.2	Amendment No. 2 to Mineral Lease, effective as of June 1, 2011 (2)
10.3	Amendment No. 3 to Mineral Lease, effective as of July 1, 2011 (2)
10.4	Amendment No. 4 to Mineral Lease, effective as of December 3, 2012 (8)
10.5	Chairman Agreement dated as of November 1, 2010, between Contango ORE, Inc. and Kenneth R. Peak (1)
10.6	Form of 2010 Equity Compensation Plan (1)
10.7	Contribution Agreement, dated as of November 1, 2010, between Contango Oil & Gas Company and Contango ORE, Inc. (1)
10.8	Amended and Restated Professional Services Agreement, dated as of November 1, 2010, between Avalon Development Corporation and Contango ORE, Inc. (1)
10.9	Consulting Agreement, dated as of October 15, 2010, between Mr. Donald Adams and Contango ORE, Inc. (2)
10.1	Revolving Line of Credit Promissory Note dated as of November 10, 2011, between Contango ORE, Inc. and Contango Oil & Gas Company. (3)
10.11	Securities Purchase Agreement, dated as of March 22, 2012, between Contango ORE, Inc. and the Purchasers named therein. (4)
10.12	Registration Rights Agreement, dated as of March 22, 2012, between Contango ORE, Inc. and the Purchasers named therein. (4)
10.13	Advisory Agreement, dated as of September 6, 2012, between Contango ORE, Inc. and Juneau Exploration L.P. (9)
10.14	Subscription Agreement, dated as of March 22, 2013, between Contango ORE, Inc. and the Purchasers named therein. (7)
10.15	Registration Rights Agreement, dated as of March 22, 2013, between Contango ORE, Inc. and the Purchasers named therein. (7)

10.16	Warrant, dated as of March 22, 2013, issued by Contango ORE, Inc. in favor of the Holders named therein. (7)
10.17	Engagement Letter with Petrie Partners, LLC dated January 23, 2014 (11)
14.1	Code of Ethics (9)
31.1	Section 302 CEO Certification †
31.2	Section 302 CFO Certification †

32.1	Section 906 CEO Certification †
32.2	Section 906 CFO Certification †
99.1	Original Schedule of Gold Properties (Excluding Tetlin Lease) (2)
99.2	Original Schedule of REE Properties (2)
99.3	Schedule of Revised TOK Claims (8)
99.4	Schedule of Bush Claims (8)
99.5	Schedule of Revised Eagle Claims (8)
99.6	Schedule of ADC 2 Claims (8)
99.7	2011 Report of Behre Dolbear & Company (USA) (5)
99.8	Promissory Note from Tetlin Village Council to Contango ORE, Inc. dated August 1, 2013 (10)
101	Interactive Data Files †

† Filed herewith

1 Filed as an exhibit to the Company's report on Amendment No. 2 to Registration Statement on Form 10, as filed with the Securities and Exchange Commission on November 26, 2010.

2 Filed as an exhibit to the Company's annual report on Form 10-K for the fiscal year ended June 30, 2011, as filed with the Securities and Exchange Commission on September 19, 2011.

3 Filed as an exhibit to the Company's report on Form 10-Q for the three months ended September 30, 2011, as filed with the Securities and Exchange Commission on November 14, 2011.

4 Filed as an exhibit to the Company's report on Form 8-K, as filed with the Securities and Exchange Commission on March 27, 2012.

5 Filed as an exhibit to the Company's report on Form 10-Q for the three months ended December 31, 2011, as filed with the Securities and Exchange Commission on February 6, 2012.

6 Filed as an exhibit to the Company's report on Form 8-K, as filed with the Securities and Exchange Commission on December 21, 2012.

7 Filed as an exhibit to the Company's report on Form 8-K, as filed with the Securities and Exchange Commission on March 25, 2013.

8 Filed as an exhibit to the Company's report on Form 10-Q for the three months ended March 31, 2013, as filed with the Securities and Exchange Commission on May 15, 2013.

9 Filed as an exhibit to the Company's report on Form 10-K for the fiscal year ended June 30, 2012, as filed with the Securities and Exchange Commission on September 11, 2012.

10 Filed as an exhibit to the Company's report on Form 10-Q for the three months ended September 30, 2013, as filed with the Securities and Exchange Commission on November 14, 2013.

11 Filed as an exhibit to the Company's report on Form 8-K, as filed with the Securities and Exchange Commission on January 29, 2014.

SIGNATURES

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

CONTANGO ORE, INC.

/s/ BRAD JUNEAU	/s/ Leah Gaines
Brad Juneau President and Chief Executive Officer (Principal Executive Officer)	Leah Gaines Chief Financial Officer (Principal Financial Officer)

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

Name	Title	Date
/s/ BRAD JUNEAU BRAD JUNEAU	Chairman, President, and Chief Executive Officer	August 27, 2014
/s/ JOSEPH COMPOFELICE JOSEPH COMPOFELICE	Director	August 27, 2014
/s/ JOSEPH G. GREENBERG JOSEPH G. GREENBERG	Director	August 27, 2014

CONTANGO ORE, INC.
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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Shareholders

Contango ORE, Inc.

We have audited the accompanying balance sheets of Contango ORE, Inc. (an exploration stage company) (the "Company") as of June 30, 2014 and 2013, and the related statements of operations, shareholders' equity and cash flows for each of the three years in the period ended June 30, 2014 and for the period from Inception (October 15, 2009) to June 30, 2014. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above presents fairly, in all material respects, the financial position of Contango ORE, Inc. as of June 30, 2014 and 2013, and the results of its operations and its cash flows for each of the three years in the period ended June 30, 2014 and for the period from Inception (October 15, 2009) to June 30, 2014 in conformity with accounting principles generally accepted in the United States of America.

/s/ UHY LLP

Houston, Texas

August 27, 2014

CONTANGO ORE, INC.
(An Exploration Stage Company)
BALANCE SHEETS

	June 30, 2014	2013
ASSETS		
CURRENT ASSETS:		
Cash	$3,448,501	$13,027,932
Prepaid expenses	98,906	102,532
Total current assets	3,547,407	13,130,464
PROPERTY AND EQUIPMENT:		
Mineral properties	1,208,886	1,208,886
Accumulated depreciation, depletion and amortization	—	—
Total property and equipment, net	1,208,886	1,208,886
OTHER ASSETS:		
Other	225,000	225,000
TOTAL ASSETS	$4,981,293	$14,564,350
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$140,133	$1,656,074
Accrued liabilities	46,500	94,287
Total current liabilities	186,633	1,750,361
COMMITMENTS AND CONTINGENCIES (NOTE 11)		
SHAREHOLDERS' EQUITY:		
Preferred Stock, 15,000,000 shares authorized	—	—
Common Stock, $0.01 par value, 30,000,000 shares authorized; 3,805,539 shares issued and outstanding at June 30, 2014; 3,750,394 shares issued and outstanding at June 30, 2013	38,055	37,504
Additional paid-in capital	32,204,002	31,025,660
Accumulated deficit during exploration stage	(27,447,397)	(18,249,175)
SHAREHOLDERS' EQUITY	4,794,660	12,813,989
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$4,981,293	$14,564,350

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

CONTANGO ORE, INC.
(An Exploration Stage Company)
STATEMENTS OF OPERATIONS

	Year Ended June 30,			
	2014	2013	2012	Period from Inception (October 15, 2009) to June 30, 2014
EXPENSES:				
Claim rentals and minimum royalties	$179,394	$171,439	$198,797	$1,023,760
Exploration expense	6,999,624	8,065,936	3,501,884	21,716,294
Stock-based compensation expense	812,698	1,133,168	192,884	2,202,431
General and administrative expense	1,206,506	662,140	366,127	2,504,912
Total expenses	9,198,222	10,032,683	4,259,692	27,447,397
LOSS BEFORE INCOME TAXES	9,198,222	10,032,683	4,259,692	27,447,397
Benefit (provision) for income taxes	—	—	—	—
NET LOSS	$9,198,222	$10,032,683	$4,259,692	$27,447,397
LOSS PER SHARE				
Basic and diluted	$2.43	$3.54	$2.35	$11.66
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING				
Basic and diluted	3,782,061	2,837,523	1,814,072	2,354,518

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

CONTANGO ORE, INC.
(An Exploration Stage Company)
STATEMENTS OF CASH FLOWS

	Year Ended June 30,			
	2014	2013	2012	Period from Inception (October 15, 2009) to June 30, 2014
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net loss	$(9,198,222)	$(10,032,683)	$(4,259,692)	$(27,447,397)
Adjustments to reconcile net loss to net cash used in operating activities:				
Stock-based compensation	1,178,893	1,483,021	251,210	2,998,032
Changes in operating assets and liabilities:				
Decrease (increase) in prepaid expenses	3,626	35,497	(59,871)	(98,906)
Increase (decrease) in accounts payable and other accrued liabilities	(1,563,728)	(51,303)	1,156,900	186,633
Net cash used in operating activities	(9,579,431)	(8,565,468)	(2,911,453)	(24,361,638)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Note receivable from Tetlin Village	(100,000)	—	—	(100,000)
Repayment of note receivable by Tetlin Village	100,000	—	—	100,000
Acquisition of other assets	—	—	(150,000)	(225,000)
Acquisition of properties	—	(200,000)	—	(1,208,886)
Net cash used in investing activities	—	(200,000)	(150,000)	(1,433,886)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Shareholders' contributions	—	—	—	6,784,272
Common stock and warrant issuance, net	—	14,028,135	8,431,618	22,459,753
Short-term borrowings	—	—	500,000	500,000
Repayment of short-term borrowings	—	—	(500,000)	(500,000)
Net cash provided by financing activities	—	14,028,135	8,431,618	29,244,025
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(9,579,431)	5,262,667	5,370,165	3,448,501
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	13,027,932	7,765,265	2,395,100	—
CASH AND CASH EQUIVALENTS, END OF PERIOD	$3,448,501	$13,027,932	$7,765,265	$3,448,501
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:				
Cash paid for interest	$—	$—	$14,917	$—

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

CONTANGO ORE, INC.
(An Exploration Stage Company)
STATEMENT OF SHAREHOLDERS' EQUITY

	Common Stock		Additional Paid-in Capital	Accumulated Deficit Exploration Stage	Total Shareholders' Equity
	Shares	Amount			
Balance at Inception (October 15, 2009)	—	$—	$—	$—	$—
Shareholders' contribution	1,566,467	15,665	1,817,969	—	1,833,634
Net loss for the period	—	—	—	(1,102,636)	(1,102,636)
Balance at June 30, 2010	1,566,467	$15,665	$1,817,969	$(1,102,636)	$730,998
Shareholders' contribution	—	—	4,950,638	—	4,950,638
Stock-based compensation	—	—	84,908	—	84,908
Net loss for the period	—	—	—	(2,854,164)	(2,854,164)
Balance at June 30, 2011	1,566,467	$15,665	$6,853,515	$(3,956,800)	$2,912,380
Stock-based compensation	—	—	251,210	—	251,210
Shares vested	31,302	313	(313)	—	—
Issuance of common stock, net	882,500	8,825	8,422,793	—	8,431,618
Net loss for the period	—	—	—	(4,259,692)	(4,259,692)
Balance at June 30, 2012	2,480,269	$24,803	$15,527,205	$(8,216,492)	$7,335,516
Stock-based compensation	—	—	1,483,021	—	1,483,021
Shares vested	39,126	391	(391)	—	—
Issuance of common stock, net	1,230,999	12,310	9,931,445	—	9,943,755
Warrants	—	—	4,828,245	—	4,828,245
Cost of stock and warrant issuance	—	—	(743,865)	—	(743,865)
Net loss for the period	—	—	—	(10,032,683)	(10,032,683)
Balance at June 30, 2013	3,750,394	$37,504	$31,025,660	$(18,249,175)	$12,813,989
Stock-based compensation	—	—	1,178,893	—	1,178,893
Shares vested	55,145	551	(551)	—	—
Net loss for the period	—	—	—	(9,198,222)	(9,198,222)
Balance at June 30, 2014	3,805,539	$38,055	$32,204,002	$(27,447,397)	$4,794,660

The accompanying notes are an integral part of this financial statement.

CONTANGO ORE, INC.
(An Exploration Stage Company)
NOTES TO FINANCIAL STATEMENTS

1. Organization and Business

Contango ORE, Inc. (“CORE” or the “Company”) is a Houston-based, exploration stage company. The Company was formed on September 1, 2010 as a Delaware corporation whose primary business is to explorate in the State of Alaska for gold ore and associated minerals.

On November 29, 2010, Contango Mining Company (“Contango Mining”), a wholly owned subsidiary of Contango Oil & Gas Company (“Contango”), assigned the Original Properties (defined below) and certain other assets and liabilities to Contango. Contango contributed the Original Properties and $3.5 million of cash to the Company, in exchange for approximately 1.6 million shares of the Company’s common stock. The above transactions occurred between companies under common control. Contango subsequently distributed the Company’s common stock to Contango’s stockholders. The Company had no operating history prior to the contribution of assets and liabilities by Contango. The financial statements of the Company include the financial position, results of operations, and cash flows of Contango Mining since Contango Mining’s inception on October 15, 2009 (the “Inception”). The equity structure (i.e. the number and type of equity interests issued) for periods before November 29, 2010 was retroactively adjusted to reflect the capital structure of the Company after November 29, 2010.

The Company is an exploration stage company as defined by Accounting Standards Codification (“ASC”) 915, “Development Stage Entities.” An investment in the Company involves a high degree of risk. The Company’s fiscal year end is June 30.

The Original Properties contributed by Contango included: i) a 100% leasehold interest in approximately 675,000 acres (the “Tetlin Lease”) from the Tetlin Village Council, the council formed by the governing body for the Native Village of Tetlin, an Alaska Native Tribe (the "Tetlin Village Council"); ii) approximately 18,021 acres in unpatented mining claims from the state of Alaska for the exploration of gold ore and associated minerals and iii) approximately 3,440 acres in unpatented Federal mining claims for the exploration of rare earth elements (collectively, the "Original Properties”). If any of the Original Properties are placed into commercial production, the Company would be obligated to pay a 3.0% production royalty to Juneau Exploration L.P. (“JEX”).

Effective December 1, 2012, the Company abandoned 97,280 acres in unpatented mining claims from the state of Alaska for the exploration of rare earth elements. These abandoned acres were also originally contributed by Contango.

In September 2012, the Company and JEX entered into an Advisory Agreement in which JEX will continue to provide assistance in acquiring additional properties in Alaska in exchange for a 2.0% production royalty on properties acquired after July 1, 2012 (any such properties, the "Additional Properties"). In August 2012, the Company staked an additional 31,736 acres consisting of 223 unpatented state of Alaska mining claims. In March 2013, the Company staked an additional 15,360 acres consisting of 96 unpatented state of Alaska mining claims, and in April 2013 the Company staked an additional 24,800 acres consisting of 155 unpatented State of Alaska mining claims, all in Eastern Alaska for the exploration of gold ore and associated minerals. If any of the Additional Properties are placed into commercial production, the Company would be obligated to pay JEX a 2% production royalty under the Advisory Agreement.

We have completed our fifth year of exploration efforts on the Original Properties, which has resulted in the discovery of the Peak Zone mineralization within the Chief Danny Prospect area on the Tetlin Lease.

2. Basis of Presentation

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”). In the opinion of management, these financial statements include all adjustments considered necessary for a fair presentation of the financial statements. All such adjustments are of a normal recurring nature.

Financial statements for the periods from October 15, 2009 to November 29, 2010 represent financial statements of Contango Mining. All assets and liabilities contributed to the Company from Contango Mining on November 29, 2010 were recorded at the carryover historical cost basis.

3. Summary of Significant Accounting Policies

The Company’s significant accounting policies are described below.

Management Estimates. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities

at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash Equivalents. Cash equivalents are considered to be highly liquid securities having an original maturity of 90 days or less.

Revenue Recognition. CORE has yet to realize any revenues. Expenses are presented on the accrual basis of accounting.

Mineral Properties. The amount capitalized includes costs paid to acquire mineral property interests as well as the costs paid for Federal and state of Alaska unpatented mining claims. Exploration costs are expensed as incurred. Development costs are expensed as incurred until the Company obtains proven and probable reserves within its commercially minable properties. Costs of abandoned projects are charged to earnings upon abandonment. Properties determined to be impaired are written-down to their estimated fair value. The Company periodically evaluates whether events or changes in circumstances indicate that the carrying value of mineral property interests and any related property, plant and equipment may not be recoverable.

Common Stock. The Company’s certificate of incorporation authorizes us to issue up to 30,000,000 shares of common stock, $0.01, par value. As of June 30, 2014, approximately 3.8 million shares of common stock were issued and outstanding, all of which were fully paid and non-assessable. Holders of common stock are entitled to one vote for each share held of record on all matters to be voted on by stockholders and are not entitled to cumulative voting for the election of directors. Upon the liquidation, dissolution or winding up of our business, after payment of all liabilities and payment of preferential amounts to the holders of preferred stock, if any, the shares of common stock are entitled to share equally in our remaining assets. Pursuant to our certificate of incorporation, no stockholder has any preemptive rights to subscribe for our securities. The common stock is not subject to redemption. The Company’s equity structure for all periods prior to November 29, 2010 was retroactively adjusted to reflect the equity structure of the Company.

Stock-Based Compensation. The Company applies the fair value method to account for stock-based compensation. Under this method, compensation cost is measured at the grant date based on the fair value of the award and is recognized over the award vesting period. The fair value of each award is estimated as of the date of grant using the Black-Scholes option-pricing model.

Reclassifications. Certain prior period amounts have been reclassified to conform to current year presentation. These reclassifications were not material and had no effect on cash flows or net loss.

Income Taxes. The Company follows the liability method of accounting for income taxes under which deferred tax assets and liabilities are recognized for the future tax consequences of (i) temporary differences between the tax basis of assets and liabilities and their reported amounts in the financial statements and (ii) operating loss and tax credit carry-forwards for tax purposes. Deferred tax assets are reduced by a valuation allowance when, based upon management’s estimates, it is more likely than not that a portion of the deferred tax assets will not be realized in a future period. The Company recognized a full valuation allowance as of June 30, 2014 and 2013 and has not recognized any tax provision or benefit for the applicable periods. The Company reviews its tax positions quarterly for tax uncertainties. The Company did not have any uncertain tax positions as of June 30, 2014 or 2013. The Company files income tax returns in the United States and certain state jurisdictions. The Company’s tax returns through fiscal year 2014 remain open for examination by taxing authorities in the respective jurisdictions where those returns are filed.

Recently Issued Accounting Pronouncements. In July 2013, the FASB issued ASU 2013-11 Income Taxes (Topic 740): Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists. The new guidance is effective for fiscal year and interim periods beginning after December 15, 2013. The Company is currently evaluating the impact of the provisions of this pronouncement, and assessing the impact if any, it may have on its financial position and results of operations.

In May 2013, the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"), revised its criteria related to internal controls over financial reporting from the originally established 1992 Internal Control - Integrated

Framework with 2013 Internal Control - Integrated Framework. The modified framework provides enhanced guidance that ties control objectives to the related risk, enhancement of governance concepts, increased emphasis on globalization of markets and operations, increased recognition of use and reliance on information technology, increased discussion of fraud as it relates to internal control, changes of control deficiency descriptions, and that internal reporting is included in both financial and nonfinancial objectives. The revised framework is effective for interim and annual periods beginning after December 15, 2013. The Company plans to implement any changes required by the new COSO framework during the year ended June 30, 2015. Currently, the Company is evaluating the provisions of the revised framework and continues to assess the impact, if any, it may have on its internal control structure.

4. Costs Incurred

Costs to acquire and explore the properties were as follows:

	Year Ended June 30,			
	2014	2013	2012	Period from Inception (October 15, 2009 to June 30, 2014)
Acquisition of mineral interests	$—	$200,000	$—	$1,208,886
Exploration costs and claim rentals	7,179,018	8,237,375	3,700,681	22,740,054
Total costs incurred	$7,179,018	$8,437,375	$3,700,681	$23,948,940

The Tetlin Lease has a ten year term beginning July 2008 with an option to renew for an additional ten years, or so long as we initiate and continue conducting mining operations on the Tetlin Lease. Originally, the Tetlin Lease allowed us to only renew 50% of the acreage, but in December 2012, we paid the Tetlin Village Council $200,000 in exchange for removing this 50% restriction. We are now able to renew our entire lease, consisting of 675,000, acres in July 2018.

5. Prepaid Expenses

The Company’s prepaid expenses of $98,906 and $102,532 as of June 30, 2014 and 2013, respectively, relate to prepaid insurance costs, claim rentals and certain geological consulting services and exploration activities conducted by Avalon Development Corporation ("Avalon"). As of June 2014, the Company had prepaid the $75,000 advance minimum royalty due to the Tetlin Village Council on July 15, 2014, and prepaid $40,000 of the $75,000 advance minimum royalty that is due to the Tetlin Village Council on July 15, 2015, as further explained in Note 11 - Commitments and Contingencies.

6. Other Assets

If the Tetlin Lease is placed into commercial production, the Company would be obligated to pay a production royalty to the Native Village of Tetlin, which varies from 2% to 5%, depending on the type of metal produced and the year of production. In June 2011, the Company paid the Tetlin Village Council $75,000 in exchange for reducing the production royalty payable to them by 0.25%. In July 2011, the Company paid the Tetlin Village Council $150,000 in exchange for further reducing the production royalty by 0.50%. These payments lowered the production royalty payable to a range of 1.25% to 4.25%, depending on the type of metal produced and the year of production. On or before July 15, 2020, the Tetlin Village Council has the option to increase its production royalty, if any, by (i) 0.25% by payment to CORE of $150,000, or (ii) 0.50% by payment to CORE of $300,000, or (iii) 0.75% by payment to CORE of $450,000. The Company has classified these payments as "Other Assets" in the financial statements of the Company.

7. Loss Per Share

A reconciliation of the components of basic and diluted net loss per share of common stock is presented in the tables below:

	Year Ended June 30, 2014		
	Loss	Weighted Average Shares	Loss Per Share
Basic and Diluted Loss per Share:			
Net loss attributable to common stock	$9,198,222	3,782,061	$2.43

	Year Ended June 30, 2013		
	Loss	Weighted Average	Loss Per Share

		Shares	
Basic and Diluted Loss per Share:			
Net loss attributable to common stock	$10,032,683	2,837,523	$3.54

	Year Ended June 30, 2012		
	Loss	Weighted Average Shares	Per Share
Basic Loss per Share:			
Net loss attributable to common stock	$4,259,692	1,814,072	$2.35

	Period from Inception (October 15, 2009) to June 30, 2014		
	Loss	Weighted Average Shares	Per Share
Basic Loss per Share:			
Net loss attributable to common stock	$27,447,397	2,354,518	$11.66

Options and warrants to purchase 1,675,999, 1,635,166, and 50,000 shares of common stock were outstanding as of June 30, 2014, 2013, and 2012 respectively. These options and warrants were not included in the computation of diluted earnings per share for the applicable fiscal year and for the period from inception to June 30, 2014, due to being anti-dilutive as a result of the Company's net loss for all periods presented.

8. Shareholders' Equity

The Company's authorized capital stock consists of 30,000,000 shares of common stock and 15,000,000 shares of preferred stock. As of June 30, 2014, we had 3,805,539 shares of common stock outstanding. We also had an additional 63,333 shares of unvested restricted stock and 1,675,999 options and warrants to purchase shares of common stock outstanding. No shares of preferred stock have been issued. The remaining restricted stock outstanding will vest over the next two years.

On November 29, 2010, the Company issued approximately 1.6 million shares of common stock to Contango for distribution to Contango's stockholders of record as of October 15, 2010 on the basis of one share of common stock for each ten shares of Contango's common stock then outstanding in exchange for the assignment by Contango Mining of all of its assets and liabilities, together with $3.5 million in cash to the Company pursuant to the terms of a Contribution Agreement between Contango and the Company (the "Contribution Agreement"). The Company's equity structure for the periods prior to November 29, 2010 was retroactively adjusted to reflect the equity structure of the Company as of November 29, 2010.

2012 Private Placement

On March 26, 2012, the Company completed the sale of 882,500 shares of Common Stock to accredited investors at a price of $10.00 per share in a private placement for total proceeds of approximately $8.8 million, including 400,000 shares that were purchased by Mr. Peak, the Company's then-Chairman and Chief Executive Officer. The placement agents used in connection with the transaction received aggregate placement fees and expenses of approximately $0.4 million. After repaying approximately $0.5 million of short-term debt under the Company's Revolving Line of Credit Promissory Note with Contango, the Company used the remaining $7.9 million to fund its 2012 exploration program in Alaska and for general corporate purposes. The shares of Common Stock sold were not registered under the Securities Act of 1933, as amended, but are subject to a Registration Rights Agreement allowing the shares to be registered by the holders at a future date.

2013 Private Placement

On March 22, 2013, the Company completed the issuance and sale of an aggregate of 1,230,999 units ("Units") at a price of $12.00 per Unit with each Unit consisting of (i) one share of the Company's common stock, par value $0.01

per share and (ii) a five-year warrant to purchase one (1) share of Common Stock at $10.00 per share, in a private placement for total proceeds of approximately $14.1 million, including 83,333 shares that were purchased by Mr. Peak, our then-Chairman and 83,334 shares that were purchased by entities controlled by Mr. Brad Juneau, the Company's President and Chief Executive Officer. The total transaction costs were approximately $0.7 million, including $0.6 million paid to the placement agent. The Company will use these proceeds to fund its 2013 exploration program in Alaska which runs from May through October and for general corporate purposes. The Units sold were not registered under the Securities Act of 1933, as amended, but the Common Stock issued in the offering and the shares of Common Stock issued upon exercise of the Warrants are subject to a Registration Rights Agreement allowing the shares to be registered by the holders at a future date.

The 1,230,999 warrants may, at any time on or after the date that is six months following the date of issuance, be exercised in whole or in part for the applicable number of shares. The fair value of each warrant was estimated to be $4.37 as of the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions used: (i) risk-free interest rate of 0.39%; (ii) expected life of 2.8 years; (iii) expected volatility of 82.34%; and (iv) expected dividend yield of 0%.

Rights Plan

On December 19, 2012, the Company adopted a Rights Plan which was amended on March 21, 2013. Under the terms of the amended Rights Plan, each right (a "Right") will entitle the holder to buy 1/100 of a share of Series A Junior Preferred Stock of the Company (the “Preferred Stock”) at an exercise price of $80.00 per share. The Rights will be exercisable and will trade separately from the shares of common stock only if a person or group, other than the Estate of Mr. Kenneth R. Peak, acquires beneficial ownership of 20% or more of the Company's common stock.

Under the terms of the Rights Plan, Rights have been distributed as a dividend at the rate of one Right for each share of common stock that was held as of the close of business on December 20, 2012. Stockholders will not receive certificates for the Rights, but the Rights will become part of each share of common stock. An additional Right will be issued along with each share of common stock that is issued or sold by the Company after December 20, 2012. The Rights may only be exercised during a two-year period and are scheduled to expire on December 19, 2014.

9. Line of Credit

On November 10, 2011, the Company entered into a $1.0 million Revolving Line of Credit Promissory Note with Contango (the “CORE Note”) which expired on December 31, 2012. The Company and Contango shared common executive officers at that time. The CORE Note contained covenants limiting our ability to enter into additional indebtedness and prohibiting liens on any of our assets or properties. Borrowings under the CORE Note bore interest at 10% per annum. On March 30, 2012, the Company repaid the $500,000 it had borrowed under the CORE Note, plus accrued interest of $14,917 from the proceeds of the March 2012 equity offering.

10. Stock Based Compensation

On September 15, 2010, the Company’s Board of Directors (the “Board”) adopted the Contango ORE, Inc. Equity Compensation Plan (the “2010 Plan”), which was approved by shareholders on December 8, 2011. Under the 2010 Plan, the Board may issue up to 1,000,000 shares of common stock and options to officers, directors, employees or consultants of the Company. The maximum aggregate number of shares of common stock of the Company with respect to which grants may be made to any individual is 100,000 shares during any calendar year. Awards made under the 2010 Plan are subject to such restrictions, terms and conditions, including forfeitures, if any, as may be determined by the Board.

Under the 2010 Plan, options granted must have an exercise price equal to or greater than the market price of the Company’s common stock on the date of grant. The Company may grant key employees both incentive stock options intended to qualify under Section 422 of the Internal Revenue Code of 1986, as amended, and stock options that are not qualified as incentive stock options. Stock option grants to non-employees, such as directors and consultants, may only be stock options that are not qualified as incentive stock options. Options generally expire after five years. Upon option exercise the Company's policy is to issue new shares to option holders.

The Company applies the fair value method to account for stock option expense. Under this method, cash flows from the exercise of stock options resulting from tax benefits in excess of recognized cumulative compensation cost (excess tax benefits) are classified as financing cash flows. See Note 3—“Summary of Significant Accounting Policies”. All employee stock option grants are expensed over the stock option’s vesting period based on the fair value at the date the options are granted. The fair value of each option is estimated as of the date of grant using the Black-Scholes options-pricing model. Expected volatities are based on the historical weekly volatility of our stock

with a look back period of one year. The expected dividend yield is zero as we have never declared and to do not anticipate declaring dividends on our common stock. The expected term of the options granted represent the period of time that the options are expected to be outstanding. The simplified method is used for estimating the expected term, due to the lack of historical stock option exercise activity. The risk-free interest rate is based on U.S. Treasury bills with a duration equal to or close to the expected term of the options at the time of grant. The total fair value of stock options vested in fiscal year 2014, 2013, and 2012 was approximately $622,000, $1.0 million, and $56,000, respectively. As of June 30, 2014, the total unrecognized compensation cost related to nonvested stock options was $173,686. As of June 30, 2014 the stock options had a weighted average remaining life of 3.4 years.

A summary of the status of stock options granted under the 2010 Plan as of June 30, 2014, 2013 and 2012, and changes during the fiscal years then ended, is presented in the table below.

	Year Ended June 30,					
	2014		2013		2012	
	Shares Under Options	Weighted Average Exercise Price	Shares Under Options	Weighted Average Exercise Price	Shares Under Options	Weighted Average Exercise Price
Outstanding, beginning of year	404,167	$10.49	50,000	$13.13	—	$—
Granted	57,500	$10.01	387,500	$10.19	50,000	$13.13
Exercised	—	$—	—	$—	—	$—
Forfeited	(16,667)	$11.00	(33,333)	$11.00	—	$—
Cancelled	—	$—	—	$—	—	$—
Outstanding, end of year	445,000	$10.41	404,167	$10.49	50,000	$13.13
Aggregate intrinsic value	$262,175		$—		$2,450	
Exercisable, end of year	353,333	$10.52	234,165	$10.77	16,667	$13.13
Aggregate intrinsic value	$197,191		$—		$817	
Available for grant, end of year	366,094		501,927		856,094	
Weighted average fair value of options granted during the year [1]	$3.92		$5.09		$3.38	

(1) The fair value of each option is estimated as of the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions used for grants during the years ended June 30, 2014, 2013 and 2012, respectively: (i) risk-free interest rate of 0.51 percent, 0.44 percent, and 0.42 percent; (ii) expected lives of 2.63, 2.63, and 3.0 years; (iii) expected volatility of 64.3 percent, 90.1 percent, and 40.0 percent; and (iv) expected dividend yield of zero percent.

The following table summarizes information regarding stock options granted under our 2010 Plan that were outstanding at June 30, 2014:

	Options Outstanding			Options Exercisable		
Range of Exercise Price	Number of Shares Under Outstanding Options	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number of Shares Under Outstanding Options	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price
$10.00 - $10.99	370,000	3.5	$10.00	278,333	3.6	$10.00
$11.00 - $11.99	25,000	3.0	$11.00	25,000	3.0	$11.00
$12.00 - $12.99	35,000	2.2	$12.75	35,000	2.2	$12.75
$14.00 - $14.99	15,000	2.2	$14.03	15,000	2.2	$14.03
	445,000	3.4	$10.41	353,333	3.3	$10.52

Restricted Stock. In November 2010, the Company granted 70,429 restricted shares of common stock to its officers and directors and an additional 23,477 restricted shares to its technical consultant, the owner of Avalon . All shares of restricted stock vest over a three year period, beginning in November 2011, the one-year anniversary of when the restricted stock was issued. Compensation expense related to these shares will be recognized over the vesting period. In October 2012, the Compensation Committee elected to immediately vest all restricted stock held by Mr. Peak. In December 2013, the Company's directors, executive officers and our technical consultant were granted an aggregate of 95,000 shares of restricted stock. The restricted stock vests over two years, beginning with one-third vesting on the date of grant. A summary of the Company’s restricted stock as of June 30, 2014 and the change during the year then ended, is as follows:

	Number of Shares	Weighted Average Fair Value Per Share
Nonvested balance at June 30, 2012	62,604	$4.65
Granted	—	$—
Vested	(39,126)	$4.65
Forfeited	—	$—
Nonvested balance at June 30, 2013	23,478	$4.65
Granted	95,000	$10.00
Vested	(55,145)	$7.72
Forfeited	—	$—
Nonvested balance at June 30, 2014	63,333	$10.00

As of June 30, 2014, the total compensation cost related to nonvested restricted share awards not yet recognized was $450,703. The remaining costs are expected to be recognized over the next eighteen months.

Stock-based compensation expense for the periods reflected was as follows:

	Year Ended June 30,			
	2014	2013	2012	Period from Inception (October 15, 2009 to June 30, 2014)
Stock-based compensation included in:				
Exploration expenses [1]	$366,195	$349,853	$58,326	$795,601

Stock-based compensation expense [2]	812,698	1,133,168	192,884	2,202,431
Total stock-based compensation expense	$1,178,893	$1,483,021	$251,210	$2,998,032

(1) Related to restricted stock and stock option awards to the Company's technical consultant
(2) Related to the restricted stock and stock option awards to the Company's directors and employees.

11. Commitments and Contingencies

Tetlin Lease. The Tetlin Lease has a ten year term beginning July 2008 with an option to renew for an additional ten years, or so long as we initiate and continue conducting mining operations on the Tetlin Lease. Originally, the Tetlin Lease allowed us to only renew 50% of the acreage, but in December 2012, we paid the Tetlin Village Council $200,000 in exchange for removing this 50% restriction. We are now able to renew all 675,000 acres in 2018. The Tetlin Lease is our only material property.

Pursuant to the terms of the Tetlin Lease, the Company is required to spend $350,000 per year until July 15, 2018 in exploration costs. However, the Company's exploration expenditures through the 2011 exploration program have satisfied this requirement because exploration funds spent in any year in excess of $350,000 are credited toward future years' exploration cost requirements. Additionally, should we derive revenues from the properties covered under the Tetlin Lease, the Company is required to pay the Tetlin Village Council a production royalty ranging from 2.0% to 5.0%, depending on the type of metal produced and the year of production. As of June 30, 2012, the Company had paid the Tetlin Village Council $225,000 in exchange for reducing the production royalty payable to them by 0.75%. These payments lowered the production royalty to a range of 1.25% to 4.25%. On or before July 15, 2020, the Tetlin Village Council has the option to increase their production royalty by (i) 0.25% by payment to CORE of $150,000, (ii) 0.50% by payment to CORE of $300,000, or (iii) 0.75% by payment to CORE of $450,000. Until such time as production royalties begin, the Company pays the Tetlin Village Council an advance minimum royalty of $50,000 per year. On July 15, 2012, the advance minimum royalty increased to $75,000 per year, and subsequent years are escalated by an inflation adjustment.

Gold Exploration. The Company's Triple Z, TOK/Tetlin, Eagle, Bush and ADC 2 claims are all located on state of Alaska lands. The annual claim rentals on these projects total $59,220 per year, and are due and payable in full by November 30 of each year. The Company has met the annual labor requirements for the state of Alaska acreage for the next four years, which is the maximum time allowable by Alaska law.

REE Exploration. The Company's Stone Rock and Salmon Bay projects are both located on Federal land. The claim rentals on these two projects total $24,080 per year, and are due and payable in full by August 31 of each year. Effective December 1, 2012, the Company abandoned its Swift , Wolf, and Alatna projects on state of Alaska lands to devote more time and resources to its Stone Rock and Salmon Bay projects and gold exploration.

JEX Royalties. We will also pay JEX a production royalty of 3.0% should we derive revenues from any of the Original Properties and an overriding royalty of 2.0% should we derive revenues from any of the Additional Properties that JEX helps to acquire.

In connection with acquiring all the assets and liabilities of Contango Mining, the Company has assumed any claims, litigation or disputes pending as of the effective date on any matters arising in connection with ownership of the properties prior to the effective date. The Company is not aware of any legal, environmental or other commitments or contingencies that would have a material effect on the Company's financial position or results of operations.

12. Income Taxes

	Year Ended June 30,			
	2014	2013	2012	Period from Inception (October 15, 2009 to June 30, 2014)
Benefit at statutory tax rate	$(3,219,378)	$(3,511,439)	$(1,490,892)	$(9,606,589)
State tax benefit	(547,814)	(1,112,760)	—	(1,660,574)
Permanent differences	46,876	39,823	—	146,821
Provision to return adjustment	29,544	(82,070)	—	(52,526)

Valuation allowance	3,690,772	4,666,446	1,490,892	11,172,868
Income tax provision	$—	$—	$—	$—

The benefit for income taxes for the periods indicated below are comprised of the following:

	Year Ended June 30,			
	2014	2013	2012	Period from Inception (October 15, 2009 to June 30, 2014)
Current:				
Federal	$—	$—	$—	$—
State	$—	$—	$—	$—
Deferred:				
Federal	$—	$—	$—	$—
State	$—	$—	$—	$—

The net deferred tax asset is comprised of the following:

	Year Ended June 30,	
	2014	2013
Deferred tax asset:		
Capitalized exploration expenses	$7,972,994	$5,543,632
State deferred tax assets	1,660,574	1,112,760
Stock option expenses	389,708	361,230
Net operating losses	1,149,592	464,475
Valuation allowance	(11,172,868)	(7,482,097)
Net deferred tax assets	$—	$—

During fiscal year 2014, we had a change in our valuation allowance of approximately $3.7 million. At June 30, 2014, we have a U.S. federal tax loss carry-forwards of approximately $3.3 million. These net operating loss carry-forwards will begin expiring in 2031.

13. Related Party Transactions

In August 2012, Mr. Brad Juneau, the sole manager of the general partner of JEX, was appointed to the Board of Directors of the Company and appointed as President and Acting Chief Executive Officer of the Company following a medical leave of absence of our then-Chief Executive Officer, Mr. Peak. In December 2012, Mr. Juneau was elected President and Chief Executive Officer of the Company, and in April 2013, Mr. Juneau was elected Chairman. JEX is a private company formed primarily for the purpose of generating natural gas and oil prospects. JEX was responsible for securing and negotiating the Tetlin Lease and assisting in obtaining the Original Properties and initially engaged Avalon to conduct mineral exploration activities on the Tetlin Lease. In agreeing to transfer its interests in the Original Properties to Contango Mining, a predecessor of the Company, JEX retained a 3.0% overriding royalty interest in the Original Properties transferred.

In September 2012, the Company and JEX entered into an Advisory Agreement in which JEX will continue to provide assistance in acquiring additional properties in Alaska in exchange for a production royalty of 2.0% on properties acquired after July 1, 2012.

The Company currently subleases office space from JEX at 3700 Buffalo Speedway, Ste 925, Houston, TX 77098 for approximately $11,000 per quarter.

14. Subsequent Events

In August 2014, the Company decided to abandon its 3,440 acres of Federal claims at Stone Rock and Salmon Bay, effective September 1, 2014. Abandoning these claims will reduce our annual rental commitment by approximately $24,080 per year.

CONTANGO ORE, INC.
QUARTERLY RESULTS OF OPERATIONS (Unaudited)
Quarterly Results of Operations. The following table sets forth the results of operations by quarter for the years ended June 30, 2014, 2013 and 2012:

	Quarter Ended			
	Sept. 30,	Dec. 31,	Mar. 31,	June 30,
Fiscal Year 2014:				
Net loss	$6,178,953	$1,613,508	$679,524	$726,237
Basic and diluted loss per share	$1.65	$0.43	$0.18	$0.19
Fiscal Year 2013:				
Net loss	$4,236,756	$1,161,451	$501,033	$4,133,443
Basic and diluted loss per share	$1.71	$0.46	$0.19	$1.1
Fiscal Year 2012:				
Net loss	$1,650,170	$492,480	$243,079	$1,873,963
Basic and diluted loss per share	$1.05	$0.31	$0.15	$0.76