

CONTANGO ORE, INC.

AUDIT COMMITTEE CHARTER

Purpose and Composition

The Audit Committee (“Committee”) shall be a standing committee of the Board of Directors (“Board”). The Committee shall assist, advise and report regularly to the Board in fulfilling its oversight responsibilities related to:

- The integrity of the Company's financial statements;
- The Company's compliance with legal and regulatory requirements;
- The outside auditor's qualifications and independence;
- The performance of the Company's outside auditors; and
- The Company's Code of Ethics.

In meeting its responsibilities, the Committee is expected to provide an open channel of communication with management, the outside auditors and the Board.

The Committee is composed of at least two members of the Board who are “independent” within the meaning set forth by the Securities and Exchange Commission (“SEC”). Committee members shall be appointed and/or removed by the Board. No member of the Committee shall be removed except by a majority vote of the independent directors then in office. Committee members shall be free from any relationships that would interfere with or give the appearance of interfering with the exercise of independent judgment as a Committee member. All members shall have a requisite working familiarity with basic finance and accounting practices in compliance with the requirements of the SEC. Furthermore, at least one member of the Committee shall have sufficient accounting or financial expertise and be designated as an audit committee “financial expert” in compliance with the requirements of the SEC.

The Committee has authority to conduct or authorize investigations into any matters within its scope of responsibility. Such authority includes but is not limited to:

- Retain outside counsel, accountants, outside advisors, consultants or others to assist in the conduct of an investigation or as it determines appropriate to advise or assist in the performance of its functions;
- Seek any information it requires from employees or external parties. Employees and external parties will be directed to cooperate and comply with the Committee's requests; and
- Meet with Company officers, outside auditors or outside counsel as necessary.

The members of the Committee shall be elected by the Board of Directors at the annual organizational meeting of the Board of Directors or until their successors shall be duly elected and qualified. Unless a Chairman is elected by the full Board, the members of the Committee may designate a Chairman by majority vote of the full Committee membership.

All Committee members must be unaffiliated with the Company and may not accept any compensation (including consulting, advisory or other compensatory fees) other than for services as a director.

Duties and Responsibilities

Management is responsible for preparing the Company's financial statements and assuring that the Company has adequate internal controls in place. The Company's outside auditors are responsible for auditing the financial statements and assessing the Company's internal controls. The activities of the Committee are in no way designed to supersede or alter these responsibilities.

Duties and responsibilities of the Committee shall include, but are not limited to the following:

1. Review with management and the outside auditors the annual and quarterly financial results for the Company, including the disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations." Also review the annual report to stockholders and the annual/quarterly reports on Forms 10-K/10-Q filed with the SEC.
2. Engage in discussions with the outside auditors on the quality of the accounting policies and practices used by the Company, any alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the outside auditors, and other material written communications between the outside auditors and management.
3. Engage in discussions with the outside auditors on matters that are required to be discussed by Statement on Auditing Standards No. 61 relating to the conduct of the audit, including any difficulties encountered in the course of the audit work, any restrictions on the scope of activities or access to requested information, and any significant disagreements with management.
4. Engage in discussions with the outside auditors and management the design, quality and adequacy of the Company's internal control over financial reporting.
5. Oversee and monitor the work of the outside auditors to ensure they are independent of management and their objectivity is not impaired, recognizing that the outside auditors are accountable to the Board and the Committee. Review and resolve, if necessary, any disagreements between management and the outside

auditors in connection with the annual audit or the preparation of the financial statements.

6. Annually select and appoint outside auditors, consider the independence and effectiveness of the outside auditors, approve the fees and other compensation to be paid to the outside auditors and be responsible for oversight of the outside auditors. The Committee shall receive the written disclosures required by generally accepted auditing standards.
7. Annually require the outside auditors to provide the Committee with a written statement delineating all relationships between the outside auditors and the Company. The Committee shall actively engage in a dialogue with the outside auditors with respect to any disclosed relationships or services that may impact the objectivity and independence of the outside auditors. The Committee shall recommend that the Board of Directors take appropriate action in response to the independent auditors' report to satisfy itself of the outside auditors' independence.
8. Annually report to the Board the outside auditing firm to be retained and preapprove all audit and non-audit services and fees. The Committee will review the scope of any non-audit services to be performed by the outside auditors and determine its impact on the auditors' independence.
9. The outside auditors may not perform the following non-audit services: (i) bookkeeping related to accounting records or financial statements; (ii) financial information systems design and implementation services, (iii) appraisal or valuation services involving fairness opinions; (iv) actuarial services; (v) internal audit outsourcing services; (vi) management or human resource functions; (vii) broker, dealer, investment adviser or investment banker services; (ix) legal services and expert services unrelated to the audit; and (x) any other services that the Public Accounting Oversight Board determines impermissible. All other non-auditing services provided by the outside auditors including tax compliance, tax planning and tax advice shall be approved in advance by the Committee.
10. Review significant accounting and reporting issues, including recent professional and regulatory pronouncements or proposed pronouncements and understand their impact on the Company's financial statements.
11. Assess and monitor the overall control environment of the Company through discussion with management and the outside auditors. Assess the extent to which the audit plans of the outside auditors can be relied on to identify material internal control weaknesses or fraud.
12. Oversee and monitor the Company's policies, practices and compliance with its Code of Ethics.
13. Direct and supervise special audit inquiries by the outside auditors as the Board of Directors or the Committee may request.

14. Provide a report in the proxy statement stating that the Committee has reviewed and discussed the financial statements with management and the outside auditors.
15. Review with the outside auditors their performance and recommend to the Board of Directors any proposed discharge of the outside auditors when circumstances warrant.
16. Review and reassess this Charter at least annually. Make recommendations to the Board, as conditions dictate, to update this Charter.

Meetings

The Committee shall meet regularly and as circumstances dictate, all as determined by the Committee. Regular meetings of the Committee will be held at least quarterly and at such place as shall from time to time be determined by the Chairman of the Committee or by the chief executive officer, president or secretary of the Company. Special meetings of the Committee may be called by or at the request of any member of the Committee, any of the Company's executive officers or the Company's principal accounting officer, in each case on at least twenty-four hours notice to each member of the Committee. In addition, the Committee or at least its Chairman should meet with the outside auditors and management quarterly to review the Company's financial statements filed with the SEC.

If the Board of Directors, management of the Company or the Company's outside auditors desire to discuss matters in private, the Committee shall meet separately with such person or group.

A majority of the Committee members shall constitute a quorum for the transaction of the Committee's business. Unless otherwise required by applicable law, the Company's Certificate of Incorporation or Bylaws of the Board of Directors, the Committee shall act upon the vote or consent of a majority of its members at a duly called meeting at which a quorum is present. Any action of the Committee may be taken by a written instrument signed by all of the members of the Committee. Members of the Committee may participate in Committee proceedings by means of conference telephone or similar communications equipment by means of which all persons participating in the proceedings can hear each other, and such participation shall constitute presence in person at such proceedings.

Complaints and Protection of "Whistle Blowers"

Any member of the Committee, on behalf of the Committee, shall be available during regular business hours to receive complaints regarding accounting, controls or auditing matters on a confidential submission of concerns by employees.

Any member of the Committee on behalf of the Committee is similarly available to receive information from any employee without fear of discrimination against any such employee regarding conduct the employee reasonably believes constitutes financial fraud or a violation of securities law.

Stockholder Communications with the Company

All members of the Audit Committee are independent directors. Mail may be addressed to the Independent Directors in care of the Chairman of the Audit Committee, Contango ORE, Inc., 3700 Buffalo Speedway, Suite 960, Houston, Texas 77098. Mail will not be opened but will be logged in. All mail will be forwarded to the Chairman of the Audit Committee or the named independent director. Mail addressed to the Board of Directors will be delivered to Kenneth R. Peak, Chairman and Chief Executive Officer.

Related Party Transactions

Management shall inform the Committee of all related party transactions as defined by Item 404 of Regulation S-K.

Miscellaneous

The Committee may perform any other activities consistent with this Charter, the Company's Certificate of Incorporation and Bylaws, and governing law, as the Committee or the Board of Directors deems necessary or appropriate.

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate and are in accordance with generally acceptable accounting principles. This is the responsibility of management and the outside auditors.

The Company shall provide for appropriate funding, as determined by the Committee, for payment of compensation to the outside auditors for the purpose of rendering or issuing an audit report and to any advisors employed by the Committee.