UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended December 31, 2017

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 001-35770

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)

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 ☒ 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 ☒ 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 ☒	Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

The total number of shares of common stock, par value $0.01 per share, outstanding as of January 30, 2018 was 5,975,048.

CONTANGO ORE, INC.

TABLE OF CONTENTS

		Page
	PART I – FINANCIAL INFORMATION	
Item 1.	Financial Statements	
	Condensed Consolidated Balance Sheets (unaudited) as of December 31, 2017 and June 30, 2017	3
	Condensed Consolidated Statements of Operations (unaudited) for the three and six months ended December 31, 2017 and 2016	4
	Condensed Consolidated Statements of Cash Flows (unaudited) for the six months ended December 31, 2017 and 2016	5
	Condensed Consolidated Statement of Shareholders' Equity (unaudited) for the six months ended December 31, 2017	6
	Notes to the Condensed Consolidated Financial Statements (unaudited)	7
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	20
Item 3.	Quantitative and Qualitative Disclosures about Market Risk	54
Item 4.	Controls and Procedures	54
	PART II – OTHER INFORMATION	
Item 1.	Legal Proceedings	55
Item 1A.	Risk Factors	55
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	55
Item 4.	Mine Safety Disclosures	55
Item 5.	Other Information	55
Item 6.	Exhibits	56

All references in this Form 10-Q to the "Company", "CORE", "we", "us" or "our" are to Contango ORE, Inc.

CONTANGO ORE, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

Item 1 - Financial Statements

	December 31, 2017	June 30, 2017
ASSETS		
CURRENT ASSETS:		
Cash	$ 15,821,738	$ 5,191,749
Prepaid expenses and other	125,560	175,791
Total current assets	15,947,298	5,367,540
OTHER ASSETS:		
Investment in Peak Gold, LLC (Note 4)	—	—
Total other assets	—	—
TOTAL ASSETS	$ 15,947,298	$ 5,367,540
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 13,116	$ 50,858
Accrued liabilities	117,808	86,561
Total current liabilities	130,924	137,419
COMMITMENTS AND CONTINGENCIES (NOTE 11)		
SHAREHOLDERS' EQUITY:		
Common Stock, $0.01 par value, 30,000,000 shares authorized; 5,975,048 shares issued and outstanding at December 31, 2017; 4,930,231 shares issued and 4,921,163 outstanding at June 30, 2017	59,751	49,303
Additional paid-in capital	52,345,624	40,500,239
Treasury shares at cost (0 shares at December 31, 2017 and 9,068 at June 30, 2017)	—	(207,400)
Accumulated deficit	(36,589,001)	(35,112,021)
SHAREHOLDERS' EQUITY	15,816,374	5,230,121
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 15,947,298	$ 5,367,540

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

CONTANGO ORE, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended December 31,		Six Months Ended December 31,	
	2017	**2016**	**2017**	**2016**
EXPENSES:				
General and administrative expense	$ 808,344	$ 592,142	$ 1,476,980	$ 1,547,792
Total expenses	808,344	592,142	1,476,980	1,547,792
OTHER EXPENSE				
Loss from equity investment in Peak Gold, LLC (Note 4)	—	—	—	—
NET LOSS	$ (808,344)	$ (592,142)	$ (1,476,980)	$ (1,547,792)
LOSS PER SHARE				
Basic and diluted	$ (0.14)	$ (0.13)	$ (0.28)	$ (0.36)
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING				
Basic and diluted	5,650,321	4,640,034	5,289,934	4,315,444

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

CONTANGO ORE, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Six Months Ended December 31,	
	2017	**2016**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (1,476,980)	$ (1,547,792)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock-based compensation	998,117	959,650
Changes in operating assets and liabilities:		
Decrease/(increase) in prepaid expenses and other	50,231	(61,917)
Increase/(decrease) in accounts payable and accrued liabilities	(6,495)	71,681
Net cash used in operating activities	(435,127)	(578,378)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Cash paid for shares withheld from employees for payroll tax withholding	—	(171,158)
Cash from warrant exercises and capital raise, net	11,065,116	5,287,500
Net cash provided by financing activities	11,065,116	5,116,342
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	10,629,989	4,537,964
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	5,191,749	1,254,489
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 15,821,738	$ 5,792,453

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

CONTANGO ORE, INC.

CONDENSED CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY
(Unaudited)

	Common Stock		Additional Paid-In	Treasury Stock At	Accumulated	Total Shareholders'
	Shares	Amount	Capital	Cost	Deficit	Equity
Balance at June 30, 2017	4,930,231	$ 49,303	$ 40,500,239	$ (207,400)	$ (35,112,021)	$ 5,230,121
Stock-based compensation	—	—	998,117	—	—	998,117
Restricted shares activity	155,000	1,550	(1,550)	—	—	—
Treasury stock activity	(9,068)	(91)	(207,309)	207,400	—	—
Issuance of common stock	553,672	5,537	10,514,231	—	—	10,519,768
Cost of common stock issuance	—	—	(642,143)	—	—	(642,143)
Stock option exercises	93,026	930	(930)	—	—	—
Stock warrant exercises	252,187	2,522	1,184,969		—	1,187,491
Net loss for the period	—	—	—	—	(1,476,980)	(1,476,980)
Balance at December 31, 2017	5,975,048	$ 59,751	$ 52,345,624	$ —	$ (36,589,001)	$ 15,816,374

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

1. Organization and Business

Contango ORE, Inc. (“CORE” or the “Company”) is a Houston-based company that engages in the exploration in Alaska for gold and associated minerals through a joint venture company, Peak Gold, LLC (the "Joint Venture Company"). The Company was formed on September 1, 2010 as a Delaware corporation for the purpose of engaging in the exploration in the State of Alaska for gold ore and associated minerals. The Company currently has two wholly owned subsidiaries, AU CORE, Inc. and CORE Alaska, LLC. AU CORE, Inc. historically owned unpatented mining claims. Those claims were transferred to the Joint Venture Company in January 2015. CORE participates in the Joint Venture Company through its wholly owned subsidiary, CORE Alaska, LLC.

On November 29, 2010, Contango Mining Company (“Contango Mining”), a wholly owned subsidiary of Contango Oil & Gas Company (“Contango”), assigned its properties and certain other assets and liabilities to Contango. Contango contributed the properties and $3.5 million of cash to the Company, in exchange for approximately 1.6 million shares of the Company’s common stock, which were distributed to Contango's shareholders of record. The above transactions occurred among companies under common control and were accounted for as transactions among entities under common control, in accordance with Accounting Standards Codification ("ASC") 805, "Business Combinations" whereby the acquired assets and liabilities were recognized in the financial statements at their carrying amounts.

The Company is still in an exploration stage. The Company’s fiscal year end is June 30.

The properties contributed by Contango included: (i) a 100% leasehold interest in an estimated 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. If any of the properties are placed into commercial production, the Joint Venture Company would be obligated to pay a 3.0% production royalty to Royal Gold, Inc. ("Royal Gold"). On September 29, 2014, Juneau Exploration L.P. (“JEX”) sold its 3.0% production royalty to Royal Gold. See Note 9 - Related Party Transactions.

In September 2012, the Company and JEX entered into an Advisory Agreement in which JEX assisted the Company in acquiring 474 unpatented state of Alaska mining claims consisting of 71,896 acres for the exploration of gold ore and associated minerals in exchange for a 2.0% production royalty on properties acquired after July 1, 2012. If any such properties are placed into commercial production, the Joint Venture Company would be obligated to pay Royal Gold a 2.0% production royalty. On September 29, 2014, JEX sold its 2.0% production royalty to Royal Gold and the Company terminated its Advisory Agreement with JEX. See Note 9 - Related Party Transactions.

On September 29, 2014, the Company entered into a Master Agreement (the “Master Agreement”) with Royal Gold, pursuant to which the parties agreed, subject to the satisfaction of various closing conditions, to form a joint venture to advance exploration and development of the Peak Gold Joint Venture Property, prospective for gold ore and associated minerals (the “Transactions”). The Transactions closed on January 8, 2015 (the "Closing").

In connection with the Closing, the Company contributed its Tetlin Lease and state of Alaska mining claims near Tok, Alaska (the "Peak Gold Joint Venture Property"), together with other property, to the Joint Venture Company, a newly formed limited liability company (the “Joint Venture Company”). The Joint Venture Company is managed according to a Limited Liability Company Agreement (the "JV LLCA") between subsidiaries of Royal Gold and the Company. At the Closing, Royal Gold made an initial investment of $5 million to fund exploration activity. The initial $5 million did not give Royal Gold an equity stake in the Joint Venture Company. Royal Gold has the option to obtain up to 40% interest in the joint venture by investing up to $30 million (inclusive of the initial $5 million investment) prior to October 2018. The proceeds of Royal Gold’s investment will be used by the Joint Venture Company for additional exploration of the Peak Gold Joint Venture Property. Royal Gold serves as the Manager of the Joint Venture Company and initially manages, directs, and controls operations of the Joint Venture Company. As of December 31, 2017, Royal Gold has contributed approximately $29.3 million to the Joint Venture Company and has earned an interest of 39.0%.

The Company has completed eight years of exploration efforts on the Peak Gold Joint Venture Properties, which has resulted in identifying two mineral deposits (Peak and North Peak) and several other gold, silver, and copper prospects. In 2017, three phases of exploration drilling were completed by the Joint Venture Company on the Peak Gold Joint Venture Property. During the quarter ended December 31, 2017, the Joint Venture Company completed Phase III of the 2017 drilling program, which consisted of exploration drilling in the West Peak, West Peak Extension, 7 O'clock, Forks, and North Peak areas.

On November 10, 2017, subsidiaries of Royal Gold and the Company entered into Amendment No. 1 to the JV LLCA, which, among other things, amended the JV LLCA to add certain claims, previously purchased by the Joint Venture Company. The claims that were added consist of 541 unpatented state of Alaska mining claims over 84,840 acres for the exploration of gold ore and associated minerals (the "New Properties"). In return for locating the New Properties and incurring all related expenses, the Joint Venture Company granted to a subsidiary of Royal Gold a 3.0% production royalty on (i) the New Properties, (ii) prior to October 31, 2018, any additional properties contributed to the Joint Venture Company, and (iii) subsequent to October 31, 2018, any additional properties contributed to the Joint Venture Company if Royal Gold earns a 40% interest in the Joint Venture Company by October 31, 2018 (all such properties subject to the 3.0% production royalty, "Additional Properties").

2. Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information, pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"), including instructions to Form 10-Q and Article 8 of Regulation S-X. Accordingly, they do not include all the information and footnotes required by GAAP for complete annual consolidated financial statements. In the opinion of management, all adjustments considered necessary for a fair statement of the consolidated financial statements have been included. All such adjustments are of a normal recurring nature. The consolidated financial statements should be read in conjunction with the audited financial statements and notes included in the Company's Form 10-K for the fiscal year ended June 30, 2017. The results of operations for the three and six months ended December 31, 2017 are not necessarily indicative of the results that may be expected for the fiscal year ending June 30, 2018.

3. Summary of Significant Accounting Policies

The Company's significant accounting policies are described below.

Management Estimates. The preparation of consolidated 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 at the date of acquisition.

Stock-Based Compensation. The Company applies the fair value method of accounting 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 Company classifies the benefits of tax deductions in excess of the compensation cost recognized for the options (excess tax benefit) as financing cash flows. The fair value of each option award is estimated as of the date of grant using the Black-Scholes option-pricing model. The fair value of each restricted stock award is equal to the Company's stock price on the date the award is granted.

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 consolidated 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 December 31, 2017 and June 30, 2017 and has not recognized any tax provision or benefit for any of the periods. The Company reviews its tax positions quarterly for tax uncertainties. The Company did not have any uncertain tax positions as of December 31, 2017 or June 30, 2017. The Tax Cuts and Jobs Act was signed into law on December 22, 2017, which enacts significant changes to U.S. income tax and related laws. Among other things, the Tax Cuts and Jobs Act reduces the top U.S. corporate income tax rate from 35.0% to 21.0%, and makes changes to certain other business-related exclusions, deductions and credits. The Company has assessed the impact of the tax bill on the financial statements as of December 31, 2017. Due to the Company's full valuation allowance, the changes to the income tax provision as a result of the bill, are not expected to have a consolidated financial statement impact.

Investment in the Joint Venture Company. The Company's consolidated financial statements include the investment in the Joint Venture Company which is accounted for under the equity method. The Company has designated one of the three members of the Management Committee and on December 31, 2017 held a 61.0% ownership interest in Peak Gold. Royal Gold will initially serve as the Manager of the Joint Venture Company and will manage, direct, and control operations of the Joint Venture Company. The Company recorded its investment at the historical cost of the assets contributed. The cumulative losses of the Joint Venture Company exceed the historical cost of the assets contributed to the Joint Venture Company; therefore the Company's investment in the Joint Venture Company as of December 31, 2017 and June 30, 2017 is zero. The portion of the cumulative loss that exceeds the Company's investment will be suspended and recognized against earnings, if any, from the investment in the Joint Venture Company in future periods.

Recently Adopted Accounting Pronouncements. In August 2014, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update ("ASU") No. 2014-15, Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern, which requires management to assess a company's ability to continue as a going concern and to provide related footnote disclosures in certain circumstances. Before this new standard, there was minimal guidance in U.S. GAAP specific to going concern. Under the new standard, disclosures are required when conditions give rise to substantial doubt about a company's ability to continue as a going concern within one year from the financial statement issuance date. The new standard applies to all companies and is effective for the annual period ending after December 15, 2016, and all annual and interim periods thereafter. The Company has adopted this standard, and updated our going concern analysis and disclosures accordingly.

In March 2016, the FASB issued ASU No. 2016-09: Compensation – Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting (ASU 2016-09). ASU 2016-09 is part of an initiative to reduce complexity in accounting standards. The areas of simplification in ASU 2016-09 involve several aspects of accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. For public entities, ASU 2016-09 is effective for financial statements issued for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years; early application is permitted. The Company adopted this ASU in a prior quarter. The adoption of the standard did not have a material impact on the consolidated financial statements.

Recently Issued Accounting Pronouncements. In August 2016, the FASB issued Accounting Standards Update ("ASU") No. 2016-15: Statement of Cash Flows (Topic 230), Classification of Certain Cash Receipts and Cash Payments. The main objective of this update is to reduce the diversity in practice in how certain cash receipts and cash payments are presented and classified in the statement of cash flows under Topic 230, Statement of Cash Flows, and other Topics. This update addresses eight specific cash flow issues with the objective of reducing the existing diversity in practice. The eight cash flow updates relate to the following issues: 1) debt prepayment or debt extinguishment costs; 2) settlement of zero-coupon debt instruments or other debt instruments with coupon interest rates that are insignificant in relation to the effective interest rate of the borrowing; 3) contingent consideration payments made after a business combination; 4) proceeds from the settlement of insurance claims; 5) proceeds from the settlement of corporate-owned life insurance policies, including bank-owned life insurance policies; 6) distributions received from equity method investees; 7) beneficial interest in securitization transactions; and 8) separately identifiable cash flows and application of the predominance principle. The amendments in this update are effective for public business entities for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. The Company will continue to assess the impact this may have on its consolidated statement of cash flows.

The Company has evaluated all other recent accounting pronouncements and believes that none of them will have a significant effect on the Company's consolidated financial statements.

4. **Investment in the Joint Venture Company**

The Company recorded its investment at the historical book value of the assets contributed to the Joint Venture Company which was approximately $1.4 million. As of December 31, 2017, Royal Gold has contributed approximately $29.3 million to the Joint Venture Company, and earned a cumulative economic interest of approximately 39.0%. Of the $29.3 million, $2.1 million was contributed during the quarter ended December 31, 2017. Therefore, as of December 31, 2017, the Company holds a 61.0% economic interest in the Joint Venture Company. As of June 30, 2017, the Company held a 70.5% economic interest in the Joint Venture Company.

The following table is a roll-forward of our investment in the Joint Venture Company from January 8, 2015 (inception) to December 31, 2017:

	Investment in Peak Gold, LLC
Investment balance at June 30, 2014	$ —
Investment in Peak Gold, LLC, at inception January 8, 2015	1,433,886
Loss from equity investment in Peak Gold, LLC	(1,433,886)
Investment balance at June 30, 2015	$ —
Investment in Peak Gold, LLC	—
Loss from equity investment in Peak Gold, LLC	—
Investment balance at June 30, 2016	$ —
Investment in Peak Gold, LLC	—
Loss from equity investment in Peak Gold, LLC	—
Investment balance at June 30, 2017	$ —
Loss from equity investment in Peak Gold, LLC	—
Investment in Peak Gold, LLC	—
Investment balance at December 31, 2017	$ —

The following table presents the condensed balance sheet for the Joint Venture Company as of December 31, 2017 and June 30, 2017:

	December 31, 2017	June 30, 2017
ASSETS		
Cash and cash equivalents	$ 92,640	$ 58,955
Mineral properties	1,433,886	1,433,886
TOTAL ASSETS	$ 1,526,526	$ 1,492,841
LIABILITIES AND MEMBERS' EQUITY		
Accounts payable and other liabilities	$ 274,213	$ 1,754,009
TOTAL LIABILITIES	274,213	1,754,009
MEMBERS' (DEFICIT) EQUITY	1,252,313	(261,168)
TOTAL LIABILITIES AND MEMBERS' EQUITY	$ 1,526,526	$ 1,492,841

The Company's share of the Joint Venture Company's results of operations for the three and six months ended December 31, 2017 was a loss of approximately $0.9 million and $3.0 million, respectively. The Company's share in the results of operations for the three and six months ended December 31, 2016 was a loss of approximately $2.1 million and $5.0 million, respectively. The Joint Venture Company loss does not include any provisions related to income taxes as the Joint Venture Company is treated as a partnership for income tax purposes. As of December 31, 2017 and June 30, 2017, the Company's share of the Joint Venture Company's inception-to-date cumulative loss of approximately $24.2 million and $21.2 million, respectively, exceeded the historical book value of our investment in the Joint Venture Company, of $1.4 million. Therefore, the investment in the Joint Venture Company had a balance of zero as of December 31, 2017 and June 30, 2017. The Company is currently not obligated to make additional capital contributions to the Joint Venture Company and therefore only records losses up to the point of the initial investment which was $1.4 million. The portion of the cumulative loss that exceeds the Company's investment will be suspended and recognized against earnings, if any, from the Company's investment in the Joint Venture Company in future periods. The suspended losses for the period from inception to December 31, 2017 are approximately $22.8 million. The following table presents the condensed results of operations for Joint Venture Company for the three and six month periods ended December 31, 2017 and 2016:

	Three Months Ended December 31, 2017	Three Months Ended December 31, 2016	Six Months Ended December 31, 2017	Six Months Ended December 31, 2016	Period from Inception January 8, 2015 to December 31, 2017
EXPENSES:					
Exploration expense	$ 1,186,445	$ 2,203,430	$ 4,094,520	$ 5,233,030	$ 24,886,695
General and administrative	236,723	395,852	691,999	818,945	4,594,878
Total expenses	1,423,168	2,599,282	4,786,519	6,051,975	29,481,573
NET LOSS	$ 1,423,168	$ 2,599,282	$ 4,786,519	$ 6,051,975	$ 29,481,573

5. Prepaid Expenses and other

The Company has prepaid expenses of $125,560 and $175,791 as of December 31, 2017 and June 30, 2017, respectively. Prepaid expenses primarily relate to prepaid insurance and management fees.

6. Loss Per Share

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

	Three Months Ended December 31,					
	2017			2016		
	Loss	Weighted Average Shares	Loss Per Share	Loss	Weighted Average Shares	Loss Per Share
Basic Loss per Share:						
Net loss attributable to common stock	$ (808,344)	5,650,321	$ (0.14)	$ (592,142)	4,640,034	$ (0.13)
Diluted Loss per Share:						
Net loss attributable to common stock	$ (808,344)	5,650,321	$ (0.14)	$ (592,142)	4,640,034	$ (0.13)

	Six Months Ended December 31,					
	2017			2016		
	Loss	Weighted Average Shares	Loss Per Share	Loss	Weighted Average Shares	Loss Per Share
Basic Loss per Share:						
Net loss attributable to common stock	$ (1,476,980)	5,289,934	$ (0.28)	$ (1,547,792)	4,315,444	$ (0.36)
Diluted Loss per Share:						
Net loss attributable to common stock	$ (1,476,980)	5,289,934	$ (0.28)	$ (1,547,792)	4,315,444	$ (0.36)

Options and warrants to purchase 271,000 and 845,999 shares of common stock were outstanding as of December 31, 2017 and June 30, 2017, respectively. These options and warrants were not included in the computation of diluted earnings per share for each of the three and six month periods ended December 31, 2017 and 2016 because they are anti-dilutive as a result of the Company's net loss for all periods presented.

7. 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 December 31, 2017, we had 5,975,048 shares of common stock outstanding, including 298,998 shares of unvested restricted stock. The Company also has options and warrants to purchase 271,000 shares of common stock outstanding as of December 31, 2017. No shares of preferred stock have been issued. The remaining restricted stock outstanding will vest between August 2018 and January 2020.

In September 2016, the Company distributed a Private Placement Memorandum to its warrant holders to give them the opportunity to exercise their warrants at a reduced exercise price and receive shares of common stock, par value $0.01 per share of the Company by paying the reduced exercise price in cash and surrendering the original warrants. The offering applied to warrant holders with an exercise price of $10.00 per share originally issued in March 2013. The offering gave the warrant holders the opportunity to exercise the warrants for $9.00 per share. The offer expired on November 15, 2016. In conjunction with the offering a total of 587,500 warrants were exercised resulting in total cash to the Company of $5.3 million. Of the total warrants exercised, 83,334 were exercised by entities controlled by Mr. Brad Juneau, the Company's Chairman, President and Chief Executive Officer. Proceeds from the exercise of the warrants will be used for working capital purposes and for funding future obligations to the Joint Venture Company.

On October 13, 2017, the Company distributed a Private Placement Memorandum to its warrant holders to give them the opportunity to exercise their warrants at a reduced exercise price and receive shares of common stock, par value $0.01 per share of Contango ORE, Inc. by paying the reduced exercise price in cash and surrendering the original warrants. The offering applied to warrant holders with an exercise price of $10.00 per share originally issued in March 2013. The offering gave the warrant holders the opportunity to exercise the warrants for $9.50 per share. The offer expired on November 10, 2017. In conjunction with the offering a total of 124,999 warrants were exercised resulting in total cash to the Company of $1.2 million. Proceeds from the exercise of the warrants will be used for working capital purposes and for funding future obligations to the Joint Venture Company.

In connection with the exercise offer, the Company entered into a Registration Rights Agreement dated as of November 10, 2017, with each investor who exercised warrants in the offering. The Company agreed to file up to two demand registration statements with the SEC at any time after expiration of the offer but before three years after expiration of the offer in order to register the resale of shares of Common Stock, issued in the offer. In addition, the Registration Rights Agreement granted certain piggyback rights to the investors.

On October 23, 2017, the Company completed the issuance and sale of an aggregate of 553,672 shares of common stock, par value $0.01 per share, of the Company at a purchase price of $19.00 per share of Common Stock, in a private placement (the "Private Placement") to certain purchasers (the "Purchasers") pursuant to a Stock Purchase Agreement dated as of October 23, 2017 (the "Purchase Agreement"), by and among the Company and each Purchaser. The Private Placement resulted in approximately $10.5 million of gross proceeds and approximately $10.0 million of net proceeds. The Company will use the net proceeds from the Private Placement for working capital purposes and for funding future obligations to the Joint Venture Company. Petrie Partners Securities, LLC ("Petrie") acted as sole placement agent in connection with the Private Placement and received a placement agent fee equal to 6.50%, which was reduced to 3.25% for existing stockholders and other Purchasers referred by those existing stockholders, or a total of $0.5 million in placement agent fees. Juneau Exploration L.P., which is controlled by Brad Juneau, the Company's President and Chief Executive Officer, purchased 13,200 shares of Common Stock, or $250,800, in the Private Placement on the same terms and conditions as all other Purchasers.

The shares sold in the Private Placement were issued in reliance on an exemption from registration under the Securities Act of 1933, as amended, pursuant to Section 4(2) thereof. The bases for the availability of this exemption include the facts that the issuance was a private transaction which did not involve a public offering and the shares were offered and sold to a limited number of purchasers.

Pursuant to a Registration Rights Agreement dated as of October 23, 2017 (the "Registration Rights Agreement"), by and among the Company and the Purchasers, the Company agreed to file up to two demand registration statements with the Securities and Exchange Commission at any time after one year after the Private Placement but before three years after the Private Placement in order to register the resale of the shares of Common Stock. In addition, the Registration Rights Agreement granted certain piggyback rights to the Purchasers.

Rights Plan

On December 19, 2012, the Company adopted a Rights Plan which was amended on March 21, 2013, September 29, 2014, December 18, 2014, and on November 11, 2015. Under the terms of the amended Rights Plan, each right (a "Right") will entitle the holder to purchase 1/100 of a share of Series A Junior Preferred Stock of the Company (the "Preferred Stock") at an exercise price of $80 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 Mr. Kenneth R. Peak Marital Trust and its affiliates, acquires beneficial ownership of 23% 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 are scheduled to expire on December 19, 2018.

8. Formation of Joint Venture Company

On January 8, 2015, the Company and Royal Gold, through their wholly-owned subsidiaries, consummated the Transactions contemplated under the Master Agreement, including the formation of a joint venture to advance exploration and development of the Company's Peak Gold Joint Venture Properties, for gold ore and associated minerals prospects.

In connection with the Closing of the Transactions, the Company formed the Joint Venture Company. The Company contributed to the Joint Venture Company its Peak Gold Joint Venture Properties near Tok, Alaska, together with other property (the "Contributed Assets") with a historical book value of $1.4 million and an agreed fair value of $45.7 million (the "Contributed Assets Value"). At the Closing, the Company and Royal Gold, through their wholly-owned subsidiaries, entered into the JV LLCA.

Royal Gold serves as manager of the Joint Venture Company ("the Manager") and will initially manage, direct, and control the operations of the Joint Venture Company.

As a condition to the Closing, the Company and the Tetlin Village Council entered into a Stability Agreement dated October 2, 2014, pursuant to which the Company and the Tetlin Village Council, among other things, acknowledged the continued validity of the Tetlin Lease and all its terms notwithstanding any future change in the status of the Tetlin Village Council or the property subject to the Tetlin Lease.

At Closing, Royal Gold, as an initial contribution to the Joint Venture Company, contributed $5 million (the "Royal Gold Initial Contribution"). The Royal Gold Initial Contribution did not entitle Royal Gold to a percentage interest in the Joint Venture Company. Therefore, at Closing, Royal Gold's percentage interest in the Joint Venture Company equaled 0% and the Company's percentage interest in the Joint Venture Company equaled 100%. In addition, as part of the Closing, Royal Gold paid the Company $750,000 which was utilized to partially reimburse the Company for costs and expenses incurred in the Transactions and is included as an expense reimbursement on our consolidated statements of operations.

The JV LLCA provides Royal Gold with the right, but not the obligation, to earn a percentage interest in the Joint Venture Company (up to a maximum of 40%) by making additional contributions of capital to the Joint Venture Company of up to $30 million (inclusive of the Royal Gold Initial Contribution of $5 million) during the period beginning on the Closing and ending on October 31, 2018. If Royal Gold funds its full $30 million investment by October 31, 2018, it will receive a percentage interest of 40% in the Joint Venture Company, and the Company will retain a percentage interest of 60% in the Joint Venture Company. From inception through December 31, 2017, Royal Gold has contributed approximately $29.3 million (inclusive of the Royal Gold Initial Contribution of $5 million) to the Joint Venture Company and earned a percentage interest of 39.0%.

The proceeds of Royal Gold's contributions to the Joint Venture Company (including the Royal Gold Initial Contribution) have been used by the Joint Venture Company to fund further exploration activities on the Peak Gold Joint Venture Properties. Any additional contributions to the Joint Venture Company by Royal Gold to fund future drilling activities, or otherwise, will bring Royal Gold's cumulative contributions closer to $30 million.

Both the Company and Royal Gold will have the right to transfer each of their respective percentage interests in the Joint Venture Company to a third party, subject to certain terms and conditions set forth in the JV LLCA. If either member intends to transfer all or part of its percentage interest to a bona fide third party purchaser, the other member will have the right to require the transferring member to include in the intended transfer the other member's proportionate share of its percentage interests at the same purchase price and terms and conditions. Once Royal Gold has earned a 40% interest in the Joint Venture Company, it will have the additional right to require the Company to sell up to 20% of the Company's interest in the Joint Venture Company in a sale of Royal Gold's entire 40% interest to a bona fide third party purchaser. If Royal Gold exercises this right, the Company will be obligated to sell the relevant portion of its percentage interest to a bona fide third party purchaser on the same terms and conditions as the interest being sold by Royal Gold.

After October 31, 2018, or such earlier time as Royal Gold has earned a 40% interest in the Joint Venture Company, the members will contribute funds to approved programs and budgets in proportion to their respective percentage interests in the Joint Venture Company. If a member elects not to contribute to an approved program and budget or elects to contribute less than its proportionate interest, its percentage interest will be recalculated by dividing (i) the sum of (a) the value of its initial contribution plus (b) the total of all of its capital contributions plus (c) the amount of the capital contribution it elects to fund, by (ii) the sum of (a), (b) and (c) above for both members multiplied by 100.

The Joint Venture Company is a variable interest entity as defined by FASB ASU No. 2015-02, *Consolidation (Topic* 810*): Amendments to the Consolidation Analysis*. The Company is not the primary beneficiary since it does not currently have the power to direct the activities of the Joint Venture Company. The Company's ownership interest in the Joint Venture Company is therefore accounted under the equity method.

9. Related Party Transactions

Mr. Brad Juneau, the Company's Chairman, President and Chief Executive Officer, is also the sole manager of JEX, a private company involved in the exploration and production of oil and natural gas. JEX was responsible for securing and negotiating the Tetlin Lease and assisting in obtaining other properties and initially engaged Avalon Development Corporation ("Avalon") to conduct mineral exploration activities on the Tetlin Lease. In agreeing to transfer its interests in such properties to Contango Mining, a predecessor of the Company, JEX retained a 3.0% overriding royalty interest in the properties transferred.

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

On September 29, 2014, pursuant to a Royalty Purchase Agreement between JEX and Royal Gold (the “Royalty Purchase Agreement”), JEX sold its entire overriding royalty interest in the Peak Gold Joint Venture Property to Royal Gold. On the same date, the Company terminated its Advisory Agreement with JEX.

In September 2016, the Company and JEX entered into a Management Services Agreement effective October 1, 2016. Under the Management Services Agreement, JEX will manage the business and affairs of the Company and its interest in the Joint Venture Company, subject to the direction of the Board, including corporate finance, accounting, budget, SEC reporting, risk management, operations and stockholder relation functions of the Company for an initial term of one year for a monthly fee of $32,000 which includes an allocation of approximately $6,900 for office space and equipment. No part of the fee will be allocated for compensation of Brad Juneau who will be compensated separately as determined by the independent Directors of the Company. JEX will also be reimbursed for its reasonable and necessary costs and expenses of third parties incurred for the Company. In addition, executives of JEX may be granted restricted stock, stock options or other forms of compensation by the independent Directors of the Company. The Company has adopted this management and compensation program because employees of JEX have historically spent significant time and effort in managing and administering the affairs of the Company. While the Company remains a small exploratory stage entity whose shares are publicly traded, the successful drilling program of the Joint Venture Company has required a significant additional allocation of time and effort to the business and affairs of the Company by the three part time executives, two of whom are officers of the Company. The amount of time and expertise required to effectively manage and administer the business and affairs of the Company will continue to be monitored by the Board for necessary adjustments or modifications depending upon the amount of time required to be spent on the business and affairs of the Company by the executives and the progress of the Joint Venture Company in its exploratory programs in Alaska.

On October 23, 2017, the Company completed the issuance and sale of an aggregate of 553,672 shares of common stock, par value $0.01 per share, of the Company at a purchase price of $19.00 per share of Common Stock, in a private placement (the "Private Placement") to certain purchasers (the "Purchasers") pursuant to a Stock Purchase Agreement dated as of October 23, 2017 (the "Purchase Agreement"), by and among the Company and each Purchaser. The Private Placement resulted in approximately $10.5 million of gross proceeds and approximately $10.0 million of net proceeds. The Company will use the net proceeds from the Private Placement for working capital purposes and for funding future obligations to the Joint Venture Company. Petrie Partners Securities, LLC ("Petrie") acted as sole placement agent in connection with the Private Placement and received a placement agent fee equal to 6.50%, which was reduced to 3.25% for existing stockholders and other Purchasers referred by those existing stockholders, or a total of $0.5 million in placement agent fees. JEX, which is controlled by Brad Juneau, the Company’s President and Chief Executive Officer, purchased 13,200 shares of Common Stock, or $250,800, in the Private Placement on the same terms and conditions as all other Purchasers.

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"). On November 14, 2017, the Stockholders of the Company approved and adopted the Contango ORE, Inc. Amended and Restated 2010 Equity Compensation Plan (the "Amended Equity Plan"). The amendments to the 2010 Plan included (a) increasing the number of shares of Common Stock that the Company may issue under the plan by 500,000 shares; (b) extending the term of the plan until September 15, 2017; and (c) allowing the Company to withhold shares to satisfy the Company's tax withholding obligations with respect to grants paid in Company Stock. Under the Amended Equity Plan, the Board may issue up to 1,500,000 shares of common stock and options to officers, directors, employees or consultants of the Company. Awards made under the Amended Equity Plan are subject to such restrictions, terms and conditions, including forfeitures, if any, as may be determined by the Board. As of December 31, 2017, there were 298,998 shares of unvested restricted common stock outstanding and options to purchase 75,000 shares of common stock outstanding issued under the Amended Equity Plan. Stock-based compensation expense for the three and six months ended December 31, 2017 was $580,379 and $998,117, respectively. Stock-based compensation expense for the three and six months ended December 31, 2016 was $331,306 and $959,650, respectively. The amount of compensation expense recognized does not reflect cash compensation actually received by the individuals during the current period, but rather represents the amount of expense recognized by the Company in accordance with GAAP. All restricted stock grants are expensed over the applicable vesting period based on the fair value at the date the stock is granted. The grant date fair value may differ from the fair value on the date the individual's restricted stock actually vests.

Restricted Stock. In November 2010, the Company granted 70,429 restricted shares of common stock to its executives and directors and an additional 23,477 restricted shares to a former technical consultant. All of the restricted stock from this grant is fully vested.

In December 2013, the Company's directors, executives, and a former technical consultant were granted an aggregate of 95,000 shares of restricted stock. The restricted stock was set to vest over two years, beginning with one-third vesting on the date of grant. All of the restricted stock granted in December 2013 is fully vested.

In November 2014, the Company granted 27,000 restricted shares of common stock to its executives. The restricted stock was originally set to vest over two years, beginning with one-third vesting on the date of grant. In September 2016, the restricted stock agreements were modified. The final one-third of the grant will now vest in January 2019. As of December 31, 2017, there were 9,000 shares of such restricted stock that remained unvested.

In January 2015, the Company granted an aggregate of 30,000 restricted shares of common stock to two of its non-executive directors, of which 10,000 shares vested immediately and the remaining two-thirds vested equally over two years. In addition, the Company granted 10,000 restricted shares of common stock to a former technical consultant which vested immediately. The Compensation Committee also elected to immediately vest all of the stock options and restricted stock previously issued to the former technical consultant. All of the restricted stock granted in January 2015 is fully vested.

In September 2015, the Company granted 85,000 restricted shares of common stock to its executives. The restricted stock was originally set to vest over two years, beginning with one-third vesting on the date of grant. In September 2016, the restricted stock agreements for two executives were modified such that the final one-third of their restricted stock grant will vest in January 2019. As of December 31, 2017, there were 13,332 shares of such restricted stock that remained unvested.

In December 2015, the Company granted 40,000 restricted shares of common stock to two of its non-executive directors. The restricted stock vests over two years, beginning with one-third vesting on the date of grant. As of December 31, 2017, all of the restricted stock from this grant was fully vested.

In August 2016, the Company granted 100,000 restricted shares of common stock to its executives. A portion of the restricted stock granted vests over two years, beginning one-third on the date of grant. The remainder of the restricted stock granted vests in January 2019. As of December 31, 2017, there were 46,666 shares of such restricted stock that remained unvested.

In November 2016, the Company granted 75,000 restricted shares of common stock to its non-executive directors. The restricted stock granted vests in January 2019. As of December 31, 2017, there were 75,000 shares of such restricted stock that remained unvested.

In November 2017, the Company granted 155,000 restricted shares of common stock to its executives and non-executive directors. The restricted stock granted vests in January 2020. As of December 31, 2017, there were 155,000 shares of such restricted stock that remained unvested.

As of December 31, 2017, the total compensation cost related to unvested awards not yet recognized was $4,241,890. The remaining costs will be recognized over the remaining vesting period of the awards. Brad Juneau, the Company's Chairman, President and Chief Executive Officer, nor any of the Company's non-executive directors have ever been paid a salary or cash compensation.

Stock Options. The option awards listed in the table below have been granted to directors, executives and consultants of the Company:

	Option Awards			
Period Granted	**Options Granted**	**Weighted Average Exercise Price**	**Vesting Period [7]**	**Expiration Date**
September 2011 [1]	50,000	$13.13	Vested over two years, beginning with one-third on the grant date.	September 2016
July 2012 [2]	100,000	$10.25	Vested over two years, beginning with one-third on the grant date.	July 2017
December 2012 [3]	250,000	$10.20	Vested over two years, beginning with one-third on the grant date.	December 2017
June 2013 [4]	37,500	$10.00	Vested Immediately	June 2018
July 2013 [5]	5,000	$10.00	Vested Immediately	July 2018
September 2013 [6]	37,500	$10.01	Vested Immediately	September 2018
September 2013 [6]	15,000	$10.01	Vests over two years, beginning with one-third on the grant date.	September 2018

([1]) The Company granted $_{40,000}$ stock options to its directors and executives and an additional $_{10,000}$ stock options to a former technical consultant, for services performed during fiscal year $_{2011.}$ Of the total options granted $_{15,000}$ were later forfeited.

([2]) The Company granted $_{75,000}$ stock options to its directors and executives and an additional $_{25,000}$ stock options to a former technical consultant for services performed during fiscal year $_{2012.}$ Of the total options granted as a part of this grant, $_{25,000}$ were later forfeited.

([3]) The Company granted $_{175,000}$ stock options to its directors and executives and an additional $_{75,000}$ stock options to a former technical consultant for services performed during fiscal year $_{2013.}$ Of the total options granted as a part of this grant, $_{50,000}$ were later forfeited.

([4]) The Company granted $_{37,500}$ stock options to its executives 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 executives 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 Amended Equity Plan, any options that are unvested at that time will immediately vest. The Company's Compensation Committee has determined that the Transactions do $_{not}$ constitute a change of control under the Amended Equity Plan.

During the quarter ended December 31, 2017, the Company's current executives, directors, and consultants cashless exercised 190,000 stock options resulting in the issuance of 93,026 shares of common stock to the exercising parties and no proceeds to the Company. During the year ended 2017, the Company's current and former executives, directors, and consultants cashless exercised 140,000 stock options resulting in the issuance of 71,454 shares of common stock to the exercising parties and no proceeds to the Company. 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. As of December 31, 2017, the stock options had a weighted-average remaining life of approximately 0.6 years. The total compensation cost related to these options has been fully recognized as all of the options are fully vested.

A summary of the status of stock options granted under the Amended Equity Plan as of December 31, 2017 and changes during the six months then ended, is presented in the table below:

	Six Months Ended December 31, 2017	
	Shares Under Options	Weighted Average Exercise Price
Outstanding, June 30, 2017	265,000	$ 10.00
Granted	—	—
Exercised	190,000	$ —
Forfeited	—	—
Outstanding, December 31, 2017	75,000	$ 10.01
Aggregate intrinsic value	$ 687,300	
Exercisable, end of period	75,000	$ 10.01
Aggregate intrinsic value	$ 687,300	
Available for grant, end of period	384,094	

11. Commitments and Contingencies

Tetlin Lease. The Tetlin Lease had an initial ten year term beginning July 2008 which was extended for an additional ten years to July 15, 2028, and for so long thereafter as the Joint Venture Company initiates and continues to conduct mining operations on the Tetlin Lease.

Pursuant to the terms of the Tetlin Lease, the Joint Venture 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 the Joint Venture Company derive revenues from the properties covered under the Tetlin Lease, the Joint Venture Company is required to pay the Tetlin Tribal 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 December 31, 2017, the Company had paid the Tetlin Tribal 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 Tribal Council has the option to increase their production royalty by (i) 0.25% by payment to the Joint Venture Company of $150,000, (ii) 0.50% by payment to the Joint Venture Company of $300,000, or (iii) 0.75% by payment to the Joint Venture Company of $450,000. Until such time as production royalties begin, the Joint Venture Company must pay the Tetlin Tribal 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 Joint Venture Company's Triple Z, Tok/Tetlin, Eagle, Bush, West Fork, and Noah claims are all located on state of Alaska lands. The annual claim rentals on these projects vary based on the age of the claims, and are due and payable in full by November 30 of each year. Annual claims rentals for the 2017-2018 assessment year totaled $155,505. The Joint Venture 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.

Royal Gold Royalties. The Joint Venture Company is obligated to pay Royal Gold (i) an overriding royalty of 3.0% should the Joint Venture Company derive revenues from the Tetlin Lease, Additional Properties and certain other properties and (ii) an overriding royalty of 2.0% should the Joint Venture Company derive revenues from certain properties.

Available Information

General information about the Company can be found on the Company's website at www.contangoore.com. Our annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K, as well as any amendments and exhibits to those reports, are available free of charge through our website as soon as reasonably practicable after we file or furnish them to the Securities and Exchange Commission ("SEC").

Item 2. ***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 consolidated financial statements and the accompanying notes and other information included elsewhere in this Form 10-Q and in our Form 10-K, for the fiscal year ended June 30, 2017, previously filed with the SEC.

Cautionary Statement about 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 "Exchange Act"). The words and phrases “should be”, “will be”, “believe”, “expect”, “anticipate”, “estimate”, “forecast”, “goal” and similar expressions identify forward-looking statements and express our expectations about future events. These include such matters as:

- The Company's financial position
- Business strategy, including outsourcing
- Meeting Company forecasts and budgets
- Anticipated capital expenditures
- Prices of gold and associated minerals
- Timing and amount of future discoveries (if any) and production of natural resources on our Peak Gold Joint Venture Property
- Operating costs and other expenses
- Cash flow and anticipated liquidity
- Prospect development
- New governmental laws and regulations

Although the Company believes 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
- Declines and variations in the price of gold and associated minerals
- 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.
- Timely and full receipt of sale proceeds from the sale of any of our mined products (if any)
- Stock price and 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
- Competition generally and the increasing competitive nature of our industry
- Risks related to title to properties

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-Q 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.

Overview

The Company is a Houston-based company, whose primary business is the participation in a joint venture to explore in the State of Alaska for gold ore and associated minerals. On January 8, 2015, the Company and Royal Gold, Inc. ("Royal Gold"), through their wholly-owned subsidiaries, consummated the transactions (the "Transactions") contemplated under the Master Agreement, dated as of September 29, 2014 (the "Master Agreement"), including the formation of the Joint Venture Company, to advance exploration of the Peak Gold Joint Venture Property (as defined below), which is prospective for gold and associated minerals. As of December 31, 2017, the Joint Venture Company leased or controlled over an estimated 849,900 acres for the exploration of gold ore and associated minerals.

Background

Contango Mining Company ("Contango Mining"), a wholly owned subsidiary of Contango Oil & Gas Company ("Contango"), was formed for the purpose of mineral exploration in the State of Alaska. The Company was formed on September 1, 2010 as a Delaware corporation and on November 29, 2010, Contango Mining assigned all its properties and certain other assets and liabilities to Contango. Contango contributed the 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 then 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.

Contango Mining acquired an interest in properties from Juneau Exploration, L.P., ("JEX") in exchange for $1 million and a 3.0% overriding royalty interest in the properties granted to JEX. JEX assisted the Company in acquiring additional properties in Alaska pursuant to an Advisory Agreement dated September 6, 2012, and the Company granted to JEX a 2% overriding royalty interest in the additional properties acquired. On September 29, 2014, pursuant to a Royalty Purchase Agreement between JEX and Royal Gold (the "Royalty Purchase Agreement"), JEX sold its entire overriding royalty interest in the properties to Royal Gold. On the same date, the Company terminated the Advisory Agreement with JEX. In connection with the closing of the Transactions with Royal Gold (the "Closing"), the Company formed the Joint Venture Company and contributed to the Joint Venture Company the Peak Gold Joint Venture Property near Tok, Alaska, together with other personal property (the "Contributed Assets") with a historical cost of $1.4 million and an agreed value of $45.7 million (the "Contributed Assets Value"). At the Closing, the Company and Royal Gold, through their wholly-owned subsidiaries, entered into the JV LLCA.

Upon Closing, Royal Gold initially contributed $5 million to fund exploration activity of the Joint Venture Company. The initial $5 million did not give Royal Gold an equity stake in the Joint Venture Company. In connection with the initial contribution, Royal Gold received an option to earn up to a 40% interest in the Joint Venture Company by investing up to $30 million (inclusive of the initial $5 million investment) prior to October 2018. As of December 31, 2017, Royal Gold has contributed $29.3 million (including its initial $5 million investment) to the Joint Venture Company and earned a 39.0% interest in the Joint Venture Company. The proceeds of Royal Gold's investment have been and will be used by the Joint Venture Company for additional exploration of the property it controls.

Properties

Since 2009, the Company's primary focus has been the exploration of a mineral lease with the Native Village of Tetlin whose governmental entity is the Tetlin Tribal Council ("Tetlin Tribal Council") for the exploration of minerals near Tok, Alaska on a currently estimated 675,000 acres (the "Tetlin Lease") and almost all of the Company's resources have been directed to that end. All significant work presently conducted by the Company has been directed at exploration of the Tetlin Lease and increasing understanding of the characteristics of, and economics of, any mineralization. There are no known quantifiable mineral reserves on the Tetlin Lease or any of the Company's other properties as defined by the Securities and Exchange Commission ("SEC") Industry Guide 7.

The Tetlin Lease originally had a ten year term beginning July 2008 which was extended for an additional ten years to July 15, 2028. 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 Tetlin Tribal Council, which varies from 2.0% to 5.0%, depending on the type of metal produced and the year of production. In June 2011, the Company paid the Tetlin Tribal Council $75,000 in exchange for reducing the production royalty payable to them by 0.25%. In July 2011, the Company paid the Tetlin Tribal 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 Tribal Council has the option to increase its production royalty by (i) 0.25% by payment to the Joint Venture Company of $150,000, (ii) 0.50% by payment to the Joint Venture Company of $300,000, or (iii) 0.75% by payment to the Joint Venture Company of $450,000.

The Joint Venture Company also holds certain State of Alaska unpatented mining claims for the exploration of gold ore and associated minerals. The Company believes that the Joint Venture Company holds good title to its properties, in accordance with standards generally accepted in the mineral industry. As is customary in the mineral industry, the Company conducted only a preliminary title examination at the time it acquired the Tetlin Lease. The Joint Venture Company conducted a title examination prior to the assignment of the Tetlin Lease to the Joint Venture Company and performed certain curative title work. Before the Joint Venture Company begins any mine development work, however, the Joint Venture Company is expected to again conduct a full title review and perform curative work on any defects that it deems 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.

The following table summarizes the Tetlin Lease and unpatented mining claims (the "Peak Gold Joint Venture Property") held by the Joint Venture Company as of December 31, 2017:

Property	Location	Commodities	Claims	Estimated Acres	Type
Tetlin-Tok	Eastern Interior	Gold, Copper, Silver	131	10,900	State Mining Claims
Eagle	Eastern Interior	Gold, Copper, Silver	428	65,900	State Mining Claims
Bush	Eastern Interior	Gold, Copper, Silver	48	7,700	State Mining Claims
West Fork	Eastern Interior	Gold, Copper, Silver	48	7,700	State Mining Claims
Triple Z	Eastern Interior	Gold, Copper, Silver	45	7,200	State Mining Claims
Noah	Eastern Interior	Gold, Copper, Silver	482	75,400	State Mining Claims
Tetlin-Village	Eastern Interior	Gold, Copper, Silver	-	675,000	Lease
	TOTALS:		1,182	849,800	

Strategy

Partnering with strategic industry participants to expand future exploration work. In connection with an evaluation of the Company's strategic options conducted by the Board of Directors and its financial advisor, the Company determined to continue its exploration activities on the Peak Gold Joint Venture Property through a joint venture with an experienced industry participant. As a result, the Company formed the Joint Venture Company pursuant to the JV LLCA with Royal Gold. Under the JV LLCA, Royal Gold is appointed as the manager of the Joint Venture Company (the "Manager"), initially, with overall management responsibility for operations of the Joint Venture Company through October 31, 2018, and, thereafter, provided Royal Gold earns at least a forty percent (40%) percentage interest by October 31, 2018. Royal Gold may resign as Manager and can be removed as Manager for a material breach of the JV LLCA, a material failure to perform its obligations as the Manager, a failure to conduct the Joint Venture Company operations in accordance with industry standards and applicable laws, and other limited circumstances. The Manager will manage, and direct the operation of the Joint Venture Company, and will discharge its duties, in accordance with approved programs and budgets. The Manager will implement the decisions of the Management Committee of the Joint Venture Company (the "Management Committee") and will carry out the day-to-day operations of the Joint Venture Company. Except as expressly delegated to the Manager, the JV LLCA provides that the Management Committee has exclusive authority to determine all management matters related to the Company. Initially, the Management Committee consists of one appointee designated by the Company and two appointees designated by Royal Gold. Each designate on the Management Committee is entitled to one vote. Except for the list of specific actions set forth in the JV LLCA Agreement, the affirmative vote by a majority of designates is required for action.

Structuring Incentives to Drive Behavior. The Company believes that equity ownership aligns the interests of the Company's executives and directors with those of its stockholders. As of December 31, 2017, the Company's directors and executives beneficially own approximately 14.9% of the Company's common stock. An additional 13.2% of the Company's common stock is beneficially owned by the Marital Trust of Mr. Kenneth R. Peak, the Company's former Chairman, who passed away on April 19, 2013.

Restricted Stock. In November 2010, the Company granted 70,429 restricted shares of common stock to its executives and directors and an additional 23,477 restricted shares to a former technical consultant. All of the restricted stock from this grant is fully vested.

In December 2013, the Company's directors, executives, and a former technical consultant were granted an aggregate of 95,000 shares of restricted stock. The restricted stock was set to vest over two years, beginning with one-third vesting on the date of grant. All of the restricted stock granted in December 2013 is fully vested.

In November 2014, the Company granted 27,000 restricted shares of common stock to its executives. The restricted stock was originally set to vest over two years, beginning with one-third vesting on the date of grant. In September 2016, the restricted stock agreements were modified. The final one-third of the grant will now vest in January 2019. As of December 31 , 2017, there were 9,000 shares of such restricted stock that remained unvested.

In January 2015, the Company granted an aggregate of 30,000 restricted shares of common stock to two of its non-executive directors, of which 10,000 shares vested immediately and the remaining two-thirds vested equally over two years. In addition, the Company granted 10,000 restricted shares of common stock to a former technical consultant which vested immediately. The Compensation Committee also elected to immediately vest all of the stock options and restricted stock previously issued to the former technical consultant. All of the restricted stock granted in January 2015 is fully vested .

In September 2015, the Company granted 85,000 restricted shares of common stock to its executives. The restricted stock was originally set to vest over two years, beginning with one-third vesting on the date of grant. In September 2016, the restricted stock agreements for two executives were modified such that the final one-third of their restricted stock grant will vest in January 2019. As of December 31 , 2017, there were 13,332 shares of such restricted stock that remained unvested.

In December 2015, the Company granted 40,000 restricted shares of common stock to two of its non-executive directors. The restricted stock vests over two years, beginning with one-third vesting on the date of grant. As of December 31 , 2017, all of the restricted stock from this grant was fully vested.

In August 2016, the Company granted 100,000 restricted shares of common stock to its executives. A portion of the restricted stock granted vests over two years, beginning one-third on the date of grant. The remainder of the restricted stock granted vests in January 2019. As of December 31, 2017, there were 46,666 shares of such restricted stock that remained unvested.

In November 2016, the Company granted 75,000 restricted shares of common stock to its non-executive directors. The restricted stock granted vests in January 2019. As of December 31, 2017, there were 75,000 shares of such restricted stock that remained unvested.

In November 2017, the Company granted 155,000 restricted shares of common stock to its executives and non-executive directors. The restricted stock granted vests in January 2020. As of December 31, 2017, there were 155,000 shares of such restricted stock that remained unvested.

Stock Options. As of the date of this report, 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]**	**Expiration Date**
September 2011 [1]	50,000	$13.13	Vests over two years, beginning with one-third on the grant date.	September 2016
July 2012 [2]	100,000	$10.25	Vests over two years, beginning with one-third on the grant date.	July 2017
December 2012 [3]	250,000	$10.20	Vests over two years, beginning with one-third on the grant date.	December 2017
June 2013 [4]	37,500	$10.00	Vested Immediately	June 2018
July 2013 [5]	5,000	$10.00	Vested Immediately	July 2018
September 2013 [6]	37,500	$10.01	Vested Immediately	September 2018
September 2013 [6]	15,000	$10.01	Vests over two years, beginning with one-third on the grant date.	September 2018

(1) The Company granted 40,000 stock options to its directors and executives and an additional 10,000 stock options to its technical consultant, the owner of Avalon, for services performed during fiscal year 2011. Of the total options granted 15,000 were later forfeited.

(2) The Company granted 75,000 stock options to its directors and executives and an additional 25,000 stock options to its technical consultant for services performed during fiscal year 2012. Of the total options granted as a part of this grant, 25,000 were later forfeited.

(3) The Company granted 175,000 stock options to its directors and executives and an additional 75,000 stock options to its technical consultant for services performed during fiscal year 2013. Of the total options granted as a part of this grant, 50,000 were later forfeited.

(4) The Company granted 37,500 stock options to its executives 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 executives 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 Amended Equity Plan, any options that are unvested at that time will immediately vest. The Company's Compensation Committee has determined that the Transactions do not constitute a change in control under the Amended Equity Plan.

During the quarter ended December 31, 2017, the Company's current executives, directors, and consultants cashless exercised 190,000 stock options resulting in the issuance of 93,026 shares of common stock to the exercising parties and no proceeds to the Company. During fiscal year 2017, the Company's current and former executives, directors, and consultants cashless exercised 140,000 stock options resulting in the issuance of 71,454 shares of common stock to the exercising parties and no proceeds to the Company.

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, such as land constituting the Tetlin Lease 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 State of Alaska government owns public lands. Mineral resource exploration, development and production are administered primarily by the State Department of Natural Resources. Ownership of the subsurface mineral estate, including alluvial and lode mineral rights, can be acquired by staking a 40 acre or 160 acre mining claim, which right is granted under Alaska Statute Sec. 38.05.185 to 38.05.275, as amended (the "Alaska Mining Law"). The State of Alaska government continues to own the surface estate, subject to certain rights of ingress and egress owned by the claimant, even though the subsurface can be controlled by a claimant with a right to extract through claim staking. A mining claim is subject to annual assessment work requirements, the payment of annual rental fees and royalties due to the State of Alaska after commencement of commercial production. Both private fee-land and unpatented mining claims and related rights, including rights to use the surface, are subject to permitting requirements of federal, state, tribal and local governments.

Gold Exploration

The Joint Venture Company controls an estimated 849,800 acres consisting of the Tetlin Lease and State of Alaska mining claims for the exploration of gold and associated minerals. To date, our gold exploration has concentrated on the Tetlin Lease, with only a limited amount of work performed on the Tok, Eagle, Bush, West Fork, Triple Z, and Noah claims.

The Joint Venture Company initiated a summer of 2015 exploration program on the Tetlin Lease. The work program anticipated spending $5 million with a possible expansion of the work program in early fall if drilling results warranted further work. The drilling program included exploration targets that were helicopter-supported at the Tors, Saddle, North Saddle and Saddle Skarn targets and road-supported work at the Peak Zone area. Most of the initial work program (Phase I) was completed by early August with assay results received by early September. On August 31, 2015, the Joint Venture Company approved a budget of up to approximately $4 million for additional exploration work to be completed before the drilling season ended in October 2015 and incurred aggregate cost of approximately $6.8 million for the calendar 2015 exploration program.

The Joint Venture Company initiated a calendar 2016 Phase I exploration program consisting of drilling the North Peak target area which began in February 2016 on the Tetlin Lease with an approved budget of $4.4 million. An additional budget was approved for spending up to an additional $6.8 million during the remainder of calendar 2016. The Joint Venture Company initiated a 2016 Phase II exploration drilling program in May, which was completed in September. A Phase III exploration drilling program was initiated in October and completed in November. The project incurred an aggregate cost in calendar 2016 of approximately $10.6 million.

The Joint Venture Company initiated a calendar 2017 Phase I exploration program consisting of drilling the North Peak target area and testing the True Blue Moon target area which began in February 2017 on the Tetlin Lease with an approved budget of $5.3 million. The 2017 Phase I program was completed in April. The Joint Venture Company initiated a 2017 Phase II exploration drilling and reconnaissance program in May, which was completed in July 2017. The Joint Venture Company initiated Phase III of the 2017 drilling program, which consisted of exploration drilling in the West Peak, West Peak Extension, 7 O'clock, Forks, and North Peak areas in September 2017. Phase III was completed in October 2017. The calendar 2017 Phase I, Phase II, and Phase III programs and associated technical work incurred an aggregate cost through December 31, 2017 of approximately $12.2 million.

From inception to December 31, 2017, the Joint Venture Company has incurred $29.5 million in exploration program expenditures. As of December 31, 2017, Royal Gold had funded a total of $29.3 million (including the initial investment of $5 million) and earned a 39.0% interest in the Joint Venture Company.

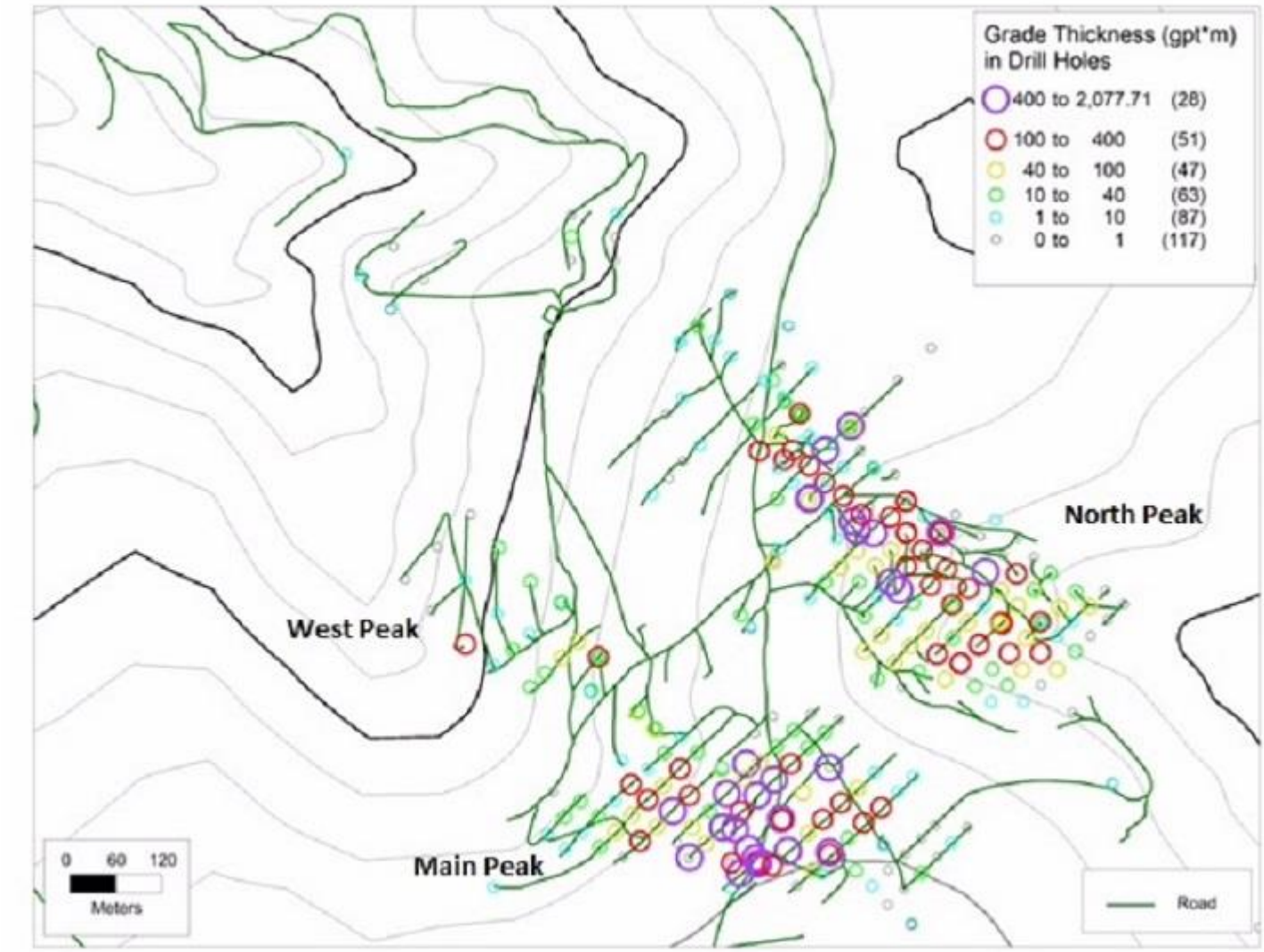
The exploration effort on the Tetlin Lease has resulted in identifying two mineral deposits (Peak and North Peak) and several other gold and copper prospects following drilling programs starting in 2011. Surface, bedrock, and stream sediment data on the Tetlin Lease as well as on the Eagle, Noah and Tok state of Alaska claims adjacent to the Tetlin Lease have been gathered during the summer exploration programs. There was no exploration program in 2014. None of the exploration targets are known to host quantifiable commercial mineral reserves 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 Peak Gold joint venture project, and the Company and the Joint Venture Company are the only entities known to have conducted drilling operations on the Peak Gold joint venture project.

Chief Danny Prospect Area

The Chief Danny Prospect Area currently is the most advanced exploration target on the Tetlin Lease and is comprised of several distinct mineralized areas: Main Peak Zone, Discovery Zone, West Peak Zone, North Peak Zone, Saddle Zone and the 7 O'clock area. 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 Main Peak, Discovery, West Peak, and North Peak) and a fault-offset arsenic-gold enriched zone to the north covering three square miles at the Saddle Zone. The Company has conducted extensive drilling on the Main Peak, North Peak, and West Peak Zones. The Company has also conducted some environmental base line studies on the areas surrounding the Chief Danny prospect, as well as airborne magnetic and resistivity programs. From 2009 through 2017, 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	—	—	36,006	—	—
2013	Chief Danny	8,970	14	1,406	85	278	47,081	2,414	—
2014	Chief Danny	—	—	—	—	—	—	—	—
2015	Chief Danny	8,352	133	—	—	—	46,128	—	—
2016	Chief Danny	10,450	21	694	—	—	67,336	24	—
2017	Chief Danny	11,864	112	975	408	408	59,347	48	—
	Total	46,126	1,953	5,585	1,255	1,492	263,955	6,457	2,330

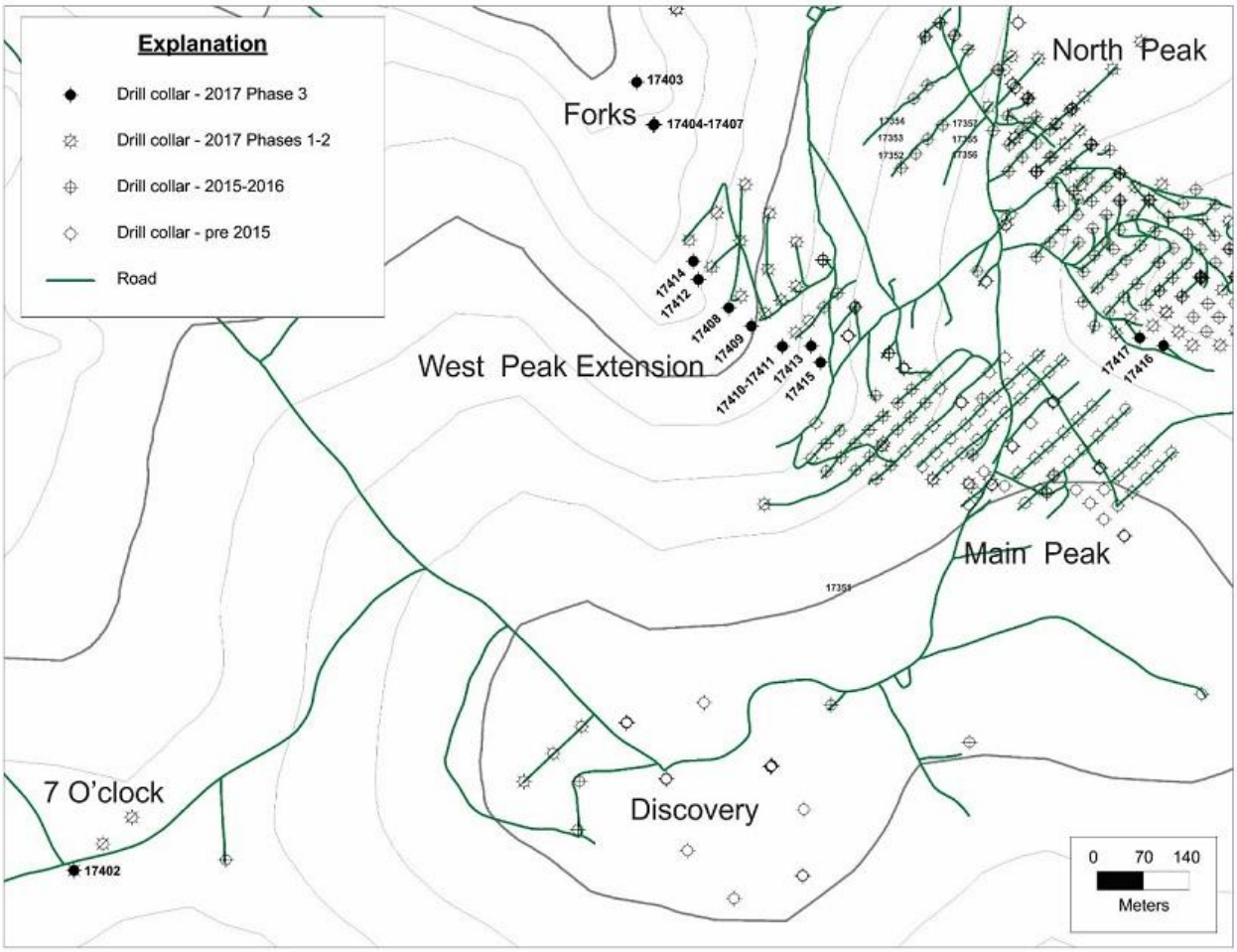
The map below depicts the grade times thickness in the Main Peak, North Peak, and West Peak zones:



2017 Exploration Program - Phase III. The Phase III exploration drilling completed by the Joint Venture Company on the Peak Gold Joint Venture Property totaled 2,966 meters (9,731 feet) in 16 holes. The Joint Venture Company spent an estimated $4.7 million, during the September and December quarter combined, on program activities, including drilling, geochemical analyses, landholding fees and other related expenses. Phase III drilling consisted of exploration drilling West Peak and West Peak Extension (1,707 meters), 7 O'clock (203 meters), Forks (729 meters), and North Peak (327). The 2017 Phase III program was completed October 18, 2017, and statistics represent the full Phase III program.

A total of 363 pan concentrate, 364 stream sediment and 5 grab rock samples were collected over the Noah and southern Eagle claims in July and early August. Results from these efforts were received in the third quarter and revealed three large areas where anomalous gold, arsenic, and copper were concentrated. Gold, arsenic and copper in steams sediment samples range up to 377 ppb, 161 ppm and 412 ppm, respectively. Gold, arsenic and copper in pan cons range up to 9,929 ppb, 803 ppm and 206 ppm, respectively.

The map below depicts the location of the core holes drilled during the 2017 Phase III program:

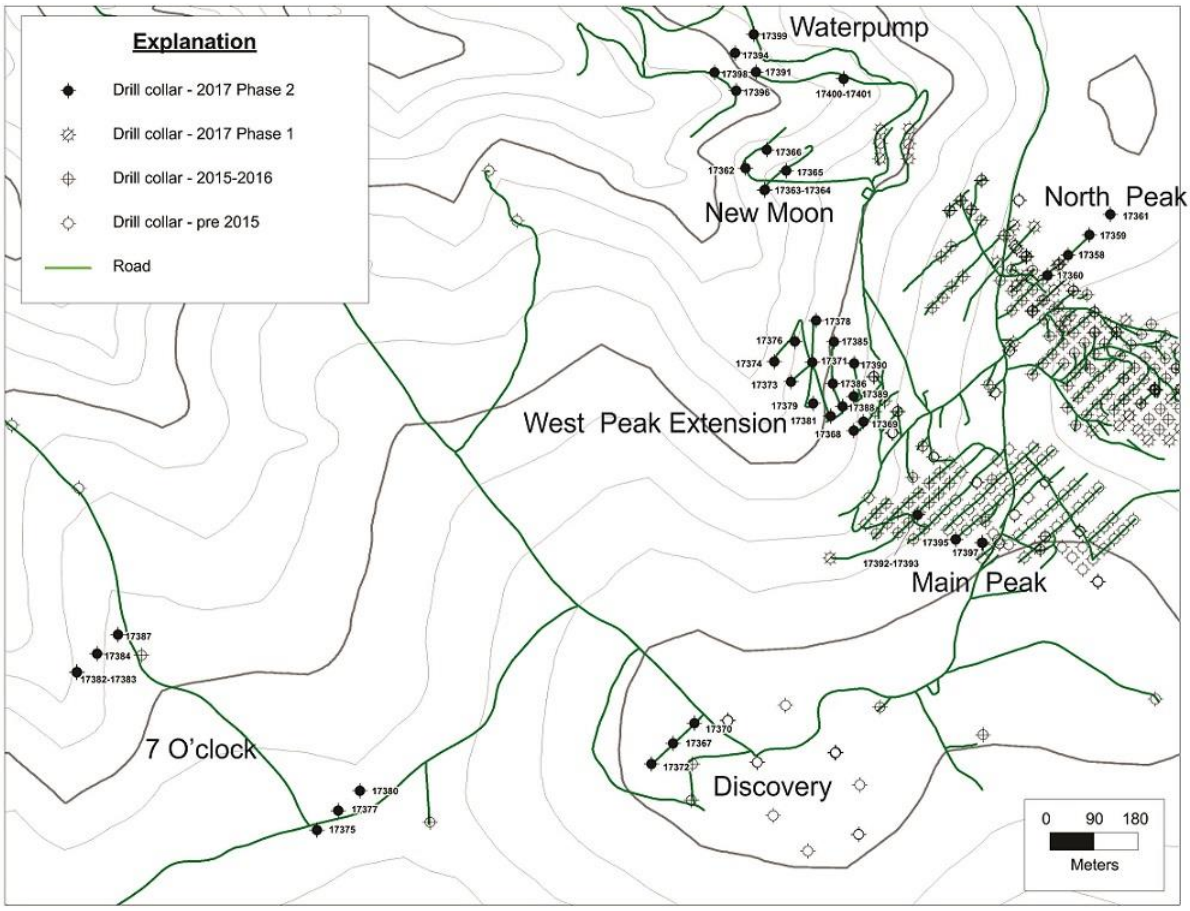


Significant Drill Intercepts from the 2017 Phase III Program. Sample intervals are calculated using 0.5 grams per tonne (gpt) lower cut off for gold with no internal waste less than cutoff grade that is greater than 3 meters in thickness. Intercepts shown are drill intercept lengths. True width of mineralization 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%. The following table summarizes the significant drilling results obtained for the complete Phase II of the 2017 Program:

DrillHole	Zone	From (meters)	To (meters)	Interval (meters)	Au gpt	Au opt	Ag gpt	Cu %
TET17408	West Peak Ext	78.05	82.01	3.96	1.35	0.039	0.1	0.006
and	West Peak Ext	88.33	93.75	5.42	1.33	0.039	0.3	0.013
TET17408	West Peak Ext	150.08	151.93	1.85	2.50	0.073	1.9	0.021
TET17409	West Peak Ext	113.07	117.54	4.47	0.86	0.025	1.3	0.010
TET17411	West Peak Ext	161.17	162.78	1.61	4.55	0.133	10.0	0.116
TET17412	West Peak Ext	140.19	141.22	1.03	4.79	0.140	2.1	0.018
and	West Peak Ext	148.44	151.19	2.75	0.76	0.022	0.9	0.005
TET17412	West Peak Ext	156.50	157.44	0.94	1.61	0.047	0.0	0.010
TET17413	West Peak Ext	140.50	142.57	2.07	1.68	0.049	2.97	0.082
TET17415	West Peak Ext	201.73	202.98	1.25	2.95	0.086	12.3	0.004

2017 Exploration Program - Phase II. The Phase II exploration drilling completed by the Joint Venture Company on the Peak Gold Joint Venture Property totaled 9,761 meters (32,038 feet) in 44 holes. The Joint Venture Company spent an estimated $4.7 million, during the June quarter, on program activities, including drilling, geochemical analyses, landholding fees and other related expenses. Drilling, through the end of July, consisted of exploration drilling West Peak (461 meters), West Peak Extension (2,603 meters) Discovery (1,034 meters), 7 O'clock (1,443 meters), New Moon (1,398 meters), Waterpump (1,161 meters), Main Peak (570 meters) and North Peak (1,095). Soils auger sampling and IP geophysical surveys were conducted in the Chief Danny area. Stream sediment and pan concentrate samples were collected across the Noah group of claims. The 2017 Phase II program was completed July 31, 2017, and statistics represent the full Phase II program.

The map below depicts the location of the core holes drilled during the 2017 Phase II program:



Significant Drill Intercepts from the 2017 Phase II Program. Sample intervals are calculated using 0.5 grams per tonne (gpt) lower cut off for gold with no internal waste less than cutoff grade that is greater than 3 meters in thickness. 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%. The following table summarizes the significant drilling results obtained for the complete Phase II of the 2017 Program:

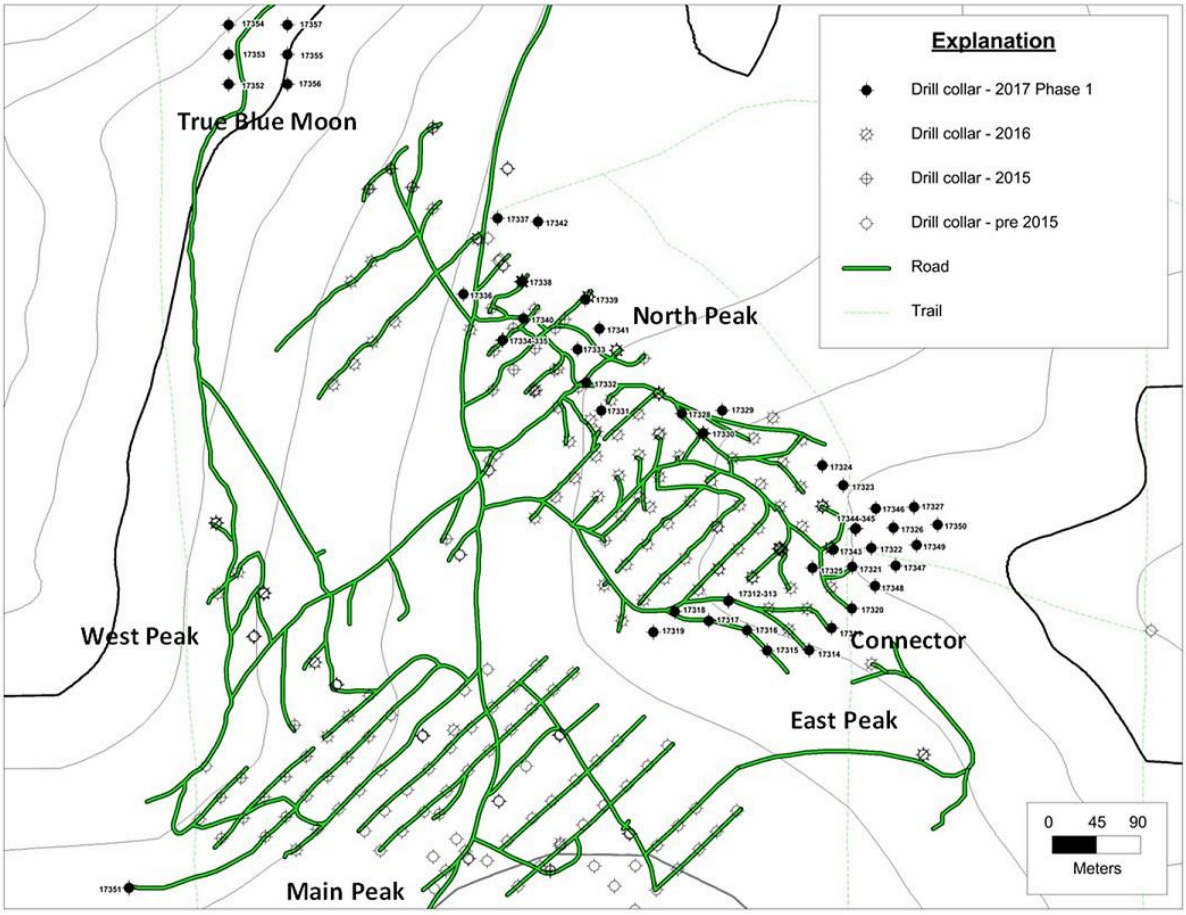
DrillHole	Zone	From (meters)	To (meters)	Interval (meters)	Au gpt	Au opt	Ag gpt	Cu %
TET17351	Main Peak	16.30	18.55	2.25	1.88	0.055	1.0	0.025
TET17353	True Blue Moon	91.97	93.73	1.76	9.15	0.267	2.0	0.375
Including	True Blue Moon	91.97	92.14	0.17	81.60	2.380	2.4	0.249
TET17357	True Blue Moon	56.43	61.77	5.34	0.87	0.025	1.5	0.249
TET17360	North Peak	24.27	26.67	2.40	0.63	0.044	2.4	0.137
TET17362	New Moon	66.01	68.58	2.57	1.03	0.030	2.6	0.084
TET17363	New Moon	39.48	41.76	2.28	1.78	0.052	0.0	0.016
and	New Moon	213.59	215.31	1.72	0.95	0.028	1.1	0.017
TET17367	Discovery	44.65	45.11	0.46	4.33	0.126	6.1	0.069
and	Discovery	182.06	183.80	1.74	1.11	0.032	1.9	0.102
and	Discovery	253.68	257.10	3.42	1.28	0.037	1.0	0.052
and	Discovery	313.34	315.15	1.81	1.44	0.042	1.6	0.121
TET17368	West Peak Ext	117.15	118.00	0.85	2.70	0.079	17.7	0.063
and	West Peak Ext	123.75	126.70	2.95	0.70	0.020	2.9	0.073
and	West Peak Ext	142.35	147.22	4.87	0.76	0.022	1.2	0.021
and	West Peak Ext	175.41	178.11	2.70	1.14	0.033	0.7	0.020
TET17369	West Peak Ext	172.82	186.91	14.09	2.75	0.080	3.1	0.101
Including	West Peak Ext	172.82	173.79	0.97	9.57	0.279	4.7	0.022
and	West Peak Ext	174.94	176.17	1.23	9.51	0.277	5.1	0.206
TET17370	Discovery	100.30	103.03	2.73	0.66	0.019	2.4	0.058
and	Discovery	166.73	167.73	1.00	6.30	0.184	1.3	0.041
and	Discovery	221.36	223.04	1.68	0.93	0.027	0.0	0.002
TET17371	West Peak Ext	196.94	199.75	2.81	0.74	0.022	3.2	0.075
TET17372	Discovery	292.78	298.19	5.41	0.58	0.017	1.7	0.047
and	Discovery	304.01	305.65	1.64	1.87	0.055	1.8	0.077
TET17375	Seven o'clock	218.14	219.54	1.40	13.20	0.385	24.7	0.594
TET17377	Seven o'clock	246.66	249.10	2.44	4.25	0.124	59.6	0.540
TET17379	West Peak Ext	103.24	111.40	8.16	5.22	0.152	0.7	0.010
Including	West Peak Ext	108.36	109.14	0.78	18.20	0.531	1.5	0.025
and	West Peak Ext	116.60	145.70	29.10	2.53	0.074	0.6	0.030
Including	West Peak Ext	143.16	143.86	0.70	8.93	0.260	2.4	0.091
TET17381	West Peak Ext	135.90	138.17	2.27	1.27	0.037	1.7	0.012
TET17385	West Peak Ext	154.53	160.07	5.54	2.06	0.060	80.5	0.278
TET17388	West Peak Ext	6.71	12.48	5.77	0.67	0.020	0.8	0.162
and	West Peak Ext	20.47	22.08	1.61	2.59	0.076	0.0	0.080
and	West Peak Ext	127.56	133.50	5.94	0.55	0.016	0.4	0.013
and	West Peak Ext	151.66	166.73	15.07	1.66	0.048	1.3	0.027
TET17389	West Peak Ext	162.60	166.12	3.52	0.66	0.019	2.1	0.042
TET17390	West Peak Ext	57.15	60.33	3.18	1.92	0.056	1.6	0.258
and	West Peak Ext	206.96	213.17	6.21	1.31	0.038	0.8	0.031
and	West Peak Ext	264.99	266.49	1.50	6.31	0.184	0.0	0.004
TET17393	Main Peak	2.13	20.51	18.38	3.22	0.094	2.0	0.082
Including	Main Peak	3.96	5.18	1.22	10.60	0.309	2.1	0.073
and	Main Peak	19.04	19.51	0.47	15.10	0.440	8.6	0.205
TET17393	Main Peak	27.98	71.82	43.84	6.93	0.202	1.9	0.057
Including	Main Peak	39.06	40.08	1.02	92.70	2.704	33.9	0.127
and	Main Peak	50.06	52.00	1.94	19.70	0.575	2.2	0.088
TET17393	Main Peak	78.33	102.72	24.39	2.29	0.067	1.1	0.010
Including	Main Peak	82.75	83.54	0.79	8.75	0.255	1.5	0.019
and	Main Peak	93.57	94.38	0.81	11.40	0.333	6.5	0.014
TET17393	Main Peak	111.86	134.99	23.13	12.56	0.366	9.0	0.086

Including	Main Peak	127.91	128.83	0.92	48.70	1.420	25.7	0.131
and	Main Peak	133.20	134.99	1.79	71.20	2.077	15.9	0.157
TET17395	Main Peak	34.11	36.15	2.04	4.55	0.133	0.0	0.031
and	Main Peak	51.80	55.13	3.33	0.90	0.026	3.6	0.141
and	Main Peak	62.55	73.59	11.04	4.72	0.138	5.7	0.147
TET17395	Main Peak	78.51	219.37	140.86	13.27	0.387	42.6	0.609
Including	Main Peak	116.62	118.70	2.08	49.20	1.435	94.7	0.997
and	Main Peak	118.70	120.25	1.55	93.40	2.724	175.0	1.830
and	Main Peak	155.39	158.37	2.98	44.30	1.292	78.0	1.180
TET17396	Waterpump	33.77	35.55	1.78	1.07	0.031	2.3	0.264
TET17397	Main Peak	23.47	47.89	24.42	12.42	0.362	7.8	0.236
Including	Main Peak	24.89	25.62	0.73	71.60	2.088	14.8	0.137
and	Main Peak	30.14	32.29	2.15	49.50	1.444	8.0	0.283
and	Main Peak	32.29	32.65	0.36	40.80	1.190	24.4	0.907
TET17397	Main Peak	56.87	94.03	37.16	1.70	0.050	4.2	0.093
Including	Main Peak	61.80	63.55	1.75	7.02	0.205	20.3	0.148
and	Main Peak	66.14	67.24	1.10	10.20	0.298	8.6	0.280
TET17397	Main Peak	99.44	165.21	65.77	20.14	0.587	8.8	0.260
Including	Main Peak	124.66	124.94	0.28	162.70	4.745	23.8	0.613
and	Main Peak	124.94	125.75	0.81	68.00	1.983	11.4	0.237
and	Main Peak	148.44	149.12	0.68	57.00	1.663	31.0	1.000

2017 Exploration Program - Phase I. During the quarter ending March 31, 2017, exploration drilling was completed by the Joint Venture Company on the Peak Gold Joint Venture Property totaling 5,236 meters (17,179 feet) in 47 holes. The Joint Venture Company spent an estimated $2.8 million, during the quarter, on program activities, including drilling, geochemical analyses, landholding fees and other related expenses. Drilling consisted of infilling and expanding the mineralized zone in North Peak totaling 3,703 meters, target testing in West Peak totaling 282 meters and target testing of True Blue Moon totaling 1,251 meters.

The map below depicts the location of the core holes drilled during the 2017 Phase I program:

2017 PHASE I CORE HOLES DRILLED



Significant Drill Intercepts from the 2017 Phase I Program. Sample intervals are calculated using 0.5 grams per tonne (gpt) lower cut off for gold with no internal waste less than cutoff grade that is greater than 3 meters in thickness. 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%. The following table summarizes the significant drilling results obtained for the complete Phase I of the 2017 Program:

DrillHole	Zone	From (meters)	To (meters)	Interval (meters)	Au_gpt	Au_opt	Ag_gpt	Cu %
TET17312	North Peak	4.27	33.39	29.12	7.12	0.208	69.4	0.121
Including	North Peak	16.46	18.92	2.46	24.10	0.703	368.0	0.044
and	North Peak	22.95	24.08	1.13	57.40	1.674	72.9	0.237
TET17312	North Peak	36.79	37.59	0.80	4.93	0.144	37.6	0.190
TET17313	North Peak	3.66	31.70	28.04	8.80	0.257	83.8	0.147
Including	North Peak	18.29	20.27	1.98	55.25	1.611	443.3	0.072
TET17313	North Peak	37.62	39.92	2.30	4.67	0.136	27.5	0.110
TET17313	North Peak	79.07	84.43	5.36	3.20	0.093	39.0	0.231
TET17313	North Peak	85.34	85.65	0.31	18.95	0.553	588.0	1.055

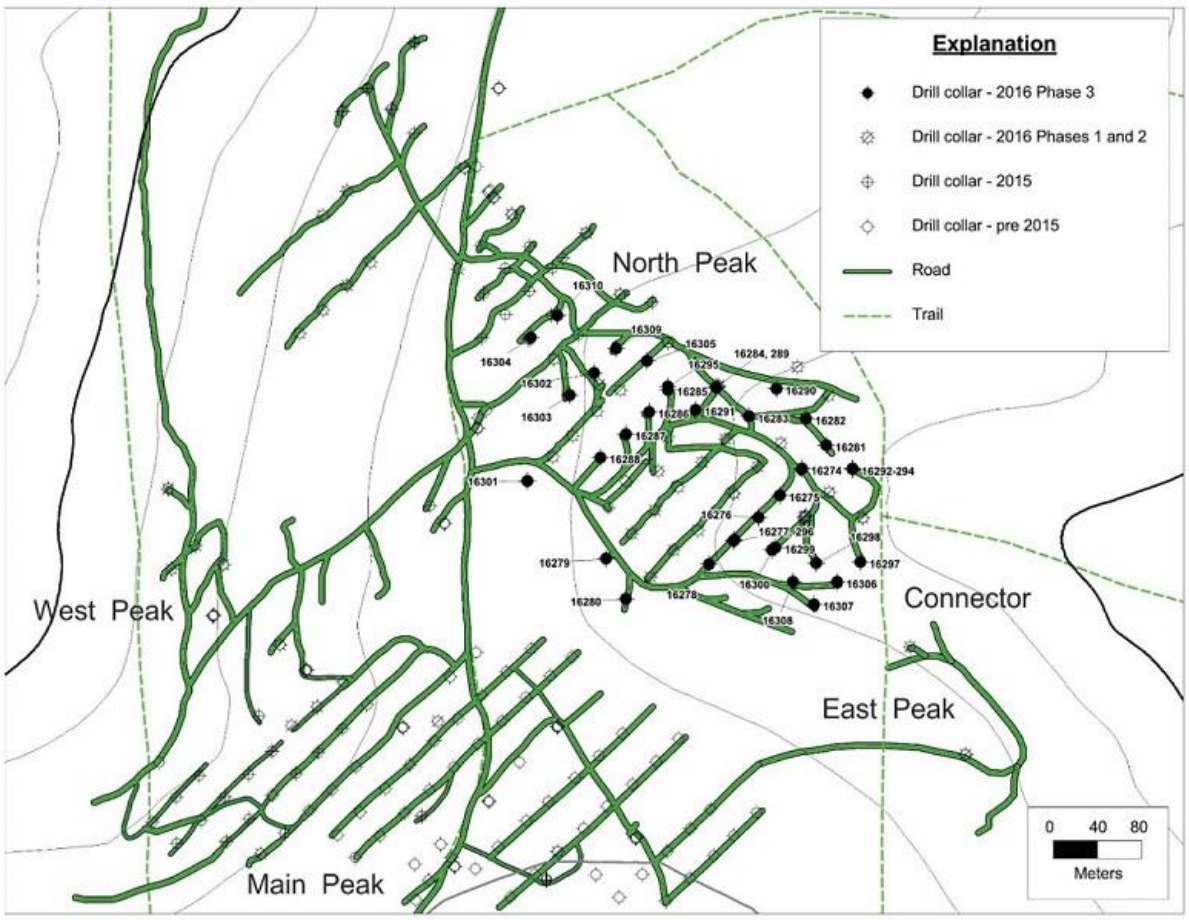
TET17313	North Peak	85.95	86.87	0.92	9.03	0.263	266.0	1.140
TET17314	North Peak	137.02	139.90	2.88	1.23	0.036	217.1	0.102
TET17315	North Peak	81.95	83.06	1.11	2.43	0.071	17.4	0.084
TET17316	North Peak	20.49	26.44	5.95	2.56	0.075	23.5	0.296
TET17316	North Peak	87.03	87.97	0.94	2.79	0.081	13.4	0.178
TET17316	North Peak	100.18	105.16	4.98	1.00	0.029	21.3	0.243
TET17317	North Peak	38.95	46.57	7.62	8.72	0.254	4.1	0.086
Including	North Peak	44.48	46.57	2.09	27.80	0.811	11.2	0.149
TET17318	North Peak	116.91	117.16	0.25	64.20	1.873	14.5	0.008
TET17320	North Peak	2.44	6.46	4.02	2.59	0.076	26.0	0.054
TET17320	North Peak	50.90	57.52	6.62	7.81	0.228	170.0	0.323
TET17321	North Peak	49.99	52.20	2.21	2.28	0.067	258.0	0.430
TET17322	North Peak	29.01	32.46	3.45	0.88	0.026	39.3	0.193
TET17323	North Peak	1.27	7.32	6.05	2.34	0.068	40.3	0.016
TET17325	North Peak	5.49	6.20	0.71	22.00	0.642	9.5	0.128
TET17325	North Peak	10.04	14.83	4.79	3.63	0.106	2.0	0.036
Including	North Peak	12.68	13.22	0.54	21.50	0.627	7.7	0.162
TET17325	North Peak	19.11	20.32	1.21	41.10	1.199	17.4	0.145
TET17325	North Peak	24.88	25.60	0.72	5.40	0.158	56.0	0.308
TET17326	North Peak	3.73	9.99	6.26	11.98	0.349	172.7	0.038
Including	North Peak	7.40	7.67	0.27	84.50	2.465	656.0	0.115
TET17328	North Peak	17.68	19.20	1.52	2.25	0.066	1.6	0.008
TET17331	North Peak	2.13	18.98	16.85	8.68	0.253	5.1	0.023
Including	North Peak	8.53	9.79	1.26	22.40	0.653	7.0	0.048
and	North Peak	17.84	18.98	1.14	28.80	0.840	8.8	0.029
TET17331	North Peak	23.77	33.45	9.68	2.58	0.075	2.0	0.045
TET17331	North Peak	44.74	46.20	1.46	5.43	0.158	2.2	0.056
TET17333	North Peak	4.54	7.64	3.10	0.58	0.017	1.6	0.004
TET17335	North Peak	50.32	75.83	25.51	4.87	0.142	2.6	0.137
Including	North Peak	53.64	55.70	2.06	12.25	0.357	2.8	0.112
and	North Peak	60.19	61.32	1.13	18.80	0.548	4.3	0.202

and	North Peak	63.06	63.81	0.75	11.30	0.330	6.3	0.297
TET17335	North Peak	81.06	93.37	12.31	14.04	0.410	3.0	0.158
Including	North Peak	87.88	89.61	1.73	56.30	1.642	5.6	0.192
TET17336	North Peak	20.42	22.46	2.04	0.75	0.022	4.2	0.095
TET17336	North Peak	106.91	119.89	12.98	1.33	0.039	3.3	0.122
Including	North Peak	111.25	112.31	1.06	8.46	0.247	13.7	0.403
TET17339	North Peak	73.28	75.56	2.28	4.66	0.136	38.1	0.105
Including	North Peak	73.28	73.92	0.64	12.40	0.362	74.1	0.216
TET17340	North Peak	82.87	84.04	1.17	8.33	0.243	18.7	0.080
TET17342	North Peak	9.42	17.37	7.95	0.50	0.015	1.0	0.055
TET17342	North Peak	20.94	21.37	0.43	4.36	0.127	4.4	0.034
TET17343	North Peak	52.88	57.32	4.44	0.60	0.018	39.5	0.524
TET17344	North Peak	10.82	33.38	22.56	3.64	0.106	79.3	0.206
Including	North Peak	15.70	16.38	0.68	10.90	0.318	103.0	1.330
and	North Peak	31.09	32.00	0.91	19.35	0.564	152.0	0.024
TET17345	North Peak	4.71	22.86	18.15	2.99	0.087	31.4	0.330
Including	North Peak	14.87	16.53	1.66	12.75	0.372	73.3	0.983
TET17345	North Peak	28.04	31.70	3.66	9.07	0.265	118.6	0.056
Including	North Peak	31.09	31.70	0.61	23.50	0.685	56.9	0.049
TET17346	North Peak	4.57	7.45	2.88	6.37	0.186	58.8	0.080
TET17348	North Peak	11.28	12.53	1.25	21.10	0.615	62.2	0.431
TET17348	North Peak	16.30	17.21	0.91	5.09	0.148	79.1	0.182

2016 Exploration Program - Phase III. During the quarter ending December 31, 2016, exploration drilling was completed by the Joint Venture Company on the Peak Gold Joint Venture Property totaling 3,883 meters (12,739 feet) in 37 holes. The Joint Venture Company spent an estimated $2.6 million, during the quarter, on program activities, including drilling, geochemical analyses, landholding fees and other related expenses. Drilling was all completed in the North Peak area with the objective of infilling the mineralized area to support a resource estimation.

The map below depicts the location of the core holes drilled during the 2016 Phase III program:

2016 PHASE III CORE HOLES DRILLED



Significant Drill Intercepts from the 2016 Phase III Program. Sample intervals are calculated using 0.5 grams per tonne (gpt) lower cut off for gold with no internal waste less than cutoff grade that is greater than 3 meters in thickness. 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%. The following table summarizes the significant drilling results obtained for the complete Phase III of the 2016 Program:

DrillHole	Zone	From (meters)	To (meters)	Interval (meters)	Au gpt	Au opt	Ag gpt	Cu %
TET16274	North Peak	10.65	18.67	8.02	5.56	0.162	73.5	0.297
Including	North Peak	17.37	18.67	1.30	23.90	0.697	82.5	0.146
TET16274	North Peak	32.62	39.09	6.47	0.99	0.029	42.9	0.241
TET16274	North Peak	46.40	46.78	0.38	4.56	0.133	65.4	0.475
TET16275	North Peak	33.07	36.88	3.81	0.90	0.026	19.1	0.321
TET16275	North Peak	70.76	71.84	1.08	2.04	0.060	9.4	0.226
TET16276	North Peak	30.30	34.80	4.50	1.21	0.035	13.3	0.048
TET16276	North Peak	38.99	55.00	16.01	3.23	0.094	51.1	0.046
Including	North Peak	45.57	46.10	0.53	12.35	0.360	39.5	0.066
and	North Peak	52.58	55.00	2.42	11.75	0.343	237.0	0.020

TET16276	North Peak	71.68	78.24	6.56	1.67	0.049	47.5	0.150
TET16276	North Peak	82.90	86.36	3.46	1.53	0.045	50.1	0.166
TET16276	North Peak	90.68	94.66	3.98	0.70	0.020	8.2	0.141
TET16276	North Peak	99.30	104.88	5.58	1.19	0.035	4.1	0.119
TET16277	North Peak	7.45	9.75	2.30	1.66	0.048	37.2	0.160
TET16277	North Peak	16.90	18.14	1.24	1.84	0.054	55.0	0.163
TET16277	North Peak	41.15	42.95	1.80	1.49	0.043	45.4	0.018
TET16277	North Peak	65.02	67.13	2.11	1.02	0.030	21.1	0.124
TET16277	North Peak	83.27	95.79	12.52	2.56	0.075	128.1	0.091
Including	North Peak	93.88	95.79	1.91	9.51	0.277	479.0	0.200
TET16277	North Peak	121.47	123.70	2.23	1.91	0.056	11.8	0.129
TET16277	North Peak	129.97	134.00	4.03	1.45	0.042	17.7	0.042
TET16278	North Peak	31.81	45.86	14.05	10.58	0.309	16.5	0.137
Including	North Peak	31.81	32.99	1.18	26.00	0.758	10.7	0.292
and	North Peak	38.73	39.88	1.15	30.60	0.893	42.6	0.239
and	North Peak	42.38	43.11	0.73	31.50	0.919	29.8	0.175
and	North Peak	44.42	45.86	1.44	30.00	0.875	38.4	0.163
TET16278	North Peak	55.81	59.03	3.22	1.56	0.046	11.3	0.076
TET16278	North Peak	73.02	83.97	10.95	3.08	0.090	26.5	0.025
TET16278	North Peak	104.62	105.77	1.15	1.46	0.042	66.5	0.982
TET16278	North Peak	119.33	120.33	1.00	1.90	0.055	57.7	0.880
TET16278	North Peak	142.97	148.53	5.56	2.78	0.081	19.1	0.060
TET16278	North Peak	156.32	157.87	1.55	2.14	0.062	43.7	0.136
TET16279	North Peak	129.88	134.47	4.59	1.75	0.051	5.6	0.022
TET16279	North Peak	160.22	163.75	3.53	1.52	0.044	2.9	0.014
TET16279	North Peak	169.94	173.50	3.56	5.06	0.148	17.6	0.027
Including	North Peak	172.88	173.50	0.62	17.60	0.513	93.8	0.138
TET16279	North Peak	176.61	178.79	2.18	5.40	0.158	28.3	0.025
TET16280	North Peak	141.16	143.23	2.07	1.07	0.031	10.8	0.017
TET16280	North Peak	165.74	167.70	1.96	1.15	0.034	94.0	0.220
TET16280	North Peak	198.15	200.08	1.93	1.96	0.057	5.9	0.032
TET16280	North Peak	205.20	205.70	0.50	5.95	0.174	3.1	0.004
TET16280	North Peak	210.98	212.89	1.91	0.91	0.027	3.6	0.010
TET16281	North Peak	14.33	22.86	8.53	22.01	0.642	63.0	0.060
Including	North Peak	17.37	19.51	2.14	43.90	1.280	96.5	0.055
and	North Peak	22.37	22.86	0.49	57.40	1.674	227.0	0.017
TET16285	North Peak	7.32	21.63	14.31	11.59	0.338	6.2	0.096
Including	North Peak	11.58	16.15	4.57	26.63	0.777	8.2	0.116
TET16286	North Peak	37.80	56.58	18.78	5.02	0.146	6.2	0.044
Including	North Peak	48.07	52.75	4.68	14.44	0.421	12.1	0.083
TET16287	North Peak	75.60	81.72	6.12	7.35	0.214	1.9	0.069
Including	North Peak	81.17	81.72	0.55	20.00	0.583	4.0	0.211
TET16288	North Peak	96.32	105.77	9.45	1.11	0.032	27.3	0.029
Including	North Peak	101.29	102.72	1.43	3.28	0.096	3.9	0.050
TET16289	North Peak	10.52	36.00	25.48	18.73	0.546	8.3	0.071
TET16289	North Peak	39.12	55.70	16.58	13.52	0.394	7.4	0.044
TET16291	North Peak	0.60	4.63	4.03	6.39	0.186	10.3	0.028
TET16291	North Peak	11.28	33.21	21.93	4.69	0.137	10.9	0.064
Including	North Peak	22.85	25.33	2.48	18.03	0.526	31.7	0.245
and	North Peak	26.52	26.92	0.40	28.40	0.828	28.9	0.178
TET16291	North Peak	42.30	44.98	2.68	2.05	0.060	3.5	0.016
Including	North Peak	44.33	44.98	0.65	7.00	0.204	8.8	0.044
TET16291	North Peak	50.90	53.27	2.37	5.48	0.160	11.7	0.056
TET16292	North Peak	5.79	21.18	15.39	1.58	0.046	22.3	0.108
Including	North Peak	8.53	10.97	2.44	5.55	0.162	55.3	0.215
TET16292	North Peak	24.63	28.80	4.17	0.83	0.024	22.9	0.034
TET16293	North Peak	7.11	11.89	4.78	1.26	0.037	50.5	0.133
Including	North Peak	11.48	11.89	0.41	5.15	0.150	66.6	0.073
TET16294	North Peak	9.10	16.71	7.61	6.56	0.191	86.2	0.233
Including	North Peak	12.03	12.60	0.57	17.05	0.497	141.0	0.051
TET16295	North Peak	5.66	20.65	14.99	11.67	0.340	11.5	0.111

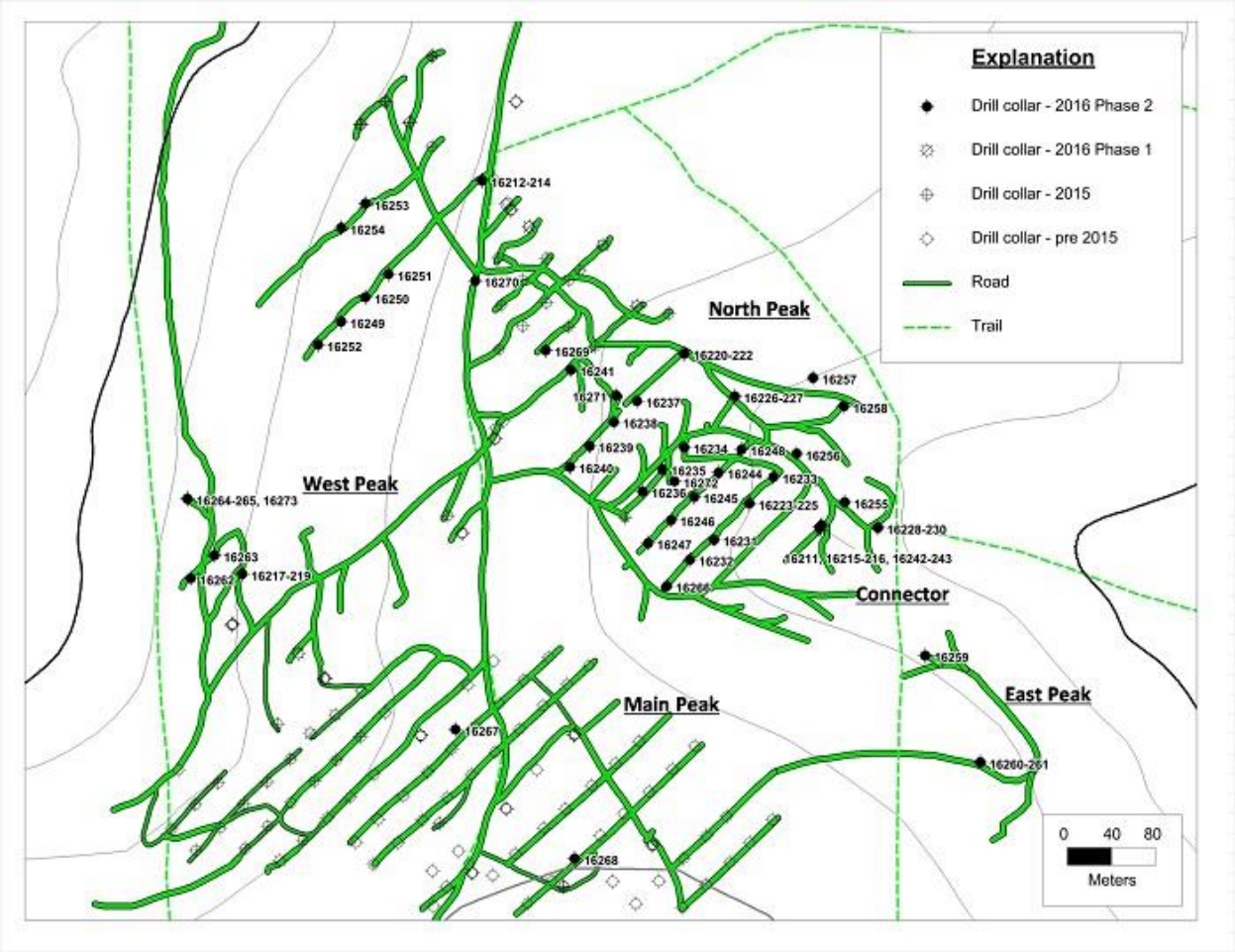
Including	North Peak	7.94	10.35	2.41	32.40	0.945	14.1	0.317
TET16296	North Peak	6.13	9.80	3.67	1.78	0.052	40.7	0.267
TET16296	North Peak	24.13	26.28	2.15	0.87	0.025	45.3	0.059
TET16297	North Peak	6.91	30.09	23.18	3.72	0.109	10.9	0.196
Including	North Peak	16.06	17.78	1.72	9.51	0.277	10.3	0.139
and	North Peak	24.85	26.91	2.06	12.80	0.373	21.9	0.419
TET16297	North Peak	39.91	41.44	1.53	11.50	0.335	505.0	0.131
TET16298	North Peak	6.75	14.30	7.55	4.37	0.127	17.0	0.106
Including	North Peak	8.91	10.79	1.88	13.60	0.397	20.2	0.218
TET16298	North Peak	24.82	31.57	6.75	15.53	0.453	33.2	0.383
Including	North Peak	31.27	31.57	0.30	108.00	3.150	33.8	0.282
TET16298	North Peak	34.90	37.94	3.04	1.40	0.041	35.8	0.295
TET16298	North Peak	44.18	59.02	14.84	3.08	0.090	25.6	0.302
Including	North Peak	52.00	53.19	1.19	8.78	0.256	12.6	0.267
TET16299	North Peak	24.77	39.32	14.55	5.46	0.159	66.0	0.348
Including	North Peak	31.39	33.68	2.29	17.05	0.497	93.2	0.476
and	North Peak	39.05	39.32	0.27	60.00	1.750	428.0	0.964
TET16299	North Peak	47.85	50.90	3.05	9.83	0.287	156.0	0.062
TET16299	North Peak	53.95	54.71	0.76	9.49	0.277	120.0	0.093
TET16299	North Peak	59.74	65.46	5.72	2.14	0.062	59.1	0.159
Including	North Peak	64.95	65.46	0.51	13.95	0.407	301.0	0.741
TET16299	North Peak	81.38	84.43	3.05	7.82	0.228	53.0	0.095
TET16300	North Peak	0.00	1.52	1.52	1.08	0.032	10.4	0.073
TET16300	North Peak	16.63	21.41	4.78	0.90	0.026	16.8	0.289
TET16300	North Peak	24.73	39.78	15.05	5.15	0.150	62.7	0.299
Including	North Peak	36.27	38.79	2.52	22.10	0.645	175.0	0.060
TET16300	North Peak	44.81	47.70	2.89	2.90	0.085	64.5	0.030
TET16300	North Peak	51.00	67.00	16.00	3.43	0.100	64.8	0.141
Including	North Peak	51.51	53.96	2.45	10.57	0.308	61.1	0.032
and	North Peak	57.91	58.52	0.61	10.20	0.298	180.0	0.070
TET16300	North Peak	70.10	71.78	1.68	2.19	0.064	41.3	0.366
TET16301	North Peak	147.29	151.66	4.37	1.37	0.040	7.6	0.084
TET16302	North Peak	7.14	9.14	2.00	10.98	0.320	7.2	0.041
TET16302	North Peak	14.31	37.05	22.74	26.61	0.776	5.2	0.035
Including	North Peak	19.31	21.95	2.64	103.50	3.019	12.5	0.069
and	North Peak	27.09	29.20	2.11	58.70	1.712	9.2	0.075
TET16302	North Peak	44.36	48.44	4.08	7.78	0.227	3.4	0.065
Including	North Peak	45.67	46.36	0.69	22.90	0.668	6.3	0.070
TET16302	North Peak	52.54	57.60	5.06	1.05	0.031	6.2	0.049
Including	North Peak	52.54	53.64	1.10	3.40	0.099	19.7	0.143
TET16303	North Peak	59.45	60.96	1.51	1.64	0.048	28.5	0.041
TET16303	North Peak	91.95	97.70	5.75	1.03	0.030	0.2	0.009
Including	North Peak	91.95	92.27	0.32	3.92	0.114	0.9	0.012
TET16304	North Peak	16.31	37.51	21.20	11.86	0.346	3.9	0.044
Including	North Peak	24.26	26.12	1.86	35.40	1.033	8.1	0.123
and	North Peak	28.31	30.94	2.63	27.62	0.806	5.8	0.050
TET16304	North Peak	46.97	69.52	22.55	5.49	0.160	12.5	0.051
Including	North Peak	48.01	48.62	0.61	21.50	0.627	3.2	0.105
and	North Peak	64.31	65.42	1.11	19.05	0.556	3.8	0.078
and	North Peak	67.42	67.72	0.30	22.40	0.653	8.7	0.169
TET16304	North Peak	75.52	77.70	2.18	2.78	0.081	1.5	0.064
TET16304	North Peak	80.93	82.79	1.86	5.88	0.172	4.1	0.343
TET16304	North Peak	87.01	87.30	0.29	28.80	0.840	13.6	0.133
TET16305	North Peak	11.13	13.41	2.28	4.43	0.129	4.3	0.051
TET16305	North Peak	17.70	47.24	29.54	7.17	0.209	1.6	0.032
Including	North Peak	18.14	19.66	1.52	24.93	0.727	3.0	0.085
and	North Peak	21.34	22.86	1.52	36.76	1.072	5.9	0.061
and	North Peak	30.18	30.48	0.30	21.80	0.636	4.0	0.075
TET16306	North Peak	58.83	60.50	1.67	1.31	0.038	39.8	0.035
TET16306	North Peak	65.65	68.19	2.54	3.13	0.091	94.8	0.143
Including	North Peak	67.67	68.19	0.52	9.15	0.267	174.0	0.087

TET16306	North Peak	93.94	94.63	0.69	6.79	0.198	18.9	0.090
TET16306	North Peak	113.00	122.53	9.53	3.79	0.111	117.1	0.147
Including	North Peak	121.96	122.53	0.57	17.80	0.519	92.2	0.099
TET16307	North Peak	58.03	68.88	10.85	3.29	0.096	41.2	0.187
Including	North Peak	60.07	61.12	1.05	9.32	0.272	79.6	0.442
and	North Peak	64.58	65.32	0.74	9.00	0.263	82.3	0.091
TET16307	North Peak	139.64	141.31	1.67	1.23	0.036	60.6	0.237
TET16308	North Peak	41.68	51.36	9.68	1.79	0.052	20.3	0.055
TET16310	North Peak	38.56	43.40	4.84	1.88	0.055	0.4	0.013
Including	North Peak	38.56	39.10	0.54	13.80	0.403	3.7	0.055

2016 Exploration Program - Phase II. During the quarter ending December 31, 2016, exploration drilling was completed by the Joint Venture Company on the Peak Gold Joint Venture Property totaling 6,498 meters (22,795 feet) in 30 holes, a continuation of the 2016 Phase II program, started in the prior quarter. The Phase II program, which was initiated in the quarter ended June 30, 2016, has completed 12,601 meters (41,342 ft) of exploration drilling in 63 holes. The Joint Venture Company spent an estimated $3.9 million, during the quarter, on program activities, including drilling, geochemical analyses, landholding fees and other related expenses. Drilling targeted three areas, North Peak, West Peak, and Connector Zones to better define the areas with known mineralization. During the full program, high grade-gold mineralization was drilled in the area that joins North Peak to the Connector Zone mineralization identified in the 2016 Phase I program. Several holes drilled revealed significant grade-thickness intervals of gold such as drill hole 16235 which intercepted 38.88 meters grading 51.62 gpt gold starting at 14.50 meters, drill hole 16237 which intercepted 14.19 meters grading 45.33 gpt gold starting at 9.75 meters, drill hole16271 which intercepted 17.12 meters grading 51.89 gpt gold starting at 24.08 meters, and drill hole 16256 which intercepted 13.20 meters grading 48.59 gpt gold starting at 7.92 meters.

The map below depicts the location of 63 core holes drilled during the 2016 Phase II program:

2016 PHASE II CORE HOLES DRILLED



Significant Drill Intercepts from the 2016 Phase II Program. Sample intervals are calculated using 0.5 grams per tonne (gpt) lower cut off for gold with no internal waste less than cutoff grade that is greater than 3 meters in thickness. 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%. The following table summarizes the significant drilling results obtained for the complete Phase II of the 2016 Program:

DrillHole	Zone	From (meters)	To (meters)	Interval (meters)	Au gpt	Au opt	Ag gpt	Cu %
TET16211	Connector	16.11	26.42	10.31	3.500	0.102	34.4	0.299
Including	Connector	20.57	21.00	0.43	13.650	0.398	45.6	0.199
TET16211	Connector	29.87	42.82	12.95	3.090	0.090	58.9	0.295
Including	Connector	41.61	42.82	1.21	14.350	0.419	251.0	0.681
TET16211	Connector	50.04	54.25	4.21	2.700	0.079	18.0	0.147
TET16211	Connector	114.76	121.05	6.29	1.440	0.042	66.3	0.09
TET16212	North Peak	52.88	55.85	2.97	0.900	0.026	2.5	0.151
TET16212	North Peak	142.22	144.57	2.35	1.560	0.046	—	0.028
TET16213	North Peak	115.98	127.84	11.86	0.610	0.018	1.0	0.042
TET16214	North Peak	54.67	56.49	1.82	1.400	0.041	5.6	0.025

DrillHole	Zone	From (meters)	To (meters)	Interval (meters)	Au gpt	Au opt	Ag gpt	Cu %
TET16214	North Peak	140.47	143.77	3.30	1.270	0.037	20.5	0.730
Including	North Peak	140.47	141.10	0.63	4.890	0.143	83.1	2.970
TET16215	North Peak	50.58	66.20	15.62	2.400	0.070	42.0	0.520
TET16215	North Peak	86.10	89.68	3.58	0.930	0.027	7.5	0.012
TET16216	North Peak	17.28	32.99	15.71	1.840	0.054	19.4	0.107
Including	North Peak	17.28	18.17	0.89	9.720	0.284	74.5	0.317
TET16216	North Peak	55.85	69.79	13.94	0.900	0.026	48.8	0.384
TET16216	North Peak	110.33	112.00	1.67	0.940	0.027	22.3	0.044
TET16217	West Peak	50.02	52.64	2.62	0.780	0.023	—	0.007
TET16217	West Peak	88.30	89.40	1.10	1.470	0.043	2.9	0.093
TET16218	West Peak	49.53	55.42	5.89	1.980	0.058	—	0.005
TET16218	West Peak	60.76	63.82	3.06	1.760	0.051	—	0.009
TET16218	West Peak	77.11	85.80	8.69	2.250	0.066	0.7	0.008
TET16218	West Peak	191.47	206.48	15.01	7.100	0.207	8.9	0.325
Including	West Peak	194.18	194.91	0.73	73.500	2.144	37.0	1.550
TET16218	West Peak	215.60	216.96	1.36	1.280	0.037	0.6	0.018
TET16219	West Peak	37.65	47.55	9.90	1.370	0.040	0.2	0.019
TET16219	West Peak	195.24	199.32	4.08	0.640	0.019	9.0	0.025
TET16219	West Peak	207.11	210.16	3.05	0.910	0.027	0.8	0.025
TET16220	North Peak	23.27	56.23	32.96	4.870	0.142	2.4	0.045
Including	North Peak	27.70	29.41	1.71	12.300	0.359	7.3	0.124
and	North Peak	32.96	33.99	1.03	15.150	0.442	4.5	0.138
and	North Peak	33.99	34.98	0.99	14.950	0.436	5.7	0.108
and	North Peak	42.72	44.37	1.65	12.900	0.376	5.3	0.040
and	North Peak	51.89	53.24	1.35	11.900	0.347	5.9	0.110
TET16220	North Peak	64.16	66.14	1.98	6.810	0.199	6.0	0.111
TET16220	North Peak	71.72	73.75	2.03	1.340	0.039	2.3	0.064
TET16221	North Peak	21.61	39.53	17.92	8.230	0.240	3.0	0.035
Including	North Peak	30.82	32.90	2.08	18.300	0.534	3.1	0.067
and	North Peak	37.50	39.53	2.03	17.150	0.500	5.0	0.063
TET16221	North Peak	74.07	92.63	18.56	2.910	0.085	3.3	0.023
Including	North Peak	74.07	77.27	3.20	9.730	0.284	2.8	0.019
TET16221	North Peak	97.82	99.86	2.04	3.060	0.089	11.7	0.127
TET16221	North Peak	105.71	117.65	11.94	2.740	0.080	10.3	0.035
TET16221	North Peak	125.10	129.54	4.44	4.430	0.129	3.3	0.051
TET16223	North Peak	56.44	57.63	1.19	2.670	.078	20.4	0.070
TET16223	North Peak	74.36	85.80	11.44	1.070	0.031	30.6	0.184
TET16223	North Peak	93.42	95.48	2.06	3.390	0.099	42.0	0.476
TET16223	North Peak	103.10	109.08	5.98	2.920	0.085	4.3	0.093
TET16224	North Peak	109.07	115.61	6.54	2.500	0.073	8.8	0.168
TET16225	North Peak	55.60	64.90	9.30	11.770	0.343	51.1	0.041
Including	North Peak	63.09	64.90	1.81	36.200	1.056	171.0	0.093
TET16225	North Peak	87.64	105.14	17.50	2.950	0.086	33.7	0.187
Including	North Peak	102.41	105.14	2.73	8.630	0.252	19.7	0.103
TET16226	North Peak	11.58	13.46	1.88	0.960	0.028	88.4	0.016
TET16226	North Peak	18.75	26.09	7.34	16.970	0.495	6.7	0.040
Including	North Peak	18.75	20.20	1.45	71.300	2.080	18.2	0.045
TET16226	North Peak	35.51	36.88	1.37	1.430	0.042	8.3	0.028
TET16226	North Peak	54.08	57.81	3.73	1.430	0.042	5.8	0.035
TET16227	North Peak	21.56	32.31	10.75	18.620	0.543	10.2	0.083
Including	North Peak	24.00	25.20	1.20	81.900	2.389	19.3	0.116
and	North Peak	25.20	26.14	0.94	43.400	1.266	15.0	0.140
TET16227	North Peak	88.11	90.22	2.11	1.320	0.039	0.6	0.002

DrillHole	Zone	From (meters)	To (meters)	Interval (meters)	Au gpt	Au opt	Ag gpt	Cu %
TET16228	North Peak	25.42	40.23	14.81	4.640	0.135	21.7	0.257
Including	North Peak	33.81	35.95	2.14	17.900	0.522	41.9	0.602
TET16228	North Peak	43.89	51.47	7.58	3.540	0.103	12.3	0.255
TET16228	North Peak	56.86	59.74	2.88	3.140	0.092	1.3	0.022
TET16228	North Peak	62.94	75.23	12.29	1.090	0.032	26.6	0.234
TET16230	North Peak	42.95	50.22	7.27	4.170	0.122	24.0	0.303
TET16231	North Peak	18.61	23.52	4.91	0.990	0.029	5.3	0.062
TET16231	North Peak	53.89	57.32	3.43	0.730	0.021	7.0	0.053
TET16231	North Peak	68.17	70.83	2.66	7.730	0.225	26.1	0.118
TET16231	North Peak	75.61	81.16	5.55	3.090	0.090	21.1	0.235
TET16231	North Peak	88.19	90.34	2.15	1.110	0.032	4.3	0.031
TET16231	North Peak	101.08	102.64	1.56	3.810	0.111	5.5	0.054
TET16231	North Peak	128.15	132.89	4.74	2.000	0.058	9.3	0.139
Including	North Peak	131.41	131.97	0.56	6.930	0.202	6.7	0.125
TET16232	North Peak	43.28	50.90	7.62	1.180	0.034	55.4	0.054
TET16232	North Peak	117.35	121.62	4.27	0.710	0.021	64.0	0.355
TET16232	North Peak	138.53	152.21	13.68	5.520	0.161	12.4	0.067
Including	North Peak	139.47	139.75	0.28	32.400	0.945	52.7	0.117
and	North Peak	142.29	143.89	1.60	18.400	0.537	12.8	0.260
and	North Peak	146.94	147.36	0.42	28.100	0.820	93.8	0.095
TET16233	North Peak	23.11	24.14	1.03	7.890	0.230	13.3	0.032
TET16233	North Peak	38.23	42.98	4.75	2.060	0.060	16.4	0.070
TET16233	North Peak	56.10	70.69	14.59	5.760	0.168	35.2	0.389
TET16234	North Peak	16.00	17.75	1.75	8.280	0.242	27.2	0.016
TET16234	North Peak	23.90	35.63	11.73	8.760	0.256	14.8	0.034
TET16234	North Peak	58.67	65.60	6.93	5.530	0.161	15.8	0.015
TET16235	North Peak	14.50	53.38	38.88	51.620	1.506	216.0	0.020
Including	North Peak	17.68	20.73	3.05	320.000	9.333	589.0	0.025
and	North Peak	23.93	24.47	0.54	371.000	10.821	3,210.0	0.006
and	North Peak	24.47	25.76	1.29	109.000	3.179	265.0	0.016
and	North Peak	28.85	29.34	0.49	116.000	3.383	151.0	0.003
and	North Peak	52.98	53.38	0.40	125.000	3.646	143.0	0.014
TET16235	North Peak	59.50	65.92	6.42	8.730	0.255	43.4	0.053
TET16235	North Peak	70.05	73.00	2.95	4.970	0.145	13.1	0.019
TET16236	North Peak	4.67	7.23	2.56	0.830	0.024	2.1	0.007
TET16236	North Peak	60.45	63.09	2.64	2.930	0.085	51.4	0.012
TET16237	North Peak	9.75	23.94	14.19	45.330	1.322	9.3	0.078
Including	North Peak	11.58	13.56	1.98	97.000	2.829	19.6	0.248
and	North Peak	13.56	14.80	1.24	166.000	4.842	14.3	0.019
TET16237	North Peak	28.81	33.23	4.42	2.170	0.063	4.7	0.014
TET16237	North Peak	41.15	42.95	1.80	6.720	0.196	1.9	0.021
TET16237	North Peak	50.90	53.82	2.92	1.550	0.045	—	0.003
TET16237	North Peak	57.38	61.18	3.80	1.660	0.048	0.9	0.014
TET16238	North Peak	68.42	74.68	6.26	4.980	0.145	34.3	0.099
TET16238	North Peak	77.90	93.57	15.67	3.170	0.092	3.1	0.023
Including	North Peak	79.92	81.35	1.43	18.200	0.531	3.1	0.034
TET16239	North Peak	35.66	38.45	2.79	1.230	0.036	5.1	0.005
TET16239	North Peak	50.79	54.72	3.93	7.760	0.226	23.3	0.023
Including	North Peak	50.79	51.27	0.48	26.800	0.782	104.0	0.129
TET16239	North Peak	109.41	116.13	6.72	1.420	0.041	9.6	0.071
TET16240	North Peak	119.33	132.85	13.52	1.590	0.046	1.7	0.020
TET16241	North Peak	56.43	56.79	0.36	11.450	0.334	172.0	0.066
TET16242	North Peak	19.38	25.45	6.07	2.720	0.079	70.5	0.236
TET16242	North Peak	31.04	34.41	3.37	5.720	0.167	64.4	0.541

DrillHole	Zone	From (meters)	To (meters)	Interval (meters)	Au gpt	Au opt	Ag gpt	Cu %
TET16242	North Peak	37.58	63.93	26.35	5.550	0.162	39.3	0.134
Including	North Peak	50.44	53.15	2.71	18.300	0.534	75.5	0.097
and	North Peak	58.18	63.09	4.91	12.050	0.351	38.8	0.149
TET16242	North Peak	151.88	152.58	0.70	3.860	0.113	56.7	0.070
TET16242	North Peak	156.00	157.25	1.25	3.170	0.092	66.5	0.376
TET16243	North Peak	10.93	12.30	1.37	14.950	0.436	28.8	0.105
TET16243	North Peak	15.85	21.55	5.70	4.300	0.125	47.6	0.247
TET16243	North Peak	25.82	34.29	8.47	3.990	0.116	49.6	0.391
TET16243	North Peak	39.68	57.19	17.51	4.970	0.145	61.2	0.116
TET16243	North Peak	99.42	104.70	5.28	2.600	0.076	18.7	0.210
TET16244	North Peak	35.08	51.00	15.92	11.740	0.342	51.1	0.183
TET16244	North Peak	62.14	67.55	5.41	2.050	0.060	34.6	0.152
TET16244	North Peak	76.60	87.06	10.46	2.580	0.075	4.9	0.035
TET16245	North Peak	43.11	46.02	2.91	0.630	0.018	2.5	0.022
TET16245	North Peak	50.36	52.65	2.29	1.210	0.035	12.0	0.047
TET16245	North Peak	63.55	71.74	8.19	2.160	0.063	30.0	0.161
TET16245	North Peak	83.27	86.11	2.84	2.600	0.076	26.5	0.030
TET16246	North Peak	90.80	92.49	1.69	2.180	0.064	26.1	0.113
TET16246	North Peak	126.39	128.51	2.12	0.900	0.026	2.2	0.010
TET16247	North Peak	14.31	16.56	2.25	1.560	0.046	88.5	0.064
TET16247	North Peak	61.30	66.74	5.44	3.970	0.116	12.6	0.104
TET16247	North Peak	71.78	74.18	2.40	0.670	0.020	18.1	0.094
TET16247	North Peak	77.39	83.97	6.58	1.220	0.036	23.2	0.127
TET16247	North Peak	107.49	108.58	1.09	3.180	0.093	38.1	0.080
TET16247	North Peak	137.78	145.02	7.24	1.970	0.057	0.5	0.003
TET16248	North Peak	9.38	10.75	1.37	9.290	0.271	25.2	0.063
TET16248	North Peak	13.83	22.89	9.06	5.020	0.146	6.1	0.035
Including	North Peak	18.36	19.35	0.99	13.400	0.391	5.8	0.054
TET16248	North Peak	30.78	36.56	5.78	1.790	0.052	4.4	0.081
TET16248	North Peak	43.22	45.96	2.74	10.620	0.310	3.8	0.052
TET16248	North Peak	52.75	57.73	4.98	5.530	0.161	5.7	0.037
Including	North Peak	52.75	53.95	1.20	17.100	0.499	5.9	0.045
TET16248	North Peak	61.23	72.02	10.79	4.050	0.118	13.0	0.042
Including	North Peak	67.80	70.55	2.75	10.400	0.303	32.5	0.042
and	North Peak	71.48	72.02	0.54	11.350	0.331	10.7	0.087
TET16251	North Peak	118.21	120.82	2.61	0.800	0.023	0.8	0.025
TET16252	North Peak	49.43	51.94	2.51	2.220	0.065	1.7	0.010
TET16253	North Peak	105.65	107.96	2.31	0.860	0.025	0.8	0.033
TET16255	North Peak	35.30	44.72	9.42	5.530	0.161	56.2	0.230
Including	North Peak	36.90	37.43	0.53	16.700	0.487	113.0	1.165
and	North Peak	43.35	44.72	1.37	19.200	0.560	80.6	0.071
TET16256	North Peak	7.92	21.12	13.20	48.590	1.417	112.2	0.053
Including	North Peak	8.55	10.66	2.11	222.000	6.475	316.0	0.021
TET16257	North Peak	73.82	74.33	0.51	3.300	0.096	526.0	0.080
TET16261	East Peak	215.78	216.57	0.79	3.940	0.115	11.7	0.004
TET16262	West Peak	35.05	35.72	0.67	4.040	0.118	35.8	0.084
TET16262	West Peak	60.22	63.09	2.87	1.730	0.050	0.6	0.029
TET16262	West Peak	151.08	159.61	8.53	5.750	0.168	37.6	0.136
Including	West Peak	151.65	152.57	0.92	16.500	0.481	55.4	0.260
and	West Peak	152.57	153.73	1.16	13.850	0.404	92.9	0.191
TET16262	West Peak	195.76	198.19	2.43	1.720	0.050	5.7	0.111
TET16262	West Peak	210.69	216.02	5.33	4.560	0.133	5.7	0.199
TET16262	West Peak	221.50	222.90	1.40	1.510	0.044	96.2	0.151

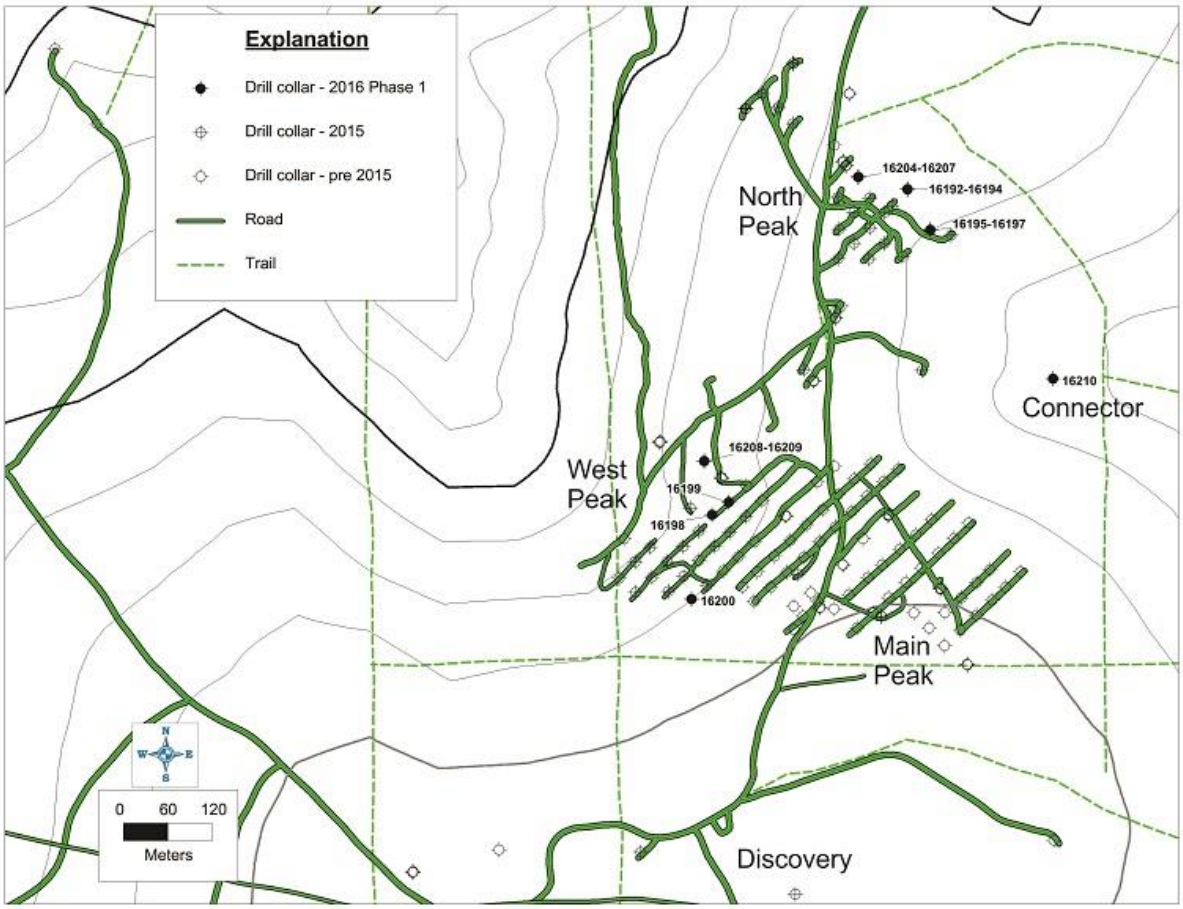
DrillHole	Zone	From (meters)	To (meters)	Interval (meters)	Au gpt	Au opt	Ag gpt	Cu %
TET16263	West Peak	52.20	54.07	1.87	5.540	0.162	0.8	0.036
TET16263	West Peak	180.50	182.03	1.53	10.650	0.311	12.7	0.099
TET16263	West Peak	197.21	199.77	2.56	2.040	0.060	1.0	0.027
TET16263	West Peak	204.00	216.64	12.64	1.280	0.037	0.3	0.010
TET16264	West Peak	237.78	244.53	6.75	0.630	0.018	2.2	0.100
TET16265	West Peak	77.02	78.04	1.02	4.200	0.123	2.2	0.421
TET16265	West Peak	84.42	86.45	2.03	0.990	0.029	1.5	0.446
TET16265	West Peak	245.97	247.01	1.04	1.720	0.050	7.9	0.271
TET16265	West Peak	255.43	257.19	1.76	1.440	0.042	22.5	0.395
TET16265	West Peak	270.23	279.30	9.07	1.590	0.046	1.1	0.028
TET16266	North Peak	115.58	118.77	3.19	0.660	0.019	6.7	0.035
TET16266	North Peak	143.21	147.31	4.10	0.530	0.015	7.1	0.193
TET16266	North Peak	155.94	158.81	2.87	10.010	0.292	11.5	0.091
TET16266	North Peak	166.76	184.16	17.40	1.060	0.031	22.1	0.061
Including	North Peak	166.76	167.22	0.46	6.760	0.197	2.3	0.008
TET16267	Main Peak	110.39	161.24	50.85	12.050	0.351	11.5	0.184
Including	Main Peak	110.39	113.38	2.99	148.500	4.331	39.6	0.474
and	Main Peak	136.02	136.25	0.23	32.400	0.945	17.7	0.232
and	Main Peak	154.32	154.59	0.27	31.400	0.916	179.0	3.320
TET16267	Main Peak	165.04	170.93	5.89	14.740	0.430	14.1	0.392
Including	Main Peak	165.04	165.28	0.24	70.200	2.048	99.1	2.360
TET16268	Main Peak	16.61	19.05	2.44	0.660	0.019	47.0	0.258
TET16268	Main Peak	49.37	49.92	0.55	4.350	0.127	3.4	0.102
TET16268	Main Peak	90.31	93.66	3.35	11.860	0.346	4.3	0.157
Including	Main Peak	91.88	92.53	0.65	37.500	1.094	12.5	0.497
TET16268	Main Peak	105.39	173.28	67.89	8.700	0.254	3.8	0.146
Including	Main Peak	118.97	127.41	8.44	22.520	0.657	5.5	0.246
and	Main Peak	134.53	137.55	3.02	20.540	0.599	4.9	0.192
TET16269	North Peak	25.30	42.93	17.63	2.270	0.066	1.3	0.026
Including	North Peak	27.43	30.18	2.75	8.020	0.234	2.7	0.072
TET16269	North Peak	47.93	56.47	8.54	2.000	0.058	1.6	0.032
Including	North Peak	50.42	52.17	1.75	6.670	0.195	2.8	0.058
TET16269	North Peak	60.66	74.56	13.90	13.970	0.407	2.6	0.048
Including	North Peak	69.39	71.27	1.88	61.320	1.789	7.9	0.144
TET16269	North Peak	91.90	94.92	3.02	8.840	0.258	2.3	0.095
TET16269	North Peak	108.27	125.65	17.38	9.700	0.283	2.2	0.127
Including	North Peak	118.39	120.24	1.85	36.000	1.050	2.6	0.107
TET16270	North Peak	78.03	93.60	15.57	8.560	0.250	2.3	0.097
Including	North Peak	88.68	91.09	2.41	21.500	0.627	3.1	0.085
TET16270	North Peak	105.30	111.06	5.76	11.240	0.328	2.4	0.071
TET16270	North Peak	119.09	122.73	3.64	1.430	0.042	3.9	0.078
TET16271	North Peak	24.08	41.20	17.12	51.890	1.513	23.7	0.088
Including	North Peak	31.50	34.31	2.81	181.920	5.306	49.8	0.133
TET16271	North Peak	44.73	53.92	9.19	41.020	1.196	18.1	0.043
Including	North Peak	51.51	53.15	1.64	151.500	4.419	37.5	0.070
TET16271	North Peak	57.25	71.20	13.95	24.280	0.708	20.5	0.058
Including	North Peak	67.43	69.62	2.19	62.900	1.835	49.4	0.146
TET16271	North Peak	82.32	85.63	3.31	4.470	0.130	1.9	0.041
TET16272	North Peak	1.83	4.88	3.05	0.840	0.025	0.9	0.004
TET16272	North Peak	14.33	16.76	2.43	7.040	0.205	11.7	0.008
Including	North Peak	16.16	16.76	0.60	19.150	0.559	33.8	0.006
TET16272	North Peak	23.13	32.96	9.83	49.010	1.429	146.7	0.015
Including	North Peak	29.99	30.38	0.39	345.000	10.063	735.0	0.006

DrillHole	Zone	From (meters)	To (meters)	Interval (meters)	Au gpt	Au opt	Ag gpt	Cu %
TET16272	North Peak	37.39	38.98	1.59	1.760	0.051	2.7	0.004
TET16272	North Peak	43.09	51.05	7.96	15.990	0.466	49.0	0.035
Including	North Peak	45.50	47.10	1.60	39.700	1.158	160.0	0.136
TET16272	North Peak	55.92	59.31	3.39	1.550	0.045	25.9	0.129
TET16272	North Peak	84.90	87.84	2.94	1.530	0.045	2.2	0.030
TET16273	West Peak	163.78	166.98	3.20	0.740	0.022	6.1	0.024
TET16273	West Peak	176.67	178.70	2.03	2.960	0.086	14.0	0.168
TET16273	West Peak	188.36	191.00	2.64	1.030	0.030	3.2	0.045

2016 Exploration Program - Phase I. During the first three months of calendar year 2016, exploration drilling was completed by the Joint Venture Company on the Peak Gold Joint Venture Property totaling 4,040 meters (13,255 feet) in 19 holes, referred to as the 2016 Phase I program. The Joint Venture Company spent an estimated $1.9 million to complete the program including drilling, geochemical analyses, landholding fees and other related expenses. Drilling targeted two areas, North Peak and West Peak, with the objective of enhancing the understanding of mineralization geometry and geochemical variability. During the program, an area located between the Peak Zone and North Peak was tested, producing significant gold and copper assay intervals in a Connector Zone.

The map below depicts the location of 16 of the 19 core holes drilled during the 2016 Phase I program:

2016 PHASE I CORE HOLES DRILLED



Significant Drill Intercepts from the 2016 Phase I Program. Sample intervals are calculated using 0.5 grams per tonne (gpt) lower cut off for gold with no internal waste less than cutoff grade that is greater than 3 meters in thickness. 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%. The following table summarizes the significant drilling results obtained to date for Phase I of the 2016 Program:

DrillHole	Zone	From (meters)	To (meters)	Interval (meters)	Au gpt	Au opt	Ag gpt	Cu %
TET16192	North Peak	31.34	38.29	6.95	0.784	0.023	2.5	0.023
TET16192	North Peak	42.00	43.42	1.42	1.803	0.053	1.5	0.021
TET16192	North Peak	78.51	91.78	13.27	49.194	1.435	4.5	0.035
including	North Peak	80.96	81.59	0.63	416.000	12.133	26.7	0.066
TET16192	North Peak	102.84	105.46	2.62	2.536	0.074	4.5	0.151
TET16192	North Peak	122.07	123.79	1.72	3.850	0.112	1.1	0.067
TET16192	North Peak	139.90	143.78	3.88	3.992	0.116	3.1	0.119
TET16193	North Peak	85.91	90.62	4.71	12.452	0.363	3.6	0.065
including	North Peak	88.09	89.71	1.62	27.974	0.816	5.9	0.041
TET16195	North Peak	66.50	68.34	1.84	6.718	0.196	3.7	0.069
TET16196	North Peak	65.78	69.12	3.34	0.712	0.021	14.1	0.096
TET16199	West Peak	21.09	23.13	2.04	3.462	0.101	6.9	0.037
TET16199	West Peak	50.19	52.08	1.89	1.375	0.040	0.7	0.022
TET16199	West Peak	55.62	57.79	2.17	1.805	0.053	—	0.005
TET16199	West Peak	80.44	82.76	2.32	1.529	0.045	1.9	0.054
TET16199	West Peak	95.08	96.63	1.55	2.690	0.078	0.9	0.006
TET16199	West Peak	139.46	145.31	5.85	0.699	0.020	1.1	0.03
TET16204	North Peak	50.41	53.34	2.93	1.100	0.032	5.2	0.189
TET16204	North Peak	63.06	65.42	2.36	2.050	0.060	1.1	0.044
TET16204	North Peak	194.11	195.93	1.82	16.338	0.477	328.4	0.157
TET16205	North Peak	65.07	70.61	5.54	0.954	0.028	2.8	0.165
TET16205	North Peak	82.91	83.67	0.76	6.715	0.196	11.2	0.005
TET16205	North Peak	150.74	151.73	0.99	3.360	0.098	4.2	0.314
TET16206	North Peak	60.95	104.38	43.43	3.611	0.105	2.1	0.108
including	North Peak	98.34	100.04	1.70	30.700	0.895	2.3	0.108
TET16207	North Peak	92.88	95.92	3.04	2.590	0.076	1.4	0.057
TET16208	West Peak	55.02	58.20	3.18	2.543	0.074	0.5	0.005
TET16208	West Peak	88.66	108.65	19.99	2.822	0.082	0.1	0.006
including	West Peak	95.55	97.45	1.90	12.050	0.351	0.5	0.011
and	West Peak	98.93	100.02	1.09	14.200	0.414	0.7	0.013
TET16209	West Peak	46.33	48.95	2.62	2.222	0.065	0.8	0.007
TET16209	West Peak	52.73	58.98	6.25	4.863	0.142	0.5	0.014
including	West Peak	55.78	57.54	1.76	12.788	0.373	1.1	0.037
TET16210	Connector	16.95	60.91	43.96	3.275	0.096	30.6	0.402
including	Connector	18.12	22.29	4.17	9.006	0.263	51.5	0.291
and	Connector	51.90	53.26	1.36	10.150	0.296	19.6	0.583
and	Connector	56.57	57.15	0.58	10.550	0.308	50.4	2.28
TET16210	Connector	131.83	135.60	3.77	2.614	0.076	52.5	0.14

Consulting Services provided by Avalon Development Corporation

Until January 8, 2015, the Company was a party to a Professional Services Agreement ("PSA") with Avalon to provide certain geological consulting services and exploration activities with respect to the Peak Gold Joint Venture Property. Pursuant to the PSA, Avalon provided geological consulting services and exploration activities, including all field work at the Tetlin Lease. In connection with the Transactions, the Company terminated the PSA with Avalon, and Avalon is now providing services to the Joint Venture Company.

Avalon is a Fairbanks, Alaska based mineral exploration consulting firm, which has conducted mineral exploration in Alaska since 1985. 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). 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. Avalon's 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 Cu-Ni-PGE prospects in Alaska, an internally-owned database that contains data on over 200 PGE occurrences in Alaska.

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 Peak Gold Joint Venture project exploration programs. During the Company's exploration programs, there were 10 to 15 Tetlin residents working on the Peak Gold Joint Venture project employed on a seasonal basis through Avalon. Their duties included 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.

Community Affairs

In April 2015, the Joint Venture Company entered into a Community Support Agreement with the Tetlin Village for a one year period, which has been extended for an additional two year period under the same terms. Under the extended agreement the Joint Venture Company provides payments to the village four times during the year for an aggregate amount of $110,000 through January 1, 2017 and an additional $100,000 through January 1, 2018. The agreement was extended a second time for an additional two year period under the same terms. Under the second extension, the Joint Venture Company provides payments to the village four times during the year for an aggregate amount of $100,000 through January 1, 2019 and an additional $100,000 through January 1, 2020. The agreement defines agreed uses for the funds and auditing rights regarding use of funds. In addition, the Joint Venture Company supports the Tetlin Village in maintenance of the village access road, which is used by the Joint Venture Company.

Adverse Climate Conditions

Weather conditions affect the Joint Venture Company's ability to conduct exploration activities and mine any ore from the Peak Gold Joint Venture Property in Alaska. While the Company believes exploration, development work and any subsequent mining may be conducted year-round, the arctic climate limits many exploration and mining activities during certain seasons.

Competition

The Company currently faces strong competition for the acquisition of any new 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. The Company's 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, the Company will compete with others in efforts to obtain financing to explore our mineral properties.

Off-Balance Sheet Arrangements

None.

Contractual Obligations

The Tetlin Lease had an initial ten year term beginning July 2008 which was extended for an additional ten years to July 15, 2028, or so long as the Joint Venture Company initiates and continues to conduct mining operations on the Tetlin Lease. The Joint Venture 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 to date under the lease have already satisfied this work commitment requirement for the full lease term, through 2028, 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 the Joint Venture Company will pay the Tetlin Tribal Council a production royalty ranging from 2.0% to 5.0% should the Joint Venture Company deliver to a purchaser on a commercial basis precious or non-precious metals derived from the properties under the Tetlin Lease. As of December 31, 2017, the Company had paid the Tetlin Tribal 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 Tribal Council has the option to increase its production royalty by (i) 0.25% by payment to the Joint Venture Company of $150,000, (ii) 0.50% by payment to the Joint Venture Company of $300,000, or (iii) 0.75% by payment to the Joint Venture Company of $450,000.

On January 8, 2015, the Company assigned the Tetlin Lease to the Joint Venture Company in connection with the Transactions.

Until such time as production royalties begin, the Joint Venture Company will pay the Tetlin Tribal Council an advance minimum royalty of approximately $75,000 per year, plus an inflation adjustment. Additionally, the Joint Venture Company will pay Royal Gold an overriding royalty of 3.0% should it deliver to a purchaser on a commercial basis gold or associated minerals derived from the Tetlin Lease, Additional Properties and certain other properties, and an overriding royalty of 2.0% should it deliver to a purchaser on a commercial basis precious metals, non-precious metals or hydrocarbons derived from other properties. The Joint Venture Company pays claim rentals on state of Alaska mining claims which vary based on the ages of the claims. For the 2017-2018 assessment year, claims rentals totaled $155,505. Also, if the minimum work requirement is not performed on the property, additional minimum labor payments are due on certain state of Alaska acreage.

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 consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these consolidated 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 consolidated financial statements:

Stock-Based Compensation. The Company applies the fair value method of accounting for stock-based compensation. Under this method, the Company measures and recognizes 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.

Investment in the Joint Venture Company. The Company's consolidated financial statements include the investment in the Joint Venture Company which is accounted for under the equity method. The Company has designated one of the three members of the Management Committee and on December 31, 2017 held a 61.0% ownership interest in the Joint Venture Company. Royal Gold will initially serve as the Manager of the Joint Venture Company and will manage, direct, and control operations of the Joint Venture Company. The Company recorded its investment at the historical cost of the assets contributed. The cumulative losses of the Joint Venture Company exceed the historical cost of the assets contributed to the Joint Venture Company; therefore the Company's investment in the Joint Venture Company as of December 31, 2017 is zero. The portion of the cumulative loss that exceeds the Company's investment will be suspended and recognized against earnings, if any, from the investment in the Joint Venture Company in future periods.

Results of Operations

Neither the Company nor the Joint Venture Company has commenced mining or producing commercially marketable minerals. To date, neither the Company nor the Joint Venture Company has not generated any revenue from mineral sales or operations. Neither the Company nor the Joint Venture Company has any recurring source of revenue and other than Royal Gold's contributions in connection with the Transactions, the Company's 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, the Joint Venture Company may generate revenue from a combination of mineral sales and other payments resulting from any commercially recoverable minerals from the Peak Gold Joint Venture Properties. We do not expect the Joint Venture Company to generate revenue from mineral sales in the foreseeable future. If the Peak Gold Joint Venture 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.

Three Months Ended December 31, 2017 Compared to Three Months Ended December 31, 2016

General and Administrative Expense. General and administrative expense for the three months ended December 31, 2017 and 2016 were $808,344 and $592,142, respectively. Current year general and administrative expenses primarily relate to audit fees, legal fees, management fees, and stock-based compensation expense. We recognized $580,379 of stock-based compensation expense for the three months ended December 31, 2017, related to restricted stock granted to our officers and directors in November 2017, November 2016, August 2016, December 2015, September 2015 and November 2014, all pursuant to the Company's 2010 Equity Compensation Plan. We recognized $331,306 of stock-based compensation expense for the three months ended December 31, 2016, related to restricted stock granted to our officers and directors in November 2016, August 2016, December 2015, September 2015, January 2015, and November 2014.

Six Months Ended December 31, 2017 Compared to Six Months Ended December 31, 2016

General and Administrative Expense. General and administrative expense for the six months ended December 31, 2017 and 2016 were $1,476,980 and $1,547,792 respectively. Current year general and administrative expenses primarily relate to audit fees, legal fees, management fees, and stock-based compensation expense. We recognized $998,117 of stock-based compensation expense for the six months ended December 31, 2017, related to restricted stock granted to our officers and directors in November 2017, November 2016, August 2016, December 2015, September 2015, January 2015, and November 2014 all pursuant to the Company's 2010 Equity Compensation Plan. We recognized $959,650 of stock-based compensation expense for the six months ended December 31, 2016, related to restricted stock granted to our officers and directors in November 2016, August 2016, December 2015, September 2015, January 2015, and November 2014.

Liquidity

Prior to the Closing, the Company's primary cash requirements were for exploration-related expenses. Since the Closing, the Company's primary cash requirements have been for general and administrative expenses. The Company's sources of cash have been from common stock offerings. The Peak Gold Joint Venture Property is still in the initial stages of exploration, and the longer term liquidity of the Company will be impaired to the extent the Joint Venture Company's exploration efforts are not successful in generating commercially viable mineral deposits on the Peak Gold Joint Venture Property. In September 2016, the Company distributed a Private Placement Memorandum to its warrant holders to give them the opportunity to exercise their warrants at a reduced exercise price and receive shares of common stock, par value $0.01 per share of Contango ORE, Inc. by paying the reduced exercise price in cash and surrendering the original warrants. The offering applied to warrant holders with an exercise price of $10.00 per share originally issued in March 2013. The offering gave the warrant holders the opportunity to exercise the warrants for $9.00 per share. The offer expired on November 15, 2016. In conjunction with the offering a total of 587,500 warrants were exercised resulting in total cash to the Company of $5.3 million. On October 13, 2017, the Company distributed a Private Placement Memorandum to its warrant holders to give them the opportunity to exercise their warrants at a reduced exercise price and receive shares of common stock, par value $0.01 per share of Contango ORE, Inc. by paying the reduced exercise price in cash and surrendering the original warrants. The offering applied to warrant holders with an exercise price of $10.00 per share originally issued in March 2013. The offering gave the warrant holders the opportunity to exercise the warrants for $9.50 per share. The offer expired on November 10, 2017. In conjunction with the offering a total of 124,999 warrants were exercised resulting in total cash to the Company of $1.2 million. Proceeds from the exercise of the warrants will be used for working capital purposes and for funding future obligations to the Joint Venture Company.

As of December 31, 2017, the Company has approximately $15.8 million of cash, cash equivalents, and short term investments. In September 2017, a capital budget of $1.5 million was approved for the 2017 Phase III Drilling Exploration Program. Phase III was completed in October 2017. On October 23, 2017, the Company completed the issuance and sale of an aggregate of 553,672 shares of common stock, par value $0.01 per share, of the Company at a purchase price of $19.00 per share of Common Stock, in a private placement to certain purchasers pursuant to a Stock Purchase Agreement dated as of October 23, 2017, by and among the Company and each Purchaser. Brad Juneau, the Company's President and Chief Executive Officer, purchased 13,200 shares of Common Stock, at an aggregate purchase price of $250,800, in the Private Placement on the same terms and conditions as all other Purchasers. The Private Placement resulted in approximately $10.5 million of gross proceeds and approximately $10.0 million of net proceeds. The Company will use the net proceeds from the Private Placement to fund its exploration and development program and for general corporate purposes. Petrie acted as sole placement agent in connection with the Private Placement and received a placement agent fee equal to 6.50%, which was reduced to 3.25% for existing stockholders and other Purchasers referred by those existing stockholders, or a total of $0.5 million in placement agent fees. The Company believes that its current cash balances will be sufficient to meet its working capital requirements for the next twelve months.

On January 8, 2015, Royal Gold invested $5 million to fund exploration activity, and will have the option to earn up to a 40% interest in the Joint Venture Company by investing up to $30 million (inclusive of the initial $5 million investment) prior to October 31, 2018. As of December 31, 2017, Royal Gold had funded approximately $29.3 million (including the initial investment of $5 million) and earned a 39.0% interest in the Joint Venture Company. The proceeds of Royal Gold's investment have been used by the Joint Venture Company for additional exploration of the Peak Gold Joint Venture Property. For additional information regarding the Joint Venture Company's capital budget and expenditures, see the "Gold Exploration" section above.

Any additional contributions to the Joint Venture Company by Royal Gold to fund future drilling programs, or otherwise, will bring Royal Gold's cumulative contributions closer to $30 million. Once Royal Gold contributes a total of $30 million, it will receive a percentage interest of 40% in the Joint Venture Company. Pursuant to the JV LLCA, upon the earlier of the investment by Royal Gold of $30 million into the Joint Venture Company or October 31, 2018, the Company and Royal Gold are required to jointly fund the joint venture operations in proportion to their interests in the Joint Venture Company. After such point, if a member elects not to contribute to an approved program and budget or elects to contribute less than its proportionate interest, its percentage interest will be reduced. The capital costs of developing a large gold mining facility could exceed $1 billion. The Company's ability to contribute funds sufficient to retain its membership interests in the Joint Venture Company may be limited. To date, neither the Company nor the Joint Venture Company has generated any revenue from mineral sales or operations. In the future, the Joint Venture Company may generate revenue from a combination of mineral sales and other payments resulting from any commercially recoverable minerals from the Peak Gold Joint Venture Property. The Company does not expect the Joint Venture Company to generate revenue from mineral sales in the foreseeable future. Further, neither the Company nor the Joint Venture Company has any recurring source of revenue other than Royal Gold's contributions in connection with the Transactions. As a result, the Company's ability to contribute funds to the Joint Venture Company and retain its interest will depend on its ability to raise capital. The Company has limited financial resources and the ability of the Company to arrange additional financing in the future will depend, in part, on the prevailing capital market conditions, the exploration results achieved at the Peak Gold Joint Venture Property, as well as the market price of metals. The Company cannot be certain that financing will be available to the Company on acceptable terms, if at all. If the Company were unable to fund its contributions to the approved programs and budgets for the Joint Venture Company, its interest in the Joint Venture Company would be diluted. In addition, once Royal Gold has earned a percentage interest of 40% in the Joint Venture Company, it has the option to require the Company to sell an additional 20% of the Company's interest in the Joint Venture Company in a sale by Royal Gold of its entire percentage interest of 40% to a bona fide third party purchaser.

Further financing by the Company may include issuances of equity, instruments convertible into equity (such as warrants) or various forms of debt. The Company has issued common stock and other instruments convertible into equity in the past and cannot predict the size or price of any future issuances of common stock or other instruments convertible into equity, and the effect, if any, that such future issuances and sales will have on the market price of the Company's securities. Any additional issuances of common stock or securities convertible into, or exercisable or exchangeable for, common stock may ultimately result in dilution to the holders of common stock, dilution in any future earnings per share of the Company and may have a material adverse effect upon the market price of the common stock of the Company.

Risk Factors

In addition to the risk factors set forth below and the other information set forth elsewhere in this Form 10-Q, you should carefully consider the risks discussed in our Annual Report on Form 10-K for the year ended June 30, 2017, under the headings "Item 1. Business — Adverse Climate Conditions," "—Competition," "— Government Regulation" and "— Environmental Regulation," "Item 1A. Risk Factors," and "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" which risks could materially affect our business, financial condition or future results. There have been no material changes in our risk factors from those described in our Annual Report on Form 10-K for the year ended June 30, 2017 and our Quarterly Report on Form 10-Q for the quarter ended September 30, 2017, other than updating the risk factors below. The risks described in our Annual Report on Form 10-K for the year ended June 30, 2017 are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition or future results. An investment in the Company is subject to risks inherent in our business and involves a high degree of risk. The trading price of the shares of the Company is affected by the performance of our business relative to, among other things, competition, market conditions and general economic and industry conditions. The value of an investment in the Company may decrease, resulting in a loss. The updated risk factors are as follows:

There can be no assurance that Royal Gold will continue to fund the Joint Venture Company to continue exploration work.

The JV LLCA contains earn-in periods where Royal Gold has the option to fund up to $25 million on or before October 31, 2018 after its initial $5 million investment at the Closing of the Master Agreement. As of December 31, 2017, Royal Gold has funded approximately $29.3 million (including the initial investment of $5 million) and earned a 39.0% interest in the Joint Venture Company. There is no requirement that Royal Gold contribute any future amounts to the Joint Venture Company to continue exploration work, and the Company will have limited funds to continue exploration of its Peak Gold Joint Venture Property, if Royal Gold fails to contribute additional amounts to the Joint Venture Company.

The Joint Venture Company has no assurance of title to its properties.

The Joint Venture Company holds approximately 175,000 acres in the form of State of Alaska unpatented mining claims, for gold ore exploration. Unpatented mining claims are unique property interests, in that they are subject to the paramount title of, the State of Alaska 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 the Tetlin Lease, the Company retained title lawyers to conduct a preliminary examination of title to the mineral interest prior to executing the Tetlin Lease. The Joint Venture Company conducted a title examination prior to the assignment of the Tetlin Lease to the Joint Venture Company and performed certain curative title work. In addition, in connection with the assignment of the Tetlin Lease from the Company to the Joint Venture Company, the Company and the Native Village of Tetlin entered into an Estoppel and Agreement and a Stability Agreement (the "Agreements") that were approved by the Tetlin Village Council and the Native Village of Tetlin members. The Agreements approved the assignment of the Tetlin Lease to the Joint Venture Company and, among other things, confirmed the validity and effectiveness of the Tetlin Lease. Nevertheless, a deficiency in title or claims by a third party may not be curable. It does happen, from time to time, that the title to a property is defective, having been obtained in error from a person who is not the rightful owner of the mineral interest desired. In these circumstances, the Joint Venture Company might not be able to proceed with exploration of the lease site or might incur costs to remedy a defect. It might also happen, from time to time, that the Joint Venture Company might elect to proceed with mining work despite any such deficiency or claim.

The Company's common stock is thinly traded.

As of December 31, 2017, there were approximately 6.0 million shares of the Company's common stock outstanding, with directors and officers beneficially owning approximately 14.9% of the common stock and the Marital Trust of Mr. Kenneth R. Peak, the Company's former Chairman, beneficially owning approximately 13.2% of our common stock. Since the Company's 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 the Company's common stock.

Item 3. ***Quantitative and Qualitative Disclosures About Market Risk***

As a “smaller reporting company”, we are not required to provide this information.

Item 4. ***Controls and Procedures***

Evaluation of Disclosure Controls and Procedures. As required by Rule 13a-15(b) of the Exchange Act, we have evaluated, under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this Form 10-Q. Our disclosure controls and procedures are designed to provide reasonable assurance that the information required to be disclosed by us in reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure and is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC. Based upon the evaluation, our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures were effective as of December 31, 2017 at the reasonable assurance level.

Changes in Internal Control Over Financial Reporting. There have been no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) that occurred during our last fiscal quarter that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. ***Legal Proceedings***

From time to time, we are party to litigation or other legal and administrative proceedings that we consider to be a part of the ordinary course of business. As of the date of this Form 10-Q, we are not a party to any material legal proceedings and we are not aware of any material proceedings contemplated against us, that could individually or in the aggregate, reasonably be expected to have a material adverse effect on our financial condition, cash flows or results of operations.

Item 1A. ***Risk Factors***

As a "smaller reporting company", we are not required to provide this information. See Part I, Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations," which identifies and discloses certain risks and uncertainties including, without limitation, certain "Risk Factors."

Item 2. ***Unregistered Sales of Equity Securities and Use of Proceeds***

None.

Item 4. Mine Safety Disclosures

None.

Item 5. Other Information

None.

Item 6. ***Exhibits***

(a) Exhibits:

The following is a list of exhibits filed as part of this Form 10-Q. 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. (6)
4.2	Certificate of Designation of Series A Junior Preferred Stock of Contango ORE, Inc. (4)
4.3	Rights Agreement, dated as of December 20, 2012, between Contango ORE, Inc. and Computershare Trust Company, N.A., as Rights Agent. (4)
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. (5)
4.5	Amendment No. 2 to Rights Agreement, dated as of September 29, 2014, between Contango ORE, Inc. and Computershare Trust Company, N.A., as Rights Agent. (7)
4.6	Amendment No. 3 to Rights Agreement, dated as of December 18, 2014 between Contango ORE, Inc. and Computershare Trust Company, N.A., as Rights Agent. (8)
4.7	Amendment No. 4 to Rights Agreement, dated as of November 11, 2015 between Contango ORE, Inc. and Computershare Trust Company, N.A., as Rights Agent. (9)
4.8	Registration Rights Agreement dated November 15, 2016, between Contango ORE, Inc. and the Purchasers named therein. (10)
4.9	Registration Rights Agreement dated October 23, 2017, among Contango ORE, Inc. and the Purchasers named therein.(11)
4.10	Registration Rights Agreement dated November 10, 2017, among Contango ORE, Inc. and the Purchasers named therein.(12)
10.1	Contribution Agreement, dated as of November 1, 2010, between Contango Oil & Gas Company and Contango ORE, Inc. (1)
10.2	Warrant, dated as of March 22, 2013, issued by Contango ORE, Inc. in favor of the Holders named therein. (5)
10.3*	Contango ORE, Inc. Amended and Restated 2010 Equity Compensation Plan.(12)
10.4	Amendment No. 1 to the Limited Liability Company Agreement, dated as of November 10, 2017 between Core Alaska, LLC and Royal Alaska, LLC†
10.5	Stock Purchase Agreement, dated October 23, 2017, among Contango ORE, Inc. and the Purchasers named therein.(11)

31.1	Certification of Principal Executive Officer required by Rules 13a-14 and 15d-14 under the Securities Exchange Act of 1934. †
31.2	Certification of Principal Financial Officer required by Rules 13a-14 and 15d-14 under the Securities Exchange Act of 1934. †
32.1	Certification of Principal Executive Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. †
32.2	Certification of Principal Financial Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. †
99.1	Original Schedule of Gold properties (Excluding Tetlin Lease). (2)
99.2	Original Schedule of REE properties. (2)
99.3	Report of Behre Dolbear & Company (USA), Inc. (3)
99.4	Promissory Note from Tetlin Village Council to Contango ORE, Inc. dated August 1, 2013 (6)
99.5	Voting Agreement, dated as of September 29, 2014, between Royal Gold, Inc. and the stockholders thereto.(7)
101	Interactive Data Files†

† Filed herewith.

* Management contract or compensatory plan or agreement.

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 December 31, 2011, as filed with the Securities and Exchange Commission on February 6, 2012.

4. 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.

5. 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.

6. 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.

7. Filed as an exhibit to the Company's report on Form 8-K, as filed with the Securities and Exchange Commission on October 2, 2014.

8. Filed as an exhibit to the Company's report on Form 8-K, as filed with the Securities and Exchange Commission on December 18, 2014.

9. Filed as an exhibit to the Company's report on Form 10-Q for the three months ended September 30, 2015, as filed with the Securities and Exchange Commission on November 12, 2015.

10. Filed as an exhibit to the Company's report on Form 8-K, as filed with the Securities and Exchange Commission on November 21, 2016.

11. Filed as an exhibit to the Company's report on Form 8-K, as filed with the Securities and Exchange Commission on October 26, 2017

12. Filed as an exhibit to the Company's report on Form 8-K, as filed with the Securities and Exchange Commission on November 16, 2017

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereto duly authorized.

CONTANGO ORE, INC.

Date: January 30, 2018

By: /s/ BRAD JUNEAU
Brad Juneau
Chairman, President and Chief Executive Officer
(Principal Executive Officer)

Date: January 30, 2018

By: /s/ LEAH GAINES
Leah Gaines
Vice President, Chief Financial Officer, Chief Accounting Officer and Controller
(Principal Financial and Accounting Officer)