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 March 31, 2022

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)	**(I.R.S. Employer Identification No.)**
3700 BUFFALO SPEEDWAY, SUITE 925 Houston, Texas	**77098**
(Address of principal executive offices)	**(Zip code)**

(713) 877-1311
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, Par Value $0.01 per share	CTGO	NYSE American

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 every Interactive Data File required to be submitted 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 such files). Yes ☒ No ☐.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," or "emerging growth company" in Rule 12b-2 of the Exchange Act.:

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 May 10, 2022 was 6,769,923.

CONTANGO ORE, INC.

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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

	March 31, 2022	June 30, 2021
ASSETS		
CURRENT ASSETS:		
Cash	$ 7,985,588	$ 35,220,588
Restricted cash	231,000	—
Prepaid expenses and other	1,220,016	515,635
Income tax receivable	539,763	198,126
Total current assets	9,976,367	35,934,349
LONG-TERM ASSETS:		
Investment in Peak Gold (Note 4)	—	—
Property & equipment, net	13,608,794	36,531
Total long-term assets	13,608,794	36,531
TOTAL ASSETS	$ 23,585,161	$ 35,970,880
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 585,683	$ 26,268
Accrued liabilities	497,483	195,837
Income tax payable	141,906	—
Total current liabilities	1,225,072	222,105
NON-CURRENT LIABILITIES:		
Advance royalty reimbursement	1,200,000	1,200,000
Asset retirement obligations	225,210	—
Contingent consideration liability	1,847,063	—
Total non-current liabilities	3,272,273	1,200,000
TOTAL LIABILITIES	4,497,345	1,422,105
COMMITMENTS AND CONTINGENCIES (NOTE 13)		
SHAREHOLDERS' EQUITY:		
Common Stock, $0.01 par value, 45,000,000 shares authorized; 6,836,246 shares issued and 6,745,749 outstanding at March 31, 2022; 6,675,746 shares issued and outstanding at June 30, 2021	68,362	66,757
Additional paid-in capital	72,640,343	69,509,606
Treasury stock at cost (90,497 shares at March 31, 2022; and 0 at June 30, 2021)	(2,318,182)	—
Accumulated deficit	(51,302,707)	(35,027,588)
TOTAL SHAREHOLDERS' EQUITY	19,087,816	34,548,775
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 23,585,161	$ 35,970,880

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 March 31,		Nine Months Ended March 31,	
	2022	2021	2022	2021
EXPENSES:				
Claim rental expense	$ (157,162)	$ (62,100)	$ (464,135)	$ (138,737)
Exploration expense	(1,987,345)	(47,116)	(4,153,027)	(51,916)
Depreciation expense	(10,239)	—	(23,954)	—
Accretion expense	(2,723)	—	(6,283)	—
Impairment from casualty loss, net of recovery	(41,249)	—	(41,249)	—
General and administrative expense	(3,228,096)	(2,146,480)	(7,995,029)	(8,274,062)
Total expenses	(5,426,814)	(2,255,696)	(12,683,677)	(8,464,715)
OTHER INCOME/(EXPENSE):				
Interest income	319	159	1,310	1,078
Interest expense	(3,103)	—	(6,483)	—
Loss from equity investment in Peak Gold, LLC (Note 4)	(1,518,000)	(2,490,000)	(3,706,000)	(3,861,252)
Gain on sale of a portion of the equity investment in Peak Gold, LLC	—	—	—	39,642,857
Total other income/(expense)	(1,520,784)	(2,489,841)	(3,711,173)	35,782,683
INCOME/(LOSS) BEFORE TAXES	(6,947,598)	(4,745,537)	(16,394,850)	27,317,968
Income tax (expense)/benefit	119,731	235,379	119,731	(1,599,546)
NET INCOME/(LOSS)	$ (6,827,867)	$ (4,510,158)	$ (16,275,119)	$ 25,718,422
NET INCOME/(LOSS) PER SHARE				
Basic and diluted	$ (1.01)	$ (0.73)	$ (2.42)	$ 4.11
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING				
Basic and diluted	6,743,528	6,153,334	6,725,079	6,261,102

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

CONTANGO ORE, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Nine Months Ended March 31,	
	2022	**2021**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income/(loss)	$ (16,275,119)	$ 25,718,422
Adjustments to reconcile net income/(loss) to net cash used in operating activities:		
Stock-based compensation	3,175,903	2,886,046
Depreciation expense	23,954	—
Accretion expense	6,283	—
Impairment expense	52,548	—
Loss from equity investment in Peak Gold, LLC	3,706,000	3,861,252
Gain on sale of a portion of the equity investment in Peak Gold, LLC	—	(39,642,857)
Changes in operating assets and liabilities net of assets and liabilities acquired:		
Increase in prepaid expenses and other	(589,749)	(536,873)
Increase (decrease) in accounts payable and accrued liabilities	850,228	(285,312)
Decrease (increase) in income tax receivable	(341,637)	399,546
Increase (decrease) in income tax payable	141,906	—
Increase in advance royalty reimbursement	—	1,200,000
Net cash used in operating activities	(9,249,683)	(6,399,776)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash invested in Peak Gold, LLC	(3,706,000)	(3,861,252)
Acquisition of property and equipment	(43,989)	—
Cash paid for acquisition of Alaska Gold Torrent, LLC, net of cash received	(11,642,586)	—
Cash proceeds from the sale of a portion of the equity investment in Peak Gold, LLC	—	31,200,000
Net cash provided/(used) by investing activities	(15,392,575)	27,338,748
CASH FLOWS FROM FINANCING ACTIVITIES:		
Cash paid for shares withheld from employees for payroll tax withholding	(779,622)	(876,551)
Cash paid for shares purchased from directors for estimated tax obligations associated with stock vesting	(1,538,560)	—
Cash proceeds from capital raise, net	(43,560)	3,165,622
Net cash provided/(used) by financing activities	(2,361,742)	2,289,071
NET INCREASE/(DECREASE) IN CASH	(27,004,000)	23,228,043
CASH, BEGINNING OF PERIOD	35,220,588	3,011,918
CASH AND RESTRICTED CASH, END OF PERIOD	$ 8,216,588	$ 26,239,961
Supplemental disclosure of cash flow information		
Cash paid for:		
Income taxes	$ 80,000	$ 1,200,000
Non-cash investing activities		
Asset retirement obligations	218,927	—
Contingent liability for acquisition of Alaska Gold Torrent, LLC	1,847,063	—
Total non-cash investing activities	$ 2,065,990	$ —

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	Accumulated	Total Shareholders'
	Shares	Amount	Capital	Stock	Deficit	Equity
Balance at June 30, 2021	6,675,746	$ 66,757	$ 69,509,606	$ —	$ (35,027,588)	$ 34,548,775
Stock-based compensation	—	—	1,021,851	—	—	1,021,851
Cost of common stock issuance	—	—	(43,560)	—	—	(43,560)
Restricted stock activity	10,000	100	(100)	—	—	—
Net loss for the period	—	—	—	—	(4,572,213)	(4,572,213)
Balance at September 30, 2021	6,685,746	$ 66,857	$ 70,487,797	$ —	$ (39,599,801)	$ 30,954,853
Stock-based compensation	—	—	1,256,309	—	—	1,256,309
Restricted stock activity	123,500	1,235	(1,235)	—	—	—
Treasury shares withheld for employee taxes	—	—	—	(69,307)	—	(69,307)
Net loss for the period	—	—	—	—	(4,875,039)	(4,875,039)
Balance at December 31, 2021	6,809,246	68,092	71,742,871	(69,307)	(44,474,840)	27,266,816
Stock-based compensation	—	—	897,742	—	—	897,742
Restricted stock activity	27,000	270	(270)	—	—	—
Treasury shares withheld for employee taxes	—	—	—	(710,315)	—	(710,315)
Treasury shares purchased from directors	—	—	—	(1,538,560)	—	(1,538,560)
Net loss for the period	—	—	—	—	(6,827,867)	(6,827,867)
Balance at March 31, 2022	6,836,246	$ 68,362	$ 72,640,343	$ (2,318,182)	$ (51,302,707)	$ 19,087,816

	Common Stock		Additional Paid-In	Treasury	Accumulated	Total Shareholders'
	Shares	Amount	Capital	Stock	Deficit	Equity
Balance at June 30, 2020	6,590,113	$ 65,901	$ 61,302,249	$ (476,672)	$ (58,896,711)	$ 1,994,767
Stock-based compensation	—	—	892,158	—	—	892,158
Issuance of common stock	214,298	2,143	2,796,189	476,672	—	3,275,004
Cost of common stock issuance	—	—	(109,382)	—	—	(109,382)
Shares received from the partial sale of the investment in Peak Gold, LLC and retired	(809,744)	(8,097)	(8,434,760)	—	—	(8,442,857)
Net income for the period	—	—	—	—	33,442,625	33,442,625
Balance at September 30, 2020	5,994,667	$ 59,947	$ 56,446,454	$ —	$ (25,454,086)	$ 31,052,315
Stock-based compensation	—	—	1,009,900	—	—	1,009,900
Restricted stock activity	205,833	2,058	(2,058)	—	—	—
Net loss for the period	—	—	—	—	(3,214,045)	(3,214,045)
Balance at December 31, 2020	6,200,500	62,005	57,454,296	—	(28,668,131)	28,848,170
Stock-based compensation	—	—	983,988	—	—	983,988
Treasury shares withheld for employee taxes	—	—	—	(876,551)	—	(876,551)
Net loss for the period	—	—	—	—	(4,510,158)	(4,510,158)
Balance at March 31, 2021	6,200,500	$ 62,005	$ 58,438,284	$ (876,551)	$ (33,178,289)	$ 24,445,449

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

1. Organization and Business

Contango ORE, Inc. ("CORE" or the "Company") engages in exploration for gold ore and associated minerals in Alaska. The Company conducts its operations through three primary means:

- a 30.0% membership interest in Peak Gold, LLC (the "Peak Gold JV"), which leases approximately 675,000 acres from the Tetlin Tribal Council and holds approximately 13,000 additional acres of State of Alaska mining claims (such combined acreage, the "Peak Gold JV Property") for exploration and development, including in connection with the Peak Gold JV's plan to mine ore from the Peak and North Peak deposits within the Peak Gold JV Property (the "Manh Choh Project");

- its wholly-owned subsidiary, Alaska Gold Torrent, LLC, an Alaska limited liability company ("AGT"), which leases the mineral rights to approximately 8,600 acres of State of Alaska and patented mining claims for exploration from Alaska Hard Rock, Inc., located in three former producing gold mines located on the patented claims in the Willow Mining District about 75 miles north of Anchorage, Alaska (the "Lucky Shot Property") (See Note 9 - Acquisition of Lucky Shot Property); and

- its wholly-owned subsidiary, Contango Minerals Alaska, LLC ("Contango Minerals"), which separately owns the mineral rights to approximately 214,600 acres of State of Alaska mining claims for exploration, including (i) approximately 139,100 acres located immediately northwest of the Peak Gold JV Property (the "Eagle/Hona Property"), (ii) approximately 14,800 acres located northeast of the Peak Gold JV Property (the "Triple Z Property"), (iii) approximately 52,700 acres of property in the Richardson district of Alaska staked by the Company in the first quarter of 2021 (the "Shamrock Property") and (iv) approximately 8,000 acres located to the north and east of the Lucky Shot Property (the "Willow Property" and, together with the Shamrock Property, the Eagle/Hona Property and the Triple Z Property, collectively the "Minerals Property"),

The Lucky Shot Property and the Minerals Property are collectively referred to in these Notes to Unaudited Condensed Consolidated Financial Statements as the "Contango Properties".

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

The Company has been involved in the exploration on the Manh Choh Project for twelve years, which has resulted in identifying two mineral deposits (Peak and North Peak) and several other gold, silver, and copper prospects. The Peak Gold JV plans to mine ore from the Peak and North Peak deposits and then process the ore at the existing Fort Knox mining and milling complex located approximately 250 miles away. The use of the Fort Knox facilities is expected to accelerate the development of the Peak Gold JV Property and result in significantly reduced upfront capital development costs, smaller environmental footprint, a shorter permitting and development timeline and less overall execution risk for the Peak Gold JV to advance the Peak and North Peak deposits to a production decision, as the Fort Knox facilities have existing operations as opposed to developing, permitting and building a new mill and processing facilities. ThePeak Gold JV will be charged a toll for using the Fort Knox facilities. A toll milling agreement will be finalized once a feasibility study has been completed.

The Peak Gold JV spent approximately $15.8 million on the 2021 drilling program and completed approximately 33,000 ft. of drilling on the Manh Choh Project in 2021. The majority of the drilling was directed towards in-fill drilling to support a detailed mine plan and feasibility study with additional drilling to support on-going geotechnical, metallurgical, environmental studies and water quality data collection. In addition, the Peak Gold JV submitted a permitting package to the US Army Corps of Engineers for the Wetlands Dredge and Fill permit, also known as a 404 permit, just prior to the end of 2021. On December 17, 2021, the Peak Gold JV initially approved a budget of $47.9 million for its 2022 program. At a meeting of the Management Committee of Peak Gold JV held on February 14, 2022, Kinross Gold Corporation ("Kinross"), the manager of Peak Gold JV, presented updated information that resulted in a decrease in its 2022 spending program to approximately $26 million, of which the Company's share would be approximately $7.8 million. Kinross explained that the decrease is due to a revised work plan resulting from recent impacts of inflation, contractor and labor market constraints in Alaska, and determined that it was in the best interests of the Peak Gold JV to delay certain activities that were initially planned for 2022 pending further analysis of options including a re-bidding process. The 2022 budget covers the following areas of work: feasibility study, permitting, on-going environmental monitoring, community engagement, engineering, early construction, and exploration. The Peak Gold JV plans to release a feasibility study in late 2022 which will outline the anticipated tonnes and grades of ore delivered to the Fort Knox mill for processing and expected ounces of gold and silver to be recovered over the reserve life of the mine.

At the Lucky Shot Property, the Company has engaged a mining contractor (Atkinson Construction) to execute the planned 2022 exploration/development program to advance the Enserch Tunnel to the footwall of the Lucky Shot vein and drift 1500 foot parallel to the vein and set up drill stations every 75 feet. The Company plans to be ready to drill by late summer 2022, with a plan to drill approximately 3200 meters (~10,000 feet) from underground into the down-dip projection of the previously identified Lucky Shot vein. The Company is currently securing a drilling contractor to conduct the underground drilling.

On the Shamrock Property, the Company conducted soil and surface rock chip sampling during 2021. Follow up trenching and detailed geologic mapping is planned for the summer of 2022. At the Eagle/Hona Property, the Company carried out a detailed reconnaissance of the northern and eastern portions of the large claim block that had not previously been detail sampled. Due to the steep topography, a helicopter was used to execute the program safely. Follow up geologic mapping and sampling is planned for the summer of 2022.

The Company's 30.0% membership interest in the Peak Gold JV, its ownership of AGT and Contango Minerals, and cash on hand constitute substantially all of the Company's assets.

Background Information

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.

On January 8, 2015, the Company's wholly owned subsidiary, CORE Alaska, LLC ("CORE Alaska"), and a subsidiary of Royal Gold, Inc. ("Royal Gold") formed the Peak Gold JV. On September 30, 2020, CORE Alaska sold a 30.0% membership interest (the "CORE JV Interest") in the Peak Gold JV to KG Mining (Alaska), Inc. ("KG Mining"), an indirect wholly-owned subsidiary of Kinross. The sale is referred to as the "CORE Transactions".

Concurrently with the CORE Transactions, KG Mining, in a separate transaction, acquired 100% of the equity of Royal Alaska, LLC from Royal Gold, which held Royal Gold's 40.0% membership interest in the Peak Gold JV (the "Royal Gold Transactions" and, together with the CORE Transactions, the "Kinross Transactions"). After the consummation of the Kinross Transactions, CORE Alaska retained a 30.0% membership interest in the Peak Gold JV. KG Mining now holds a 70.0% membership interest in the Peak Gold JV and Kinross serves as the manager and operator of the Peak Gold JV.

2. Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("US 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 US GAAP for complete annual consolidated financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation 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 consolidated audited financial statements and notes included in the Company's Form 10-K for the fiscal year ended June 30, 2021. The results of operations for the three and nine months ended March 31, 2022 are not necessarily indicative of the results that may be expected for the fiscal year ending June 30, 2022.

3. Summary of Significant Accounting Policies

The Company's significant accounting policies are described below.

Cash. Cash consists of all cash balances and highly liquid investments with an original maturity of three months or less. All cash is held in cash deposit accounts as of March 31, 2022, and June 30, 2021. The Company has $231,000 of restricted cash which is held as collateral for its bank-issued Company credit cards.

Management Estimates. The preparation of consolidated financial statements in conformity with US 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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.

Investment in the Peak Gold JV. The Company's consolidated financial statements include the investment in the Peak Gold JV, which is accounted for under the equity method. The Company held a 30.0% membership interest in the Peak Gold JV on March 31, 2022 and designated one of the three members of the Management Committee. The Company recorded its investment at the historical cost of the assets contributed. The cumulative losses of the Peak Gold JV exceed the historical cost of the assets contributed to the Peak Gold JV; therefore, the Company's investment in the Peak Gold JV as of March 31, 2022 and June 30, 2021 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 Peak Gold JV in future periods.

Property & Equipment. Property and equipment are stated at cost less accumulated depreciation. Depreciation and amortization are computed for assets placed in service using the straight-line method over the estimated useful life of the asset. When assets are retired or sold, the costs and related allowances for depreciation and amortization are eliminated from the accounts, and any resulting gain or loss is reflected in operations. As of the balance sheet dates, only some of the Company's vehicles and computer equipment had been placed in service. The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If an asset is considered to be impaired, the loss recognized is measured by the amount by which the carrying amount of the asset exceeds the fair value of the asset. The Company recorded an impairment charge of $41,249 in the quarter ended March 31, 2022. In mid February 2022 an avalanche occurred at the Lucky Shot Property. The avalanche destroyed various vehicles and equipment at the site. The $41,249 in impairment represents the remaining book value associated with the property that was destroyed, net of insurance recoveries to date. There was no impairment charge recorded as of March 31, 2021. Significant payments related to the acquisition of mineral properties, mining rights, and mineral leases are capitalized. If a commercially mineable ore body is discovered, such costs are amortized when production begins using the units-of-production method based on estimated reserves. If no commercially mineable ore body is discovered, or such rights are otherwise determined to have no value, such costs are expensed in the period in which it is determined the property has no future economic value.

Fair Value Measurement. Accounting guidelines for measuring fair value establish a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy categorizes assets and liabilities measured at fair value into one of three different levels depending on the observability of the inputs employed in the measurement.

The three levels are defined as follows:

Level 1 – Observable inputs such as quoted prices in active markets at the measurement date for identical, unrestricted assets or liabilities.
Level 2 – Other inputs that are observable directly or indirectly, such as quoted prices in markets that are not active or inputs, which are observable, either directly or indirectly, for substantially the full term of the asset or liability.
Level 3 – Unobservable inputs for which there are little or no market data and which the Company makes its own assumptions about how market participants would price the assets and liabilities.

Business Combinations. In determining whether an acquisition should be accounted for as a business combination or asset acquisition, the Company first determines whether substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or a group of similar identifiable assets. If this is the case, the single identifiable asset or the group of similar assets is not deemed to be a business, and is instead deemed to be an asset. If this is not the case, the Company then further evaluates whether the single identifiable asset or group of similar identifiable assets and activities includes, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. If so, the Company concludes that the single identifiable asset or group of similar identifiable assets and activities is a business. The Company accounts for business combinations using the acquisition method of accounting. Application of this method of accounting requires that (i) identifiable assets acquired (including identifiable intangible assets) and liabilities assumed generally be measured and recognized at fair value as of the acquisition date and (ii) the excess of the purchase price over the net fair value of identifiable assets acquired and liabilities assumed be recognized as goodwill, which is not amortized for accounting purposes but is subject to testing for impairment at least annually. The Company measures and recognizes asset acquisitions that are not deemed to be business combinations based on the cost to acquire the assets, which includes transaction costs. Goodwill is not recognized in asset acquisitions. Contingent consideration in asset acquisitions payable in the form of cash is recognized when payment becomes probable and reasonably estimable, unless the contingent consideration meets the definition of a derivative, in which case the amount becomes part of the asset acquisition cost when acquired. Contingent consideration payable in the form of a fixed number of the Company's own shares is measured at fair value as of the acquisition date and recognized when the issuance of the shares becomes probable. Upon recognition of the contingent consideration payment, the amount is included in the cost of the acquired asset or group of assets.

The Company purchased 100% of the outstanding membership interests of AGT in August 2021 (See Note 9). The Company accounted for the purchase as an asset acquisition, and thus allocated the total acquisition cost to the assets acquired on a relative fair value basis.

Recently Issued Accounting Pronouncements. In January 2020, the FASB issued ASU 2020-01, *Investments—Equity Securities (Topic 321), Investments— Equity Method and Joint Ventures (Topic 323), and Derivatives and Hedging (Topic 815),* which clarifies *the interaction between the three standards.* For public business entities, the amendments in this update are effective for fiscal years beginning after December 15, 2020, and interim periods within those fiscal years. The Company accounts for the Peak Gold JV under the equity method of accounting. The adoption of this standard did not have an impact on the financial statements.

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 Peak Gold JV**

The Company initially recorded its investment at the historical book value of the assets contributed to the Peak Gold JV, which was approximately $1.4 million. As of March 31, 2022, the Company has contributed approximately $19.4 million to the Peak Gold JV. KG Mining acquired 70% of the Peak Gold JV on September 30, 2020 in connection with the Kinross Transactions. As of March 31, 2022, the Company held a 30.0% membership interest in the Peak Gold JV.

The following table is a roll-forward of the Company's investment in the Peak Gold JV from January 8, 2015 (inception) to March 31, 2022:

	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	$ —
Investment in Peak Gold, LLC	2,580,000
Loss from equity investment in Peak Gold, LLC	(2,580,000)
Investment balance as June 30, 2018	$ —
Investment in Peak Gold, LLC	4,140,000
Loss from equity investment in Peak Gold, LLC	(4,140,000)
Investment balance at June 30, 2019	$ —
Investment in Peak Gold, LLC	3,720,000
Loss from equity investment in Peak Gold, LLC	(3,720,000)
Investment balance at June 30, 2020	$ —
Investment in Peak Gold, LLC	3,861,252
Loss from equity investment in Peak Gold, LLC	(3,861,252)
Investment balance at June 30, 2021	$ —
Investment in Peak Gold, LLC	3,706,000
Loss from equity investment in Peak Gold, LLC	(3,706,000)
Investment balance at March 31, 2022	$ —

In conjunction with the CORE Transactions, and Kinross assuming the role of manager of the Peak Gold JV, the Peak Gold JV converted its method of accounting from US GAAP to International Financial Reporting Standards ("IFRS") and changed its fiscal year end from June 30 to December 31, effective for the quarter ended December 31, 2020. The condensed unaudited financial statements presented below have been converted from IFRS to US GAAP for presentation purposes. The following table presents the condensed unaudited results of operations for the Peak Gold JV for the three and nine month periods ended March 31, 2022 and 2021, and for the period from inception through March 31, 2022 in accordance with US GAAP:

	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021	Nine Months Ended March 31, 2022	Nine Months Ended March 31, 2021	Period from Inception January 8, 2015 to March 31, 2022
EXPENSES:					
Exploration expense	$ 1,831,148	$ 2,420,725	$ 7,180,583	$ 5,547,617	$ 56,057,346
General and administrative	383,659	398,402	1,075,816	798,500	12,066,822
Total expenses	2,214,807	2,819,127	8,256,399	6,346,117	68,124,168
NET LOSS	$ 2,214,807	$ 2,819,127	$ 8,256,399	$ 6,346,117	$ 68,124,168

The Company's share of the Peak Gold JV's results of operations for the three and nine months ended March 31, 2022 was a loss of approximately $0.7 million and $2.5, million respectively. The Company's share in the results of operations for the three and nine months ended March 31, 2021 was a loss of approximately $0.8 million and $1.9 million respectively. The Peak Gold JV loss does not include any provisions related to income taxes as the Peak Gold JV is treated as a partnership for income tax purposes. As of March 31, 2022 and June 30, 2021, the Company's share of the Peak Gold JV's inception-to-date cumulative loss of approximately $41.2 million and $38.7 million, respectively, exceeded the historical book value of our investment in the Peak Gold JV, of $19.4 million. Therefore, the investment in the Peak Gold JV had a balance of zero as of each March 31, 2022 and June 30, 2021. The Company is currently obligated to make additional capital contributions to the Peak Gold JV in proportion to its percentage membership interest in the Peak Gold JV in order to maintain its ownership in the Peak Gold JV and not be diluted. Therefore, the Company only records losses up to the point of its cumulative investment, which was approximately $19.4 million as of March 31, 2022. 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 Peak Gold JV in future periods. The suspended losses for the period from inception to March 31, 2022 are approximately $21.8 million.

5. Prepaid Expenses and other assets

The Company has prepaid expenses and other assets of $1,220,016 and $515,635 as of March 31, 2022 and June 30, 2021, respectively. Prepaid expenses primarily relate to prepaid insurance and prepaid annual claim rentals.

6. Net Income/(Loss) Per Share

A reconciliation of the components of basic and diluted net income/(loss) per share of Common Stock is presented below:

	Three Months Ended March 31,					
	2022			2021		
	Net Loss	Weighted Average Shares	Loss Per Share	Net Loss	Weighted Average Shares	Loss Per Share
Basic Net Income/(Loss) per Share:						
Net loss attributable to common stock	$ (6,827,867)	6,743,528	$ (1.01)	$ (4,510,158)	6,153,334	$ (0.73)
Diluted Net Income/(Loss) per Share:						
Net loss attributable to common stock	$ (6,827,867)	6,743,528	$ (1.01)	$ (4,510,158)	6,153,334	$ (0.73)

	Nine Months Ended March 31,					
	2022			2021		
	Net Loss	Weighted Average Shares	Loss Per Share	Net Income	Weighted Average Shares	Income Per Share
Basic Net Income/(Loss) per Share:						
Net income/(loss) attributable to common stock	$ (16,275,119)	6,725,079	$ (2.42)	$ 25,718,422	6,261,102	$ 4.11
Diluted Net Income/(Loss) per Share:						
Net income/(loss) attributable to common stock	$ (16,275,119)	6,725,079	$ (2.42)	$ 25,718,422	6,261,102	$ 4.11

Options to purchase 100,000 shares of Common Stock of the Company were outstanding as of each of March 31, 2022 and June 30, 2021. The 100,000 options were not included in the computation of diluted earnings per share for the three and nine months ended March 31, 2022 and 2021 due to being anti-dilutive. There were no warrants outstanding as of March 31, 2022 or 2021.

7. Shareholders' Equity

The Company has 45,000,000 shares of Common Stock authorized, and 15,000,000 authorized shares of preferred stock. As of March 31, 2022, 6,745,749 shares of Common Stock were outstanding, including 326,334 shares of unvested restricted stock, which takes into account the issuance of shares of Common Stock in the 2020 and 2021 Private Placements (both described below) and the redemption of 809,744 shares of Common Stock from KG Mining in the Kinross Transactions. As of March 31, 2022, options to purchase 100,000 shares of Common Stock of the Company were outstanding. No shares of preferred stock have been issued. The remaining restricted stock outstanding will vest between August 2022 and January 2025.

The Company entered into Stock Purchase Agreements dated as of June 14, and June 17, 2021 (collectively, the "Purchase Agreements") for the sale of an aggregate of 523,809 shares of Common Stock at a purchase price of $21.00 per share of Common Stock, in a private placement (the "2021 Private Placement") to certain accredited investors. The 2021 Private Placement closed on June 17 and 18, 2021. The 2021 Private Placement resulted in approximately $11.0 million of gross proceeds and approximately $10.9 million of net proceeds to the Company. The Company will use the net proceeds from the 2021 Private Placement to fund its exploration and development program and for general corporate purposes. Rick Van Nieuwenhuyse, the Company's President and Chief Executive Officer, purchased 47,619 shares of Common Stock, for a purchase price of approximately $1,000,000, in the 2021 Private Placement pursuant to a Purchase Agreement dated June 17, 2021, on the same terms and conditions as all other purchasers, except that Mr. Nieuwenhuyse did not receive any registration rights. The 2021 Private Placement to Mr. Nieuwenhuyse closed on June 18, 2021. The Audit Committee of the Company has reviewed and approved all agreements and arrangements relating to Mr. Van Nieuwenhuyse's participation in the 2021 Private Placement.

On September 23, 2020, the Company completed the issuance and sale of an aggregate of 247,172 shares of Common Stock, in a private placement (the "2020 Private Placement") to certain purchasers who are accredited investors. Of the total 247,172 shares issued, 32,874 were issued from Company's treasury account. The shares of the Common Stock were sold at a price of $13.25 per share, resulting in gross proceeds to the Company of approximately $3.3 million and net proceeds to the Company of approximately $3.2 million. The Company used the net proceeds from the 2020 Private Placement for working capital purposes and for funding the Peak Gold JV and Contango Minerals. Petrie Partners Securities, LLC ("Petrie") acted as the sole placement agent in connection with the 2020 Private Placement and received a placement agent fee equal to 3.25% of the gross proceeds raised from the subscribers whom they solicited, or a total of approximately $50,000 in placement agent fees. Petrie has provided to the Company in the past, and may provide from time to time in the future, certain securities offering, financial advisory, investment banking and other services for which it has received and may continue to receive customary fees and commissions. The Company's President and Chief Executive Officer, Rick Van Nieuwenhuyse, purchased 75,472 shares of Common Stock of the Company in the 2020 Private Placement, for total consideration of $1.0 million, on the same terms and conditions as all other purchasers. The Audit Committee of the Company has reviewed and approved all agreements and arrangements relating to Mr. Van Nieuwenhuyse's participation in the 2020 Private Placement.

On January 1, 2022, our non-executive directors realized a vesting of 160,000 restricted shares of Common Stock, which resulted in federal and state income tax obligations. Consistent with the Company's treatment of employees who experience similar tax obligations in connection with their vesting of restricted shares, the Company purchased a total of 60,100 shares of Common Stock from the non-executive directors on January 5, 2022, at a price of $25.60 per share (the applicable closing price per share of Common Stock for vesting on January 1, 2022), resulting in aggregate payments of $1.5 million that will be used by the non-executive directors to pay their tax obligations on the vested shares. Also during January 2022, employees realized a vesting of 68,833 restricted shares of Common Stock, which resulted in federal and state income tax obligations for the employees. Based on the election made by each applicable employee, the Company withheld a total of 27,805 shares of Common Stock from the vesting to cover $0.7 million in employee federal and state tax obligations.

Rights Agreement

On September 23, 2020, the Company adopted a limited duration stockholder rights agreement (the "Rights Agreement") to replace the Company's prior stockholder rights plan, which was terminated upon adoption of the Rights Agreement.

Pursuant to the Rights Agreement, the Board declared a dividend of one preferred stock purchase right (a "Right") for each share of the Company's Common Stock held of record as of October 5, 2020. The Rights will trade with the Company's Common Stock and no separate Rights certificates will be issued, unless and until the Rights become exercisable. In general, the Rights will become exercisable only if a person or group acquires beneficial ownership of 18.0% (or 20.0% for certain passive investors) or more of the Company's outstanding Common Stock or announces a tender or exchange offer that would result in beneficial ownership of 18.0% (or 20.0% for certain passive investors) or more of Common Stock. Each Right will entitle the holder to buy one one-thousandth (1/1000) of a share of a series of junior preferred stock at an exercise price of $100.00 per Right, subject to anti-dilution adjustments.

The Rights Agreement had an initial term of one year, expiring on September 22, 2021. On September 21, 2021, the Board of Directors of the Company approved an amendment to the Rights Agreement, extending the term of the Rights Agreement by an additional year to September 22, 2022.

8. Sales Transaction with KG Mining

On September 29, 2020, the Company, CORE Alaska, LLC and KG Mining, entered into the CORE Purchase Agreement pursuant to which CORE Alaska sold a 30.0% membership interest in the Peak Gold JV, to KG Mining. The CORE Transactions closed on September 30, 2020. In consideration for the CORE JV Interest, the Company received $32.4 million in cash and 809,744 shares of Common Stock. The 809,744 shares of Common Stock were acquired by KG Mining from Royal Gold, as part of the Royal Gold Transactions and were subsequently canceled by the Company. Of the $32.4 million cash consideration, $1.2 million constituted a reimbursement prepayment to the Company relating to its proportionate share of silver royalty payments that the Peak Gold JV may be obligated to pay to Royal Gold, with the understanding that KG Mining will bear the entire economic impact of those royalty payments due from the Peak Gold JV.

Concurrently with the Purchase Agreement, KG Mining, in a separate transaction, acquired from Royal Gold (i) 100% of the equity of Royal Alaska, LLC , which held a 40.0% membership interest in the Peak Gold JV and (ii) 809,744 shares of Common Stock held by Royal Gold. After the consummation of the Kinross Transactions, CORE Alaska retains a 30.0% membership interest in the Peak Gold JV. KG Mining now holds a 70.0% membership interest in the Peak Gold JV and serves as the manager and operator of the Peak Gold JV. KG Mining and CORE Alaska entered into the Amended and Restated Limited Liability Company Agreement of Peak Gold JV ("A&R JV LLCA") on October 1, 2020 to address the new ownership arrangements and to incorporate additional terms that will permit the Peak Gold JV to further develop and produce from its properties.

The Company recorded the $32.4 million cash proceeds and the 809,744 shares of Common Stock, received from the CORE Transactions, at fair value and recognized a gain on sale of $39.6 million. The Company valued the Common Stock consideration from the CORE Transactions consistent with the accounting guidance for non-monetary exchanges. The stock consideration was valued based on the implied fair value of the CORE Transactions in total less the cash proceeds. The total value of the CORE Transactions was equated to the value of the Company's 30.0% ownership in the Peak Gold JV, post the 30.0% membership interest transferred to KG Mining. The Common Stock consideration received in the CORE Transactions is classified within Level 3 of the fair value hierarchy referenced in Note 3 - Summary of Significant Accounting Policies. As of the date of the CORE Transactions, the Company's investment in the Peak Gold JV had a zero balance, therefore the $39.6 million gain approximates the full fair value of the JV Interest surrendered in the CORE Transactions.

The Company recorded a non-current liability totaling $1.2 million associated with the cash received for the reimbursement prepayment to the Company of its proportionate share of certain silver royalty payments that the Peak Gold JV may be obligated to pay Royal Gold. The liability arises, because pursuant to Article IV of the A&R JV LLCA, if the Peak Gold JV terminates, or the Company's membership interest falls below 5% prior to when the prepaid royalty is paid out, the $1.2 million (less any portion already paid out) is refundable to KG Mining.

Prior to the Kinross Transactions, the Peak Gold JV, Contango Minerals, the Company, CORE Alaska, Royal Gold and Royal Alaska entered into a Separation and Distribution Agreement, dated as of September 29, 2020 (the "Separation Agreement"). Pursuant to the Separation Agreement, the Peak Gold JV completed the formation of Contango Minerals, and contributed approximately 167,000 acres of Alaska State mining claims to it, subject to the Option Agreement (described below), and retained an additional 1.0% net smelter returns royalty interest on certain of the contributed Alaska state mining claims that were contributed. After the formation and contribution to Contango Minerals, the Peak Gold JV made simultaneous distributions to Royal Alaska and CORE Alaska by (i) granting to Royal Gold a new 28.0% net smelter returns silver royalty on all silver produced from a defined area within the Tetlin Lease and also transferring the additional 1.0% net smelter returns royalty described above on the contributed Alaska state mining claims to Royal Gold (bringing the total net smelter royalty due to Royal Gold to 3%) and (ii) assigning one hundred percent (100%) of the membership interests in Contango Minerals to CORE Alaska, which were in turn distributed to the Company, resulting in Contango Minerals becoming a wholly-owned subsidiary of the Company. The Separation Agreement contains customary representations, warranties and covenants.

The distribution of the Alaska state mining claims to Contango Minerals meets the definition of a non-reciprocal nonmonetary transfer as defined in Accounting Standards Codification ("ASC") 845 and would generally be recorded at fair value to the extent fair value is determinable. However, to date, the Peak Gold JV's gold exploration has concentrated on the Tetlin Lease (which was retained by the Peak Gold JV), with only a limited amount of work performed on the State of Alaska mining claims. The Company has concluded that the fair value of the state claims is not determinable within reasonable limits, and therefore has recorded the distribution at historical book value. The Peak Gold JV's historical book value associated with the Alaska state mining claims is zero as of the date of the CORE Transactions because the costs associated with exploration performed on these claims were expensed when incurred. Therefore, the Company's balance sheet has a net book value of zero for these claims as of the date of the CORE Transactions.

In connection with the Separation Agreement, the Peak Gold JV and Contango Minerals entered into the Option Agreement. Under the Option Agreement, Contango Minerals granted the Peak Gold JV an option, subject to certain conditions contained in the Option Agreement, to purchase approximately 13,000 acres of the Alaska state mining claims which were contributed to Contango Minerals pursuant to the Separation Agreement, together with all extralateral rights, water and water rights, and easements and rights of way in connection therewith, that are held by Contango Minerals. The signing of the Option Agreement did not result in any accounting implications for the Company. Peak Gold subsequently exercised the Option Agreement in June 2021, and now owns the 13,000 acres of the Alaska state mining claims previously subject to the Option Agreement.

On October 1, 2020, CORE Alaska and KG Mining entered into the A&R JV LLCA. The A&R JV LLCA supersedes and replaces in its entirety the JV LLCA, as amended. The A&R JV LLCA is the operating agreement for the Peak Gold JV and provides for understandings between the members with respect to matters regarding percentage ownership interests, governance, transfers of ownership interests and other operational matters. CORE Alaska and KG Mining will be required, subject to the terms of the A&R JV LLCA, to make additional capital contributions to the Peak Gold JV for any approved programs budgets in accordance with their respective percentage membership interests.

After the consummation of the Kinross Transactions, Kinross, through KG Mining, replaced Royal Gold as the Company's joint venture partner and as manager of the Peak Gold JV. After consummation of the Kinross Transactions, CORE Alaska holds a 30.0% membership interest in the Peak Gold JV and KG Mining holds a 70.0% membership interest in the Peak Gold JV. The A&R JV LLCA established the Management Committee to determine the overall policies, objectives, procedures, methods and actions of the Peak Gold JV. The Management Committee currently consists of one representative designated by CORE Alaska and two representatives designated by KG Mining (each a "Representative"). The Representatives designated by each member of the Peak Gold JV vote as a group, and in accordance with their respective membership interests in the Peak Gold JV. Except in the case of certain actions that require approval by unanimous vote of the Representatives, the affirmative vote of a majority of the membership interests in the Peak Gold JV constitutes the action of the Management Committee.

Prior to the CORE Transactions, the Peak Gold JV was a variable interest entity as defined by FASB ASU *No. 2015-02,* Consolidation (Topic *810*): Amendments to the Consolidation Analysis. The Company was not the primary beneficiary since it did not have the power to direct the activities of the Peak Gold JV. The Company's ownership interest in the Peak Gold JV has therefore historically applied the equity method of accounting for its investment. After the Kinross Transactions, the Company retained a 30.0% membership interest in the Peak Gold JV. The Company continues to have significant influence in the Peak Gold JV pursuant to its right to designate one of the three seats on the Management Committee. Therefore, the Company will continue to account for its investment in the Peak Gold JV under the equity method.

9. Acquisition of Lucky Shot Property

On August 24, 2021, the Company completed the purchase of all outstanding membership interests (the "Interests") of Alaska Gold Torrent, LLC, an Alaska limited liability company ("AGT") from CRH Funding II PTE. LTD, a Singapore private limited corporation ("CRH") (the "Lucky Shot Transaction"). AGT holds rights to the Lucky Shot Property. The Company agreed to purchase the Interests for a total purchase price of up to $30 million. The purchase price included an initial payment at closing of $5 million (plus a working capital adjustment of $0.1 million) in cash and a promissory note, secured by the Interests, in the original principal amount of $6.25 million, payable by the Company to CRH (the "Promissory Note"), with a maturity date of February 28, 2022 (the "Maturity Date"). The Promissory Note provided that, upon completion of an offering by the Company and a listing of its Common Stock on the NYSE American prior to the Maturity Date, the Company would pay the Promissory Note through the issuance to CRH of shares of Common Stock, valued at (x) the per share price in the offering, if available, or (y) the per share price representing a 10% discount to the 30-day volume-weighted average share price as of the Maturity Date. Because the Company did not complete a public offering of Common Stock prior to the Maturity Date, the Company paid the Promissory Note in cash on February 25, 2022.

In addition to the cash at closing and the Promissory Note, the Company will be obligated to pay CRH additional consideration if production on the Lucky Shot Property meets two separate milestone payment thresholds. If the first threshold of (1) an aggregate "mineral resource" equal to 500,000 ounces of gold or (2) production and receipt by the Company of an aggregate of 30,000 ounces of gold (including any silver based on a 1:65 gold:silver ratio) is met, then the Company will pay CRH $5 million in cash and $3.75 million in newly issued shares of CORE common stock. If the second threshold of (1) an aggregate "mineral resource" equal to 1,000,000 ounces of gold or (2) production and receipt by the Company of an aggregate of 60,000 ounces of gold (including any silver based on a 1:65 gold:silver ratio) is met, then the Company will pay CRH $5 million in cash and $5 million in newly issued shares of CORE common stock. If payable, the additional share consideration will be issued based on the 30-day volume weighted average price for each of the thirty trading days immediately prior to the satisfaction of the relevant production goal.

The Company also agreed to make $10,000,000 in expenditures during the 36-month period following closing toward the existence, location, quantity, quality or commercial value of mineral deposits in, under and upon the Lucky Shot Property.

The Company evaluated this acquisition under ASC 805, *Business Combinations*. ASC 805 requires that an acquirer determine whether it has acquired a business. If the criteria of ASC 805 are met, a transaction would be accounted for as a business combination and the purchase price is allocated to the respective net assets assumed based on their fair values and a determination is made whether any goodwill results from the transaction. In evaluating the criteria outlined by this standard, the Company concluded that the acquired set of assets did not meet the US GAAP definition of a business (the assembled workforce does not currently perform a substantive process). Therefore, the Company accounted for the purchase as an asset acquisition, and allocated the total consideration transferred on the date of the acquisition, approximately $13.5 million, to the assets acquired on a relative fair value basis. The total consideration transferred is comprised of $5.1 million in cash, a $6.25 million promissory note, $0.3 million in direct transactions costs, plus the fair value of the contingent liability (described above), net of cash received. The Company accounted for the share portion of the contingent liability in accordance with ASC 480 and measured at fair value at inception, approximately $1.85 million. The fair value of this liability was calculated using management's projected timing of mining activities and mineral resources being defined and an estimate of the probability of achieving those targets. The share portion of the contingent consideration is classified within Level 3 of the fair value hierarchy referenced in Note 3 - Summary of Significant Accounting Policies. Changes in value in subsequent periods, based on management's ongoing assessment of probability, will be recorded in earnings. The Company's accounting policy is to recognize the contingent consideration associated with cash contingent payments related to the asset acquisitions when the contingency is resolved. Any amounts issued in excess of the contingent consideration initially recognized as a liability would be an additional cost of the asset acquisition allocated to increase the eligible assets on a relative fair value basis. Amounts issued that are less than the contingent consideration initially recognized as a liability would be a reduction of the cost of the asset(s) acquired and would reduce the eligible assets on a relative value basis.

10. Property & Equipment

The table below sets forth the book value by type of fixed asset as well as the estimated useful life:

Asset Type	Estimated Useful Life	March 31, 2022	June 30, 2021
Mineral properties	N/A - Units of Production	$ 11,700,007	$ —
Land	Not Depreciated	87,737	—
Buildings and improvements	20-39 years	1,455,546	—
Machinery and equipment	3 - 10 years	287,635	—
Vehicles	5 years	135,862	25,721
Computer and office equipment	5 years	16,239	10,810
Furniture & fixtures	5 years	2,270	—
Less: Accumulated depreciation and amortization		(23,954)	—
Less: Accumulated impairment		(52,548)	—
Property & Equipment, net		$ 13,608,794	$ 36,531

11. Related Party Transactions

Mr. Brad Juneau, who served as the Company's Chairman, President and Chief Executive Officer until January 6, 2020, and the Company's Executive Chairman until November 11, 2021, and now serves as the Company's Chairman is also the sole manager of Juneau Exploration, L.P. ("JEX"), a private company involved in the exploration and production of oil and natural gas. On December 11, 2020, the Company entered into a Second Amended and Restated Management Services Agreement (the "A&R MSA") with JEX, which amends and restates the Amended and Restated Management Services Agreement between the Company and JEX dated as of November 20, 2019. Pursuant to the A&R MSA, JEX will continue, subject to direction of the board of directors of the Company (the "Board"), to provide certain facilities, equipment and services used in the conduct of the business and affairs of the Company and management of its membership interest in the Peak Gold JV. Pursuant to the A&R MSA, JEX will provide to the Company office space and office equipment, and certain related services. The A&R MSA will be effective for one year beginning December 1, 2020 and will renew automatically on a monthly basis as of December 1, 2021 unless terminated upon ninety days' prior notice by either the Company or JEX. Pursuant to the A&R MSA, the Company will pay to JEX a monthly fee of $10,000, which includes an allocation of approximately $6,900 for office space and equipment. JEX will also be reimbursed for its reasonable and necessary costs and expenses of third parties incurred for the Company. The A&R MSA includes customary indemnification provisions.

The Company entered into Stock Purchase Agreements dated as of June 14, and June 17, 2021 for the sale of an aggregate of 523,809 shares of Common Stock at a purchase price of $21.00 per share of Common Stock, in the 2021 Private Placement to certain accredited investors. The 2021 Private Placement closed on June 17 and 18, 2021. The 2021 Private Placement resulted in approximately $11.0 million of gross proceeds and approximately $10.9 million of net proceeds to the Company. The Company will use the net proceeds from the 2021 Private Placement to fund its exploration and development program and for general corporate purposes. Rick Van Nieuwenhuyse, the Company's President and Chief Executive Officer, purchased 47,619 shares of Common Stock, for a purchase price of approximately $1,000,000, in the 2021 Private Placement pursuant to a Purchase Agreement dated June 17, 2021, on the same terms and conditions as all other purchasers, except that Mr. Nieuwenhuyse did not receive any registration rights. The 2021 Private Placement to Mr. Nieuwenhuyse closed on June 18, 2021.

On September 23, 2020, the Company completed the issuance and sale of an aggregate of 247,172 shares of the Company's Common Stock, in a private placement to certain purchasers who are accredited investors. Of the total 247,172 shares issued, 32,874 were issued from Company's treasury account. The shares of the Common Stock were sold at a price of $13.25 per share, resulting in gross proceeds to the Company of approximately $3.3 million and net proceeds to the Company of approximately $3.2 million. The Company's President and Chief Executive Officer, Rick Van Nieuwenhuyse, purchased 75,472 of shares of Common Stock in the 2020 Private Placement, for total consideration of $1.0 million, on the same terms and conditions as all other purchasers. As a result of Mr. Van Nieuwenhuyse's purchase, as of September 23, 2020, his ownership interest in the Company was 2.2%. Petrie acted as the sole placement agent in connection with the 2020 Private Placement and received a placement agent fee equal to 3.25% of the gross proceeds raised from the subscribers whom they solicited, or a total of approximately $0.05 million in placement agent fees. Petrie has provided to the Company in the past, and may provide from time to time in the future, certain securities offering, financial advisory, investment banking and other services for which it has received and may continue to receive customary fees and commissions. The Audit Committee of the Company has reviewed and approved all agreements and arrangements relating to Mr. Van Nieuwenhuyse's participation in the 2020 Private Placement.

On September 30, 2020, in a series of related transactions, Kinross, through its wholly owned subsidiary, acquired all of the interest in the Peak Gold JV held by Royal Gold and an additional 30.0% membership interest in the Peak Gold JV held by the Company. The Company, through its wholly owned subsidiary, retained a 30.0% membership interest in the Peak Gold JV, with Kinross acquiring a 70.0% membership interest in the Peak Gold JV and becoming the manager and operator of the Peak Gold JV. Prior to and in connection with the Kinross Transactions, on September 29, 2020, Contango Minerals entered into an Omnibus Second Amendment and Restatement of Royalty Deeds (the "Contango Minerals Royalty Agreement") with Royal Gold. Under the terms of the Contango Minerals Royalty Agreement, in addition to certain existing 2.0% royalties (the "2% Royalties") and 3.0% royalties in favor of Royal Gold on the Alaska State mining claims, Contango Minerals granted an additional 1% net smelter returns royalty on those Alaska State mining claims that were already subject to the 2% Royalties, increasing the royalty rate on those Alaska State mining claims to 3.0%. These Alaska state mining claims were transferred to Contango Minerals as part of the transactions with Kinross, with Royal Gold retaining the 3.0% royalty. As a result of the Contango Minerals Royalty Agreement, Contango Minerals will be obligated to pay Royal Gold a 3.0% net smelter returns royalty on all properties subject to the Contango Minerals Royalty Agreement, subject to the terms and conditions of that agreement.

In addition, on September 29, 2020, the Peak Gold JV entered into an Omnibus Second Amendment and Restatement of Royalty Deeds and Grant of Additional Royalty (the "JV Royalty Agreement") with Royal Gold. Pursuant to the JV Royalty Agreement, the Peak Gold JV (i) granted to Royal Gold a 28.0% net smelter returns royalty interest on all silver produced from a defined area within the Tetlin Lease and (ii) transferred to Royal Gold the additional 1.0% net smelter returns royalty that it had retained on the Alaska State mining properties which were contributed to Contango Minerals, all subject to the terms of the JV Royalty Agreement.

The Company will be required to fund any royalty payments the Peak Gold JV is obligated to make to Royal Gold under the JV Royalty Agreement in proportion to its membership interests in the Peak Gold JV. The Company's proportionate share of the additional royalty granted to Royal Gold pursuant to the JV Royalty Agreement has been partially offset by a cash payment of $1.2 million to the Company, designated as a reimbursement prepayment by Kinross for the Company's estimated proportionate share of the additional silver royalty, in proportion to Company's membership interest in the Peak Gold JV after the consummation of the transactions described above.

On January 1, 2022, our non-executive directors realized a vesting of 160,000 restricted shares of Common Stock, which resulted in federal and state income tax obligations. Consistent with the Company's treatment of employees who experience similar tax obligations in connection with their vesting of restricted shares, the Company purchased a total of 60,100 shares of Common Stock from the non-executive directors on January 5, 2022, at a price of $25.60 per share (the applicable closing price per share of Common Stock for vesting on January 1, 2022), resulting in aggregate payments of $1.5 million that will be used by the non-executive directors to pay their tax obligations on the vested shares.

12. Stock-Based Compensation

On September 15, 2010, 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, 2027; and (c) allowing the Company to withhold shares to satisfy the Company's tax withholding obligations with respect to grants paid in Company Stock.

On November 13, 2019, the stockholders of the Company approved and adopted the First Amendment (the "Amendment") to the Amended Equity Plan (as amended, the "Equity Plan") which increased the number of shares of Common Stock that the Company may issue under the Equity Plan by 500,000 shares. Under the Equity Plan, the Board may issue up to 2,000,000 shares of Common Stock and options to officers, directors, employees or consultants of the Company. Awards made under the Equity Plan are subject to such restrictions, terms and conditions, including forfeitures, if any, as may be determined by the Board.

On December 11, 2020, the Board, upon recommendation of the Compensation Committee of the Board (the "Compensation Committee"), adopted the Second Amendment to the Equity Plan to increase the maximum aggregate number of shares of Common Stock of the Company with respect to which award grants may be made under the Equity Plan to any individual during a calendar year from 100,000 shares to 300,000 shares.

As of March 31, 2022, there were 326,334 shares of unvested restricted Common Stock outstanding and 100,000 options to purchase shares of Common Stock outstanding issued under the Equity Plan. Stock-based compensation expense for the three and nine months ended March 31, 2022 was $897,742 and $3,175,903, respectively. Stock-based compensation expense for the three and nine months ended March 31, 2021 was $983,988 and $2,886,046, 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 US 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 2019, the Company granted 158,000 restricted shares of Common Stock to its executives and non-executive directors. All of the restricted stock granted vested in January 2022.

In connection with the appointment of Rick Van Nieuwenhuyse as the President and Chief Executive Officer of the Company, on January 9, 2020, the Company issued 75,000 shares of restricted stock to Mr. Van Nieuwenhuyse. The shares of restricted stock vested in two equal installments, half on the first anniversary of Mr. Van Nieuwenhuyse's employment with the Company and half on the second anniversary of his employment with the Company, subject to acceleration upon a change of control of the Company. Half of this restricted stock grant (37,500 shares) vested on January 6, 2021, and the other half vested on January 6, 2022.

On December 1, 2020, the Company granted an aggregate 20,000 shares of Common Stock to two new employees. The restricted stock granted to such employees vests in equal installments over three years on the anniversary of the grant date. On December 11, 2020, the Company granted 162,500 restricted shares of Common Stock to its executives and non-executive directors. The restricted stock granted to the executives and non-executive directors vests between January 2022 and January 2023. On December 11, 2020 the Company also granted Mr. Van Nieuwenhuyse 23,333 shares of restricted stock in conjunction with his short-term incentive plan, and such shares vested in January 2022. As of March 31, 2022, 165,834 shares of restricted stock granted in December 2020 remained unvested.

On August 16, 2021, the Company granted 10,000 shares of Common Stock to a new employee. The restricted stock granted to the employee vests in equal installments over three years on the anniversary of the grant date. As of March 31, 2022 all 10,000 shares remain unvested.

On November 11, 2021, the Company granted 123,500 restricted shares of Common Stock to its executives and non-executive directors. The restricted stock granted to the executives and non-executive directors vests between January 2023 and January 2024. As of March 31, 2022, all 123,500 shares of such restricted stock granted remained unvested.

In January 2022, Mr. Van Nieuwenhuyse received 15,000 restricted shares of Common Stock, which will vest on January 15, 2023. On February 2, 2022 the Company also granted to four employees a total of 12,000 shares of restricted stock. These restricted shares will vest between January 2023 and January 2025.

As of March 31, 2022, the total compensation cost related to unvested awards not yet recognized was $3,938,754. The remaining costs will be recognized over the remaining vesting period of the awards.

Stock options. In connection with the appointment of Mr. Van Nieuwenhuyse as the President and Chief Executive Officer of the Company, on January 6, 2020, the Company granted to Mr. Van Nieuwenhuyse options to purchase 100,000 shares of Common Stock of the Company, with an exercise price of $14.50 per share, which is equal to the closing price on January 6, 2020, the day on which he began employment with the Company. The options vested in two equal installments, one-half of the options vested on the first anniversary of Mr. Van Nieuwenhuyse's employment with the Company and one-half vested on the second anniversary of his employment with the Company.

There were no stock option exercises during the three and nine months ended March 31, 2022 and 2021. 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 March 31, 2022, the stock options had a weighted-average remaining life of 2.77 years. The total compensation cost related to options was fully recognized as of March 31, 2022.

A summary of the status of stock options granted under the Equity Plan as of March 31, 2022 and changes during the nine months then ended, is presented in the table below:

		Nine Months Ended March 31, 2022		
		Shares Under Options		Weighted Average Exercise Price
Outstanding as of June 30, 2021		100,000	$	14.50
Granted		—		
Exercised		—		
Forfeited		—		
Outstanding at the end of the period		100,000	$	14.50
Aggregate intrinsic value	$	957,000		
Exercisable, end of the period		100,000		
Aggregate intrinsic value	$	957,000		
Available for grant, end of period		100,427		
Weighted average fair value per share of options granted during the period	$	—		

13. 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 Peak Gold JV initiates and continues to conduct mining operations on the Tetlin Lease.

Pursuant to the terms of the Tetlin Lease, the Peak Gold JV was required to spend $350,000 per year until July 15, 2018 in exploration costs. 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 Peak Gold JV derive revenues from the properties covered under the Tetlin Lease, the Peak Gold JV is required to pay the Tetlin Tribal Council a production royalty ranging from 3.0% to 5.0%, depending on the type of metal produced and the year of production. The Company previously 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 2.25% to 4.25%. The Tetlin Tribal Council had the option to increase their production royalty by (i) 0.25% by payment to the Peak Gold JV of $150,000, (ii) 0.50% by payment to the Peak Gold JV of $300,000, or (iii) 0.75% by payment to the Peak Gold JV of $450,000. The Tetlin Tribal Council exercised the option to increase its production royalty by 0.75% by payment to the Peak Gold JV of $450,000 on December 31, 2020. In lieu of a cash payment, the $450,000 will be credited against future production royalty and advance minimum royalty payments due by the Peak Gold JV to the Tetlin Tribal Council under the lease once production begins. The exercise of this option by the tribe did not have an accounting impact to the Company. Until such time as production royalties begin, the Peak Gold JV 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 Company's Triple Z, Eagle/Hona, Shamrock, Willow, and Lucky Shot claims are all located on State of Alaska lands. The Company released its Bush and West Fork claims in November 2020. 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 2021-2022 assessment year totaled $478,650. The Company paid the current year claim rentals in October 2021. The associated rental expense is amortized over the rental claim period, September 1 - August 31 of each year. The Company obtained 100% ownership of these claims in conjunction with the Separation Agreement. As of March 31, 2022, the Peak Gold JV had met the annual labor requirements for the Manh Choh Project acreage for the next four years, which is the maximum period allowable by Alaska law.

Lucky Shot Acquisition. With regard to the Lucky Shot Acquisition, in addition to the cash at closing and the Promissory Note, the Company will be obligated to pay CRH additional consideration if production on the Lucky Shot Property meets two separate milestone payment thresholds. If the first threshold of (1) an aggregate "mineral resource" equal to 500,000 ounces of gold or (2) production and receipt by the Company of an aggregate of 30,000 ounces of gold (including any silver based on a 1:65 gold:silver ratio) is met, then the Company will pay CRH $5 million in cash and $3.75 million in newly issued shares of CORE common stock. If the second threshold of (1) an aggregate "mineral resource" equal to 1,000,000 ounces of gold or (2) production and receipt by the Company of an aggregate of 60,000 ounces of gold (including any silver based on a 1:65 gold:silver ratio) is met, then the Company will pay CRH $5 million in cash and $5 million in newly issued shares of CORE common stock. If payable, the additional share consideration will be issued based on the 30-day volume weighted average price for each of the thirty trading days immediately prior to the satisfaction of the relevant production goal. The Company also agreed to make $10,000,000 in expenditures during the 36-month period following closing toward the existence, location, quantity, quality or commercial value of mineral deposits in, under and upon the Lucky Shot Property.

Royal Gold Royalties. Initially, the Peak Gold JV was obligated to pay Royal Gold (i) an overriding royalty of 3.0% should the Peak Gold JV derive revenues from the Tetlin Lease, the Additional Properties and certain other properties and (ii) an overriding royalty of 2.0% should the Peak Gold JV derive revenues from certain other properties. In conjunction with the Separation Agreement (described in Note 1), the Peak Gold JV granted a new 28.0% net smelter returns silver royalty on all silver produced from a defined area within the Tetlin Lease and transferred an additional 1.0% net smelter returns royalty on the state mining claims to Royal Gold. Therefore, Royal Gold currently holds a 3.0% overriding royalty on the Tetlin Lease and the state mining claims that were transferred to the Company in conjunction with the Separation Agreement.

Retention Agreements. In February 2019, the Company entered into Retention Agreements with its then Chief Executive Officer, Brad Juneau, its Chief Financial Officer, Leah Gaines, and one other employee providing for payments in an aggregate amount of $1,500,000 upon the occurrence of certain conditions. The Retention Agreements are triggered upon a change of control (as defined in the applicable Retention Agreement), provided that the recipient is employed by the Company when the change of control occurs. On February 6, 2020, the Company entered into amendments to the Retention Agreements to extend the term of the change of control period from August 6, 2020 until August 6, 2025. Mr. Juneau and Ms. Gaines will receive a payment of $1,000,000 and $250,000, respectively, upon a change of control that takes place prior to August 6, 2025. On June 10, 2020, the Company entered into a Retention Payment Agreement with Rick Van Nieuwenhuyse, the Company's President and Chief Executive Officer, providing for a payment in an amount of $350,000 upon the occurrence of certain conditions. The Retention Payment Agreement is triggered upon a change of control (as defined in the Retention Payment Agreement) which occurs on or prior to August 6, 2025, provided that Mr. Van Nieuwenhuyse is employed by the Company when the change of control occurs.

Short Term Incentive Plan. The Compensation Committee of the Board of Directors of the Company (the "Compensation Committee") adopted a Short-Term Incentive Plan (the "STIP") effective as of June 10, 2020, for the benefit of Mr. Van Nieuwenhuyse. Pursuant to the terms of the STIP, the Compensation Committee will establish performance goals each year and evaluate the extent to which, if any, Mr. Van Nieuwenhuyse meets such goals. The STIP provides for a payout equal to 25.0% of Mr. Van Nieuwenhuyse's annual base salary if the minimum performance target established by the Compensation Committee is met, 100.0% of his annual base salary if all performance goals are met, and up to 200.0% of his annual base salary if the maximum performance target is met. Amounts due under the STIP will be payable 50.0% in cash and 50.0% in the form of restricted stock granted under the Equity Plan, vesting in two equal annual installments on the first and second anniversaries of the grant date, and subject to the terms of the Equity Plan. In addition, in the event of a Change of Control (as defined in the Equity Plan) during the term of the STIP, the Compensation Committee, in its sole and absolute discretion, may make a payment to Mr. Van Nieuwenhuyse in an amount up to 200.0% of his annual base salary, payable in cash, shares of Common Stock of the Company under the Equity Plan or a combination of both, as determined by the Compensation Committee, not later than 30 days following such Change of Control. In conjunction with STIP plan, in December 2020, Mr. Van Nieuwenhuyse received a $350,000 cash bonus and 23,333 restricted shares of Common Stock, which vested on January 1, 2022. In conjunction with the STIP plan, in January 2022, Mr. Van Nieuwenhuyse received a $300,000 cash bonus and 15,000 restricted shares of Common Stock, which vest on January 15, 2023.

14. Income Taxes

The Company recognized a full valuation allowance on its deferred tax asset as of March 31, 2022 and June 30, 2021 and has recognized $0.1 million income tax benefit for the three and nine months ended March 31, 2022. The Company recognized $0.2 million income tax benefit and $1.6 million in income tax expense for the three and nine months ended March 31, 2021. The current year income tax benefit is a return to provision adjustment for the federal and state of Alaka income tax returns. The prior year income tax expense for the nine months ended March 31, 2021 of $1.6 million consists of $1.3 million of federal income tax expense and $0.3 million of Alaskan state income tax expense. The effective tax rate was -0.73% and 5.85% for the nine months ending March 31, 2022 and March 31, 2021, respectively. The Company has historically had a full valuation allowance, which resulted in no net deferred tax asset or liability appearing on its statement of financial position. The Company recorded this valuation allowance after an evaluation of all available evidence (including the Company's history of net operating losses) that led to a conclusion that, based upon the more-likely-than-not standard of the accounting literature, these deferred tax assets were unrecoverable. The Company is forecasting a book and taxable net loss for its fiscal year end, June 30, 2022. The prior year taxable income was driven by the gain on the sale of the CORE JV Interest in connection with the Kinross Transactions. The prior year gain does not represent a source of continual income to the Company. As such, insufficient positive evidence exists to support removing the valuation allowance from the net deferred tax asset. The Company will continue to consider positive and negative evidence of the recoverability of the deferred tax assets and will continue to place a valuation allowance on the net deferred tax asset at this time. The Company reviews its tax positions quarterly for tax uncertainties. The Company did not have any uncertain tax positions as of March 31, 2022 or June 30, 2021.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act ("the CARES Act") was enacted which is aimed at providing emergency assistance due to the impact of the COVID-19 pandemic. The CARES Act includes several tax incentives. Among them are an increase to the IRC Section 163(j) limitation, temporary relief from the 80% limitation on net operating losses ("NOLs"), an ability to carry back NOLs, as well as some technical corrections related to the Act. As of March 31, 2022, the Company does not expect the CARES Act to have a material impact.

15. Subsequent Events

On April 26, 2022, the Company closed on a $20,000,000 unsecured convertible debenture to Queen's Road Capital Investment, Ltd. ("QRC"). The debenture was purchased at par. The Company will use the proceeds from the sale of the debenture to fund commitments to the Peak Gold JV, the exploration and development at its Lucky Shot properties, and for general corporate purposes.

The debenture will bear interest at 8% per annum, payable quarterly, with 6% paid in cash and 2% paid in shares of Common Stock issued at the market price at the time of payment based on a 20-day volumetric weighted average price ("VWAP"). The debenture is unsecured, with a maturity of four years after issuance. The holder may convert the debenture into Common Stock at any time at a conversion price of $30.50 per share, subject to adjustment. The Company may redeem the debenture after the third anniversary of issuance at 105% of par, provided that the market price (based on a 20-day VWAP) of our Common Stock is at least 130% of the conversion price. The Company may also redeem the debenture, and the holder will have rights to put the debenture to the Company, upon a change of control of the Company, with the redemption or put price being 130% of par for the first three years following issuance and 115% of par thereafter and accrued interest at the time of redemption or put being paid in the same form as other interest payments.

In connection with the issuance of the debenture, the Company agreed to pay an establishment fee of 3% of the debenture face amount. In accordance with the investment agreement, QRC elected to receive the establishment fee in shares of Common Stock valued at $24.82 per share, for a total of 24,174 shares. The establishment fee shares were issued to QRC pursuant to an exemption from registration under Regulation S. QRC entered into an investor rights agreement with the Company in connection with the issuance of the debenture. The investor rights agreement contains provisions that require QRC and its affiliates, while they own 5% or more of our outstanding Common Stock, to standstill, not to participate in any unsolicited or hostile takeover of the Company, not to tender its shares of Common Stock unless the Company's board recommends such tender, to vote its shares of Common Stock in the manner recommended by the Company's board to its stockholders, and not to transfer its shares of Common Stock representing more than 0.5% of outstanding shares without notifying the Company in advance, whereupon the Company will have a right to purchase those shares.

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 the Company files or furnishes 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, 2021, 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. Any statement that is not historical fact is a forward -looking statement. These include such matters as:

- The Company's financial position;
- Business strategy, including outsourcing;
- Meeting Company forecasts and budgets;
- Anticipated capital expenditures and availability of future financings;
- Prices of gold and associated minerals;
- Timing and amount of future discoveries (if any) and production of natural resources on the Contango Properties and the Peak Gold JV Property;
- Operating costs and other expenses;
- Cash flow and anticipated liquidity;
- The Company's ability to fund its business with current cash reserves based on currently planned activities;
- Prospect development;
- Operating and legal risks; and
- 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, many of which are outside of our control, that may cause our actual results, performance or achievements to be materially different from future results expressed or implied by the forward-looking statements. In addition to the risk factors described in Part II, Item 1A. Risk Factors, of this report and Part I, Item 1A. Risk Factors, in our Annual Report on Form 10-K for the year ended June 30, 2021, these factors include among others:

- Ability to raise capital to fund capital expenditures;
- Ability to retain or maintain our relative ownership interest in the Peak Gold JV;
- Ability to influence management of the Peak Gold JV;
- Ability to realize the anticipated benefits of the Kinross Transactions, including ability to process ore mined from the Peak Gold JV Property at the existing Fort Knox mining and milling complex;
- Disruption from the Kinross Transactions and transition of the Peak Gold JV's management to Kinross, including as it relates to maintenance of business and operational relationships potential delays or changes in plans with respect to exploration or development projects or 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;
- Changes in applicable tax rates and other regulatory changes;
- Impact of new and potential legislative and regulatory changes (including commitments to international agreements) on mining operating and safety standards.;
- Uncertainties of any estimates and projections relating to any future production, costs and expenses (including changes in the cost of fuel, power, materials, and supplies);
- 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 and regulatory, health and safety risks;
- Strength and financial resources of competitors;
- Worldwide economic conditions;
- Impact of pandemics, such as the worldwide COVID-19 outbreak, which could impact the Company's or the Peak Gold JV's exploration schedule;
- Expanded rigorous monitoring and testing requirements;
- Ability to obtain insurance coverage on commercially reasonable terms;
- Competition generally and the increasing competitive nature of the mining industry;
- Risks related to title to properties; and
- Ability to consummate strategic transactions.

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, the Company undertakes 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. All forward-looking statements included herein are expressly qualified in their entirety by the cautionary statements contained or referred to in this section.

Overview

The Company engages in exploration for gold ore and associated minerals in Alaska. The Company conducts its operations through three primary means:

- a 30.0% membership interest in Peak Gold, LLC (the "Peak Gold JV"), which leases approximately 675,000 acres from the Tetlin Tribal Council and holds approximately 13,000 additional acres of State of Alaska mining claims (such combined acreage, the "Peak Gold JV Property") for exploration and development, including in connection with the Peak Gold JV's plan to mine ore from the Peak and North Peak deposits within the Peak Gold JV Property (the "Manh Choh Project");

- its wholly-owned subsidiary, Alaska Gold Torrent, LLC, an Alaska limited liability company ("AGT"), which leases the mineral rights to approximately 8,600 acres of State of Alaska and patented mining claims for exploration from Alaska Hard Rock, Inc., located in three former producing gold mines located on the patented claims in the Willow Mining District about 75 miles north of Anchorage, Alaska (the "Lucky Shot Property") (See Note 9 - Acquisition of Lucky Shot Property); and

- its wholly-owned subsidiary, Contango Minerals Alaska, LLC ("Contango Minerals"), which separately owns the mineral rights to approximately 214,600 acres of State of Alaska mining claims for exploration, including (i) approximately 139,100 acres located immediately northwest of the Peak Gold JV Property (the "Eagle/Hona Property"), (ii) approximately 14,800 acres located northeast of the Peak Gold JV Property (the "Triple Z Property"), (iii) approximately 52,700 acres of property in the Richardson district of Alaska staked by the Company in the first quarter of 2021 (the "Shamrock Property") and (iv) approximately 8,000 acres located to the north and east of the Lucky Shot Property (the "Willow Property" and, together with the Shamrock Property, the Eagle/Hona Property and the Triple Z Property, collectively the "Minerals Property").

The Lucky Shot Property and the Minerals Property are collectively referred to in this Quarterly Report on Form 10-Q as the "Contango Properties".

As of March 31, 2022, the Company had approximately $8.2 million of cash.

The Peak Gold JV spent approximately $15.8 million on the 2021 drilling program and completed approximately 33,000 ft. of drilling on the Manh Choh Project in 2021. The majority of the drilling was directed towards in-fill drilling to support a detailed mine plan and feasibility study with additional drilling to support on-going geotechnical, metallurgical, environmental studies and water quality data collection. In addition, the Peak Gold JV submitted a permitting package to the US Army Corps of Engineers for the Wetlands Dredge and Fill permit, also known as a 404 permit, just prior to the end of 2021. On December 17, 2021, the Peak Gold JV initially approved a budget of $47.9 million for its 2022 program. At a meeting of the Management Committee of Peak Gold JV held on February 14, 2022, Kinross Gold Corporation ("Kinross"), the manager of Peak Gold JV, presented updated information that resulted in a decrease in its 2022 spending program to approximately $26 million, of which the Company's share would be approximately $7.8 million. Kinross explained that the decrease is due to a revised work plan resulting from recent impacts of inflation, contractor and labor market constraints in Alaska, and determined that it was in the best interests of the Peak Gold JV to delay certain activities that were initially planned for 2022 pending further analysis of options including a re-bidding process. The 2022 budget covers the following areas of work: feasibility study, permitting, on-going environmental monitoring, community engagement, engineering, early construction, and exploration. The Peak Gold JV plans to release a feasibility study in late 2022 which will outline the anticipated tonnes and grades of ore delivered to the Fort Knox mill for processing and expected ounces of gold and silver to be recovered over the reserve life of the mine.

At the Lucky Shot Property, the Company has engaged a mining contractor (Atkinson Construction) to execute the planned 2022 exploration/development program to advance the Enserch Tunnel to the footwall of the Lucky Shot vein and drift 1500 foot parallel to the vein and set up drill stations every 75 feet. The Company plans to be ready to drill by late summer 2022, with a plan to drill approximately 3200 meters (~10,000 feet) from underground into the down-dip projection of the previously identified Lucky Shot vein. The Company is currently securing a drilling contractor to conduct the underground drilling.

On the Shamrock Property, the Company conducted soil and surface rock chip sampling during 2021. Follow up trenching and detailed geologic mapping is planned for the summer of 2022. At the Eagle/Hona Property, the Company carried out a detailed reconnaissance of the northern and eastern portions of the large claim block that had not previously been detail sampled. Due to the steep topography, a helicopter was used to execute the program safely. Follow up geologic mapping and sampling is planned for the summer of 2022.

Background

Contango ORE, Inc. 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. On January 8, 2015, the Company and a subsidiary of Royal Gold, Inc. ("Royal Gold") formed the Peak Gold JV. The Company contributed a 100% leasehold interest in an estimated 675,000 acres (the "Tetlin Lease") from the Tetlin Tribal Council, the council formed by the governing body for the Native Village of Tetlin, an Alaska Native Tribe (the "Tetlin Tribal Council"); and State of Alaska mining claims near Tok, Alaska (together with other property, formerly the "Peak Gold Joint Venture Property"), and Royal Gold made an initial investment into the Peak Gold JV of $5.0 million. By September 29, 2020, Royal Gold had contributed approximately $37.1 million to the Peak Gold JV and earned a cumulative economic interest of 40.0%. The proceeds from the investments were used for exploration of the Peak Gold Joint Venture Property. Royal Gold served as the manager of the Peak Gold JV and managed, directed, and controlled operations of the Peak Gold JV until the Kinross Transactions (described below).

Kinross Transaction

On September 29, 2020, the Company, CORE Alaska, LLC and KG Mining (Alaska), Inc. ("KG Mining"), an indirect wholly-owned subsidiary of Kinross Gold Corporation, a corporation formed under the laws of Ontario, Canada ("Kinross"), entered into a Purchase Agreement (the "CORE Purchase Agreement"), pursuant to which CORE Alaska sold a 30.0% membership interest (the "CORE JV Interest") in the Peak Gold JV, to KG Mining (the "CORE Transactions"). The CORE Transactions closed on September 30, 2020. In consideration for the CORE JV Interest, the Company received $32.4 million in cash and 809,744 shares of the Company's common stock, par value $0.01 per share (the "Common Stock"). The 809,744 shares of Common Stock were acquired by KG Mining from Royal Gold, as part of the Royal Gold Transactions (described below) and were subsequently canceled by the Company. Of the $32.4 million cash consideration, $1.2 million constituted a reimbursement prepayment to the Company by KG Mining of amounts relating to CORE Alaska's proportionate share of certain silver royalty payments that the Peak Gold JV may be obligated to pay to Royal Gold, with the understanding that as a result of such reimbursements, KG Mining would bear the entire economic impact of those silver royalty payments due from the Peak Gold JV. Concurrently with the CORE Purchase Agreement, KG Mining, in a separate transaction, acquired from Royal Gold (i) 100% of the equity of Royal Alaska, LLC ("Royal Alaska"), which held a 40.0% membership interest in the Peak Gold JV (the "Royal Gold Transactions" and, together with the CORE Transactions, the "Kinross Transactions"). Therefore, as of March 31, 2022, the Company holds a 30.0% membership interest in the Peak Gold JV, and KG Mining holds a 70.0% membership interest in the Peak Gold JV and serves as the manager and operator of the Peak Gold JV. KG Mining and CORE Alaska entered into the Amended and Restated Limited Liability Company Agreement of the Peak Gold JV (the "A&R JV LLCA") on October 1, 2020 to address the new ownership arrangements and to incorporate additional terms that will permit the Peak Gold JV to further develop and produce from its properties.

The Peak Gold JV had also historically held certain State of Alaska unpatented mining claims for the exploration of gold ore and associated minerals. Prior to the Kinross Transactions, the Peak Gold JV, Contango Minerals Alaska, LLC, an Alaska limited liability company formed by the Peak Gold JV ("Contango Minerals"), the Company, CORE Alaska, Royal Gold and Royal Alaska entered into a Separation and Distribution Agreement, dated as of September 29, 2020 (the "Separation Agreement"). Pursuant to the Separation Agreement, the Peak Gold JV formed Contango Minerals, contributed approximately 167,000 acres of Alaska State mining claims to it, subject to the Option Agreement (described below), and retained an additional 1.0% net smelter returns royalty interest on certain of the Alaska state mining claims that were contributed. After the formation and contribution to Contango Minerals, the Peak Gold JV made simultaneous distributions to Royal Alaska and CORE Alaska by (i) granting a new 28.0% net smelter returns silver royalty on all silver produced from a defined area within the Tetlin Lease and transferring the additional 1.0% net smelter returns royalty described above to Royal Gold and (ii) assigning 100.0% of the membership interests in Contango Minerals to CORE Alaska, which were in turn distributed to the Company, resulting in Contango Minerals becoming a wholly-owned subsidiary of the Company. The Separation Agreement contains customary representations, warranties and covenants.

In connection with the Separation Agreement, the Peak Gold JV and Contango Minerals entered into an Option Agreement, dated as of September 29, 2020 (the "Option Agreement"). Under the Option Agreement, Contango Minerals granted the Peak Gold JV an option, subject to certain conditions contained in the Option Agreement, to purchase approximately 13,000 acres of the Alaska state mining claims which were contributed to Contango Minerals pursuant to the Separation Agreement, together with all extralateral rights, water and water rights, and easements and rights of way in connection therewith, that are held by Contango Minerals. Subject to the conditions in the Option Agreement, the Peak Gold JV had the right to exercise the option to purchase the Alaska state mining claims, in whole or in part, at an exercise price of $50,000. The Peak Gold JV exercised this option in whole in June 2021 and paid the Company $50,000.

Kinross is a large gold producer with a diverse global portfolio and extensive operating experience in Alaska. The Peak Gold JV plans to mine ore from the Peak and North Peak deposits and then process ore at the existing Fort Knox mining and milling complex located approximately 250 miles away. The use of the Fort Knox facilities is expected to accelerate the development of the Peak Gold JV Property and result in significantly reduced upfront capital development costs, smaller environmental footprint, a shorter permitting and development timeline and less overall risk for Peak Gold JV Property as the Fort Knox facilities have existing operations as opposed to developing, permitting, and building a new mill and processing facilities.

Acquisition of Lucky Shot Property

On August 24, 2021 the Company completed the purchase of all outstanding membership interests (the "Interests") of AGT from CRH Funding II PTE. LTD, a Singapore private limited corporation ("CRH") (the "Lucky Shot Transaction"). AGT holds rights to the Lucky Shot Property. The Company agreed to purchase the Interests for a total purchase price of up to $30 million. The purchase price includes an initial payment at closing of $5 million in cash and a promissory note in the original principal amount of $6.25 million, payable by the Company to CRH (the "Promissory Note"), with a maturity date of February 28, 2022 (the "Maturity Date"). The Promissory Note is secured by the Interests. If the Company completes an offering and obtains a listing of its shares on the NYSE American prior to the Maturity Date, the Company will pay the Promissory Note through the issuance to CRH of shares of the Company's common stock. The common stock will be valued at the per share price in the offering, if available, or (y) the per share price representing a 10% discount to the 30-day volume-weighted average share price as of the Maturity Date. In November 2021, the Company's common stock commenced listing on the NYSE American. The Company paid the Promissory Note in cash on Feburary 25, 2022.

In addition to the cash at closing and the Promissory Note, the Company will be obligated to pay CRH additional consideration if production on the Lucky Shot Property meets two separate milestone payment thresholds. If the first threshold of (1) an aggregate "mineral resource" equal to 500,000 ounces of gold or (2) production and receipt by the Company of an aggregate of 30,000 ounces of gold (including any silver based on a 1:65 gold:silver ratio) is met, then the Company will pay CRH $5 million in cash and $3.75 million in newly issued shares of CORE common stock. If the second threshold of (1) an aggregate "mineral resource" equal to 1,000,000 ounces of gold or (2) production and receipt by the Company of an aggregate of 60,000 ounces of gold (including any silver based on a 1:65 gold:silver ratio) is met, then the Company will pay CRH $5 million in cash and $5 million in newly issued shares of CORE common stock. If payable, the additional share consideration will be issued based on the 30-day volume weighted average price for each of the thirty trading days immediately prior to the satisfaction of the relevant production goal.

The Company also agreed to make $10,000,000 in expenditures during the 36-month period following closing toward the existence, location, quantity, quality or commercial value of mineral deposits in, under and upon the Lucky Shot Property. On August 16, 2021, the Company hired Chris Kennedy, who has prior experience in underground mine operations management, to serve as the Company's Mine General Manager. In his role, Mr. Kennedy will manage the Company's underground exploration and development program on the Lucky Shot Property.

Strategy

Retaining Proven Executive Leadership. Effective as of January 6, 2020, Rick Van Nieuwenhuyse was appointed to serve as President and Chief Executive Officer of the Company. Mr. Van Nieuwenhuyse will perform the functions of the Company's principal executive officer. Also effective on January 6, 2020, the size of the Board was increased from four to five directors with Mr. Van Nieuwenhuyse appointed to the Board to fill the vacancy created by the increase. Mr. Van Nieuwenhuyse, 65, previously served as President and Chief Executive Officer of Trilogy Metals Inc. from January 2012 until December 2019. Between May 1999 and January of 2012, he served as the President and Chief Executive Officer of NOVAGOLD Resources, Inc. In December 2020, Mr. Van Nieuwenhuyse hired two employees to assist with the execution and field management of the Company's exploration of its 100% owned properties.

Partnering with strategic industry participants to expand future exploration work. In January 2015, the Company formed the Peak Gold JV pursuant to the JV LLCA with Royal Gold. Under the JV LLCA, Royal Gold was appointed as the manager of the Peak Gold JV, initially, with overall management responsibility for operations of the Peak Gold JV. As of October 1, 2020, in conjunction with the Kinross Transactions and the signing of the A&R JV LLCA, KG Mining became the manager of the Peak Gold JV (the "Manager"). KG Mining may resign as Manager and can be removed as Manager for a material breach of the A&R JV LLCA, a material failure to perform its obligations as the Manager, a failure to conduct the Peak Gold JV operations in accordance with industry standards and applicable laws, and other limited circumstances. The Manager will manage and direct the operation of the Peak Gold JV, and will discharge its duties, in accordance with approved programs and budgets. The Manager will implement the decisions of the Management Committee and will carry out the day-to-day operations of the Peak Gold JV. Except as expressly delegated to the Manager, the A&R JV LLCA provides that the Management Committee has exclusive authority to determine all management matters related to the Company. The Management Committee currently consists of one appointee designated by the Company and two appointees designated by KG Mining. The Representatives designated by each member of the Peak Gold JV vote as a group, and in accordance with their respective membership interests in the Peak Gold JV. Except in the case of certain actions that require approval by unanimous vote of the Representatives, the affirmative vote of a majority of the membership interests in the Peak Gold JV constitutes the action of the Management Committee.

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 March 31, 2022, the Company's directors and executives beneficially own approximately 24.5% of the Company's Common Stock. An additional 11.7% 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.

Acquiring exploration properties. The Company anticipates from time to time acquiring additional properties in Alaska for exploration, subject to the availability of funds. The acquisitions may include leases or similar rights from Alaska Native corporations or may include filing Federal or State of Alaska mining claims by staking claims for exploration. Acquiring additional properties will likely result in additional expense to the Company for minimum royalties, minimum rents and annual exploratory work requirements.

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 Peak Gold JV initiates and continues to conduct mining operations on the Tetlin Lease. The Peak Gold JV was required to spend $350,000 per year annually until July 15, 2018 in exploration costs pursuant to the Tetlin Lease. Exploration expenditures to date under the Tetlin Lease have 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 Peak Gold JV will pay the Tetlin Tribal Council a production royalty ranging from 3.0% to 5.0% should the Peak Gold JV deliver to a purchaser on a commercial basis precious or non-precious metals derived from the properties under the Tetlin Lease. The Company had previously 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 2.25% to 4.25%. On or before December 31, 2020, the Tetlin Tribal Council had the option to increase its production royalty by (i) 0.25% by payment to the Peak Gold JV of $150,000, (ii) 0.50% by payment to the Peak Gold JV of $300,000, or (iii) 0.75% by payment to the Peak Gold JV of $450,000. The Tetlin Tribal Council exercised the option to increase its production royalty by 0.75% by payment to the Peak Gold JV of $450,000 on December 31, 2020. In lieu of a cash payment, the $450,000 will be credited against future production royalty and advance minimum royalty payments due by the Peak Gold JV to the Tetlin Tribal Council under the lease once production begins.

On January 8, 2015, the Company assigned the Tetlin Lease to the Peak Gold JV in connection with the formation of the Peak Gold JV.

Until such time as production royalties begin, the Peak Gold JV will pay the Tetlin Tribal Council an advance minimum royalty of approximately $75,000 per year, plus an inflation adjustment. Additionally, the Peak Gold JV 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, and a 28.0% net smelter returns silver royalty on all silver produced from a defined area within the Tetlin Lease. The Company will pay Royal Gold an overriding royalty of 3.0% on certain State of Alaska mining claims should it deliver to a purchaser on a commercial basis precious metals, non-precious metals or hydrocarbons. The Company pays claim rentals on State of Alaska mining claims which vary based on the ages of the claims. For the 2021–2022 assessment year, claims rentals totaled $478,650. Also, if the minimum work requirement is not performed on the property, additional minimum labor payments are due on certain state of Alaska acreage.

In February 2019, the Company entered into Retention Agreements with its then-Chief Executive Officer, Brad Juneau, its Chief Financial Officer, Leah Gaines, and one other employee providing for payments in an aggregate amount of $1,500,000 upon the occurrence of certain conditions. The Retention Agreements, as amended, are triggered upon a change of control (as defined in the applicable Retention Agreement), that takes place prior to August 6, 2025, provided that the recipient is employed by the Company when the change of control occurs. Mr. Juneau and Ms. Gaines will receive a payment of $1,000,000 and $250,000, respectively, upon a change of control.

On June 10, 2020, the Company entered into a Retention Payment Agreement with Rick Van Nieuwenhuyse, the Company's President and Chief Executive Officer, providing for a payment in an amount of $350,000 upon the occurrence of certain conditions. The Retention Payment Agreement is triggered upon a change of control (as defined in the Retention Payment Agreement) which occurs on or prior to August 6, 2025, provided that Mr. Van Nieuwenhuyse is employed by the Company when the change of control occurs.

The Company received $32.4 million in cash consideration in conjunction with the Kinross Transactions. Of the $32.4 million, $1.2 million constituted a reimbursement prepayment to the Company relating to its proportionate share of certain silver royalty payments that the Peak Gold JV may be obligated to pay to Royal Gold, with the understanding that KG Mining will bear the entire economic impact of those royalty payments due from the Peak Gold JV. Pursuant to Article IV of the A&R JV LLCA, if the Peak Gold JV terminates, or the Company's membership interest falls below 5% prior to when the prepaid royalty is paid out, the $1.2 million (less any portion already paid out) is refundable to KG Mining.

With regard to the Lucky Shot Acquisition, in addition to the cash at closing and the Promissory Note, the Company will be obligated to pay CRH additional consideration if production on the Lucky Shot Property meets two separate milestone payment thresholds. If the first threshold of (1) an aggregate "mineral resource" equal to 500,000 ounces of gold or (2) production and receipt by the Company of an aggregate of 30,000 ounces of gold (including any silver based on a 1:65 gold:silver ratio) is met, then the Company will pay CRH $5 million in cash and $3.75 million in newly issued shares of CORE common stock. If the second threshold of (1) an aggregate "mineral resource" equal to 1,000,000 ounces of gold or (2) production and receipt by the Company of an aggregate of 60,000 ounces of gold (including any silver based on a 1:65 gold:silver ratio) is met, then the Company will pay CRH $5 million in cash and $5 million in newly issued shares of CORE common stock. If payable, the additional share consideration will be issued based on the 30-day volume weighted average price for each of the thirty trading days immediately prior to the satisfaction of the relevant production goal. The Company also agreed to make $10,000,000 in expenditures during the 36-month period following closing toward the existence, location, quantity, quality or commercial value of mineral deposits in, under and upon the Lucky Shot Property.

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. The Company has 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 Peak Gold JV. The Company's consolidated financial statements include the investment in the Peak Gold JV, which is accounted for under the equity method. The Company has designated one of the three members of the Management Committee and on March 31, 2022 held a 30.0% ownership interest in the Peak Gold JV. KG Mining serves as the manager of the Peak Gold JV and manages, directs, and controls operations of the Peak Gold JV. The Company recorded its investment at the historical cost of the assets contributed. The cumulative losses of the Peak Gold JV exceed the historical cost of the assets contributed to the Peak Gold JV; therefore, the Company's investment in the Peak Gold JV as of March 31, 2022 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 Peak Gold JV in future periods.

Business Combinations. In determining whether an acquisition should be accounted for as a business combination or asset acquisition, the Company first determines whether substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or a group of similar identifiable assets. If this is the case, the single identifiable asset or the group of similar assets is not deemed to be a business, and is instead deemed to be an asset. If this is not the case, the Company then further evaluates whether the single identifiable asset or group of similar identifiable assets and activities includes, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. If so, the Company concludes that the single identifiable asset or group of similar identifiable assets and activities is a business. The Company accounts for business combinations using the acquisition method of accounting. Application of this method of accounting requires that (i) identifiable assets acquired (including identifiable intangible assets) and liabilities assumed generally be measured and recognized at fair value as of the acquisition date and (ii) the excess of the purchase price over the net fair value of identifiable assets acquired and liabilities assumed be recognized as goodwill, which is not amortized for accounting purposes but is subject to testing for impairment at least annually. The Company measures and recognizes asset acquisitions that are not deemed to be business combinations based on the cost to acquire the assets, which includes transaction costs. Goodwill is not recognized in asset acquisitions. Contingent consideration in asset acquisitions payable in the form of cash is recognized when payment becomes probable and reasonably estimable, unless the contingent consideration meets the definition of a derivative, in which case the amount becomes part of the asset acquisition cost when acquired. Contingent consideration payable in the form of a fixed number of the Company's own shares is measured at fair value as of the acquisition date and recognized when the issuance of the shares becomes probable. Upon recognition of the contingent consideration payment, the amount is included in the cost of the acquired asset or group of assets.

Results of Operations

Neither the Company nor the Peak Gold JV has commenced mining or producing commercially marketable minerals. To date, neither the Company nor the Peak Gold JV has generated any revenue from mineral sales or operations. Neither the Company nor the Peak Gold JV has any recurring source of revenue other than contributions by the Company and KG Mining to the Peak Gold JV, and, in addition to the consideration received in the Kinross Transactions, the Company's ability to continue as a going concern is dependent on the Company's ability to raise capital to fund its future exploration and working capital requirements. In the future, the Peak Gold JV may generate revenue from a combination of mineral sales and other payments resulting from any commercially recoverable minerals from the Peak Gold JV Property. The Company does not expect the Peak Gold JV to generate revenue from mineral sales in the foreseeable future. If the Peak Gold JV Property fails 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 the Company will be able to obtain any of these potential sources of cash. The Company will need to generate significant revenues to achieve profitability and it may never do so.

Three Months Ended March 31, 2022 Compared to Three Months Ended March 31, 2021

Claim Rentals Expense. Claim rental expense primarily consists of State of Alaska rental payments and annual labor payments. We recognized claim rental expense of $157,162 for the three months ended March 31, 2022, compared to $62,100 for the three months ended March 31, 2021. Claim rental expense increased due to the Company owning a larger number of claims as of March 2022 compared to March 2021. The Company staked the Shamrock and Willow claims during 2021. The Lucky Shot state claims were acquired as a part of the acquisition of AGT in August 2021.

Exploration Expense. Exploration expense for the three months ended March 31, 2022 was $1.98 million compared to $47,116 for the three months ended March 31, 2021. Current year exploration expense relates to spending on our 100% owned state claims on the Eagle/Hona and Shamrock Property, as well as exploration activity on our Lucky Shot Property. Exploration related work began on the Eagle/Hona and Shamrock prospects in July 2021. The Lucky Shot Property was acquired in August 2021. There was no exploration program during the quarter ended March 31, 2021.

General and Administrative Expense. General and administrative expense for the three months ended March 31, 2022 and 2021 were $3.2 million and $2.1 million, respectively. The Company's general and administrative expense primarily relates to audit fees, legal fees, management fees, payroll, and stock-based compensation expense. The current year increase is the result of capitalized legal fees of approximately $0.6 million associated with a potential capital raise that were expensed during the current quarter, a $0.3 million bonus paid to Rick Van Nieuwenhuyse, and increased salaries, wages, and other general administrative costs associated with the Lucky Shot Acquisition in August 2021.

Loss from Equity Investment in the Peak Gold JV. The loss from the Company's equity investment in the Peak Gold JV for the three months ended March 31, 2022 and 2021 was $1,518,000 and $2,490,000, respectively. Pursuant to the terms of the A&R JV LLCA, the Company and KG Mining are required to jointly fund the joint venture operations in proportion to their membership interests in the Peak Gold JV to avoid dilution. The Company invested $1,518,000 in the Peak Gold JV during the three months ended March 31, 2022, and $2,490,000 during the three months ended March 31, 2021. The portion of the cumulative loss that exceeds the Company's cumulative investment will be suspended and recognized against earnings, if any, from the Company's investment in the Peak Gold JV in future periods. The suspended losses for the period from inception to March 31, 2022 are $21.8 million.

Interest Expense. The Company acquired AGT in August 2021 for an initial payment at closing of $5 million (plus a working capital adjustment of $0.1 million) in cash and a Promissory Note (see Note 9). Interest expense for the three months ended March 31, 2022 is the accrued interest related to the Promissory Note. The Company incurred zero interest expense during the three months ended March 31, 2021. The Promissory Note was paid in cash on February 25, 2022.

Impairment Expense. In mid February 2022 an avalanche occurred at the Lucky Shot Property. The avalanche destroyed various vehicles and equipment at the site. The $41,249 in impairment represents the remaining book value associated with the property that was destroyed, net of insurance recoveries to date. The Company records insurance recoveries for the book value of the equipment reimbursed by insurance. Any reimbursement above the book value of the property will be recorded as a gain within Other Income in the period which all contingencies are resolved related to the insurance recovery.

Income Tax Benefit/(Expense). The Company recognized $0.1 million in tax benefit for the three months ended March 31, 2022, compared to $0.2 million in income tax benefit for the three months ended March 31, 2021. The Company had book and taxable income for the year ended June 30, 2021, as a result of the income driven by the gain on the sale of the CORE JV Interest in connection with the Kinross Transactions. The estimated income tax from the Kinross Transactions was trued up during the quarter ended March 31, 2021. The Company has a net loss for the third quarter of fiscal year 2022 and does not expect to have taxable income for the year. The current quarter tax benefit is the result of a return to provision true up for the 2021 federal and State of Alaska income tax returns.

Nine Months Ended March 31, 2022 Compared to Nine Months Ended March 31, 2021

Claim Rentals Expense. Claim rental expense primarily consists of State of Alaska rental payments and annual labor payments. We recognized claim rental expense of $0.5 million for the nine months ended March 31, 2022, compared to $0.1 million for the nine months ended March 31, 2021. Prior-year claim rentals expense only includes seven months of expense because the related state mining claims were acquired in September 2020 as a part of the Kinross Transaction. Current year claim rental expense includes three full quarters of expense for the state mining claims acquired in the Kinross Transaction, claim rental expense for new state mining claims staked by the Company during 2021, and claim rental expense for state mining claims acquired as a part of the AGT acquisition. The Company staked the Shamrock and Willow claims during 2021. The Lucky Shot state claims were acquired as a part of the acquisition of AGT in August 2021.

General and Administrative Expense. General and administrative expense for the nine months ended March 31, 2022 and 2021 was $8.0 million and $8.2 million, respectively. The Company's general and administrative expense primarily relates to audit fees, legal fees, management fees, payroll, and stock-based compensation expense. The current year decrease is due to higher legal fees during the nine months ended March 2021 associated with the Kinross transaction, offset by increased salaries, wages, and other general administrative costs associated with the Lucky Shot Acquisition in August 2021,

Loss from Equity Investment in the Peak Gold JV. The loss from the Company's equity investment in the Peak Gold JV for the nine months ended March 31, 2022 and 2021 was $3,706,000 and $3,861,252, respectively. Pursuant to the terms of the A&R JV LLCA, the Company and KG Mining are required to jointly fund the joint venture operations in proportion to their membership interests in the Peak Gold JV to avoid dilution. The Company invested $3,706,000 in the Peak Gold JV during the nine months ended March 31, 2022, and $3,861,252 during the nine months ended March 31, 2021. The portion of the cumulative loss that exceeds the Company's cumulative investment will be suspended and recognized against earnings, if any, from the Company's investment in the Peak Gold JV in future periods. The suspended losses for the period from inception to March 31, 2022 are $21.8 million.

Interest Expense. The Company acquired AGT in August 2021 for an initial payment at closing of $5 million (plus a working capital adjustment of $0.1 million) in cash and a Promissory Note (see Note 9). Interest expense for the nine months ended March 31, 2022 is the accrued interest related to the Promissory Note. The Company incurred zero interest expense during the nine months ended March 31, 2021. The Promissory Note was paid in cash on February 25, 2022.

Impairment Expense. In mid February 2022 an avalanche occurred at the Lucky Shot Property. The avalanche destroyed various vehicles and equipment at the site. The $41,249 in impariment represents the remaining book value associated with the property that was destroyed, net of insurance recoveries to date. The Company records insurance recoveries for the book value of the equipment reimbursed by insurance. Any reimbursement above the book value of the property will be recorded as a gain within Other Income in the period which all contingencies are resolved related to the insurance recovery.

Income Tax Benefit/(Expense). The Company recognized $0.1 in income tax benefit for the nine months ended March 31, 2022, compared to $1.6 million in income tax expense for the nine months ended March 31, 2021. The Company had book and taxable income for the year ended June 30, 2021, as a result of the income driven by the gain on the sale of the CORE JV Interest in connection with the Kinross Transactions. The Company has a net loss for the first nine months of fiscal year 2022 and does not expect to have taxable income for the year. The current period tax benefit is the result of a return to provision true up for the 2021 federal and State of Alaska income tax returns.

Gain on Sale of a Portion of the Investment in the Joint Venture Company. The Company recorded the $32.4 million cash proceeds and the 809,744 shares of Common Stock, received from the CORE Transactions, at fair value and recognized a gain on sale of $39.6 million for the nine months ended March 31, 2021. The Company valued the Common Stock consideration from the CORE Transactions consistent with the accounting guidance for non-monetary exchanges. The stock consideration was valued based on the implied fair value of the CORE Transactions in total less the cash proceeds. The total value of the CORE Transactions was equated to the value of the Company's 30.0% ownership in the Peak Gold JV post the 30.0% membership interest transferred to KG Mining. As of the date of the CORE Transaction, the Company's investment in the Peak Gold JV had a zero balance; therefore the $39.6 million gain approximates the full fair value of the CORE JV Interest surrendered in the CORE Transactions.

Liquidity and Capital Resources

Prior to the formation of the Peak Gold JV, the Company's primary cash requirements were for exploration-related expenses. Since the formation of the Peak Gold JV, the Company's primary cash requirements have been for general and administrative expenses and capital calls from the Peak Gold JV for the Manh Choh Property. Prior to the Kinross Transactions, the Company's sources of cash have been from Common Stock offerings. In conjunction with the Kinross Transactions, the Company received $32.4 million and 809,744 shares of the Company's Common Stock. The 809,744 shares of Common Stock were acquired by KG Mining from Royal Gold as part of the Royal Gold Transactions, and were subsequently canceled by the Company. Of the $32.4 million cash consideration, $1.2 million constituted a reimbursement prepayment to the Company of its proportionate share of certain silver royalty payments that the Peak Gold JV may be obligated to pay to Royal Gold, with the understanding that KG Mining will bear the entire impact of those royalty payments due from the Peak Gold JV.

As of March 31, 2022, the Company had approximately $8.2 million of cash. On December 17, 2021, the Peak Gold JV approved a $47.9 million program for calendar year 2022. At a meeting of the Management Committee of Peak Gold JV held on February 14, 2022, Kinross presented updated information that resulted in a decrease in the Peak Gold JV spending program for 2022 to approximately $26 million, of which the Company's share would be approximately $7.8 million. Kinross explained that the decrease is due to a revised work plan resulting from recent impacts of inflation, contractor and labor market constraints in Alaska, and determined that it was in the best interests of the Peak Gold JV that certain activities that were initially planned for 2022 be delayed pending further analysis of options including a re-bidding process. The budget covers the following areas of work: feasibility study, permitting, on-going environmental monitoring, community engagement, engineering, and exploration. The Company has not finalized a budget for exploration activities on its 100% owned state mining claims or the Lucky Shot Property. On April 26, 2022, the Company closed on a $20,000,000 unsecured convertible debenture to Queen's Road Capital Investment, Ltd. ("QRC"). The debenture was purchased at par. Due to cash received from the unsecured debenture, the cash received in the Kinross Transaction and the private placements completed in September 2020 and June 2021, the Company believes that it has sufficient liquidity to meet its working capital requirements for the next twelve months. The Company's cash needs going forward will primarily relate to capital calls from the Peak Gold JV, exploration of the Contango Properties (including the $10.0 million capital commitment for expenditures on the Lucky Shot Property over the 36-month period following August 2021), and general and administrative expenses of the Company. If a large budget is undertaken, and no additional financing is obtained, the Company can elect not to fund its portion of the approved budget, in which case the Company would maintain sufficient liquidity to meet its working capital requirements for the next twelve months.

KG Mining became the Manager of the Peak Gold JV in conjunction with the Kinross Transactions and the signing of the A&R JV LLCA. Pursuant to the terms of the A&R JV LLCA, the Company and KG Mining are required to jointly fund the joint venture operations in proportion to their membership interests in the Peak Gold JV. If a member elects not to contribute to an approved program and budget or contributes less than its proportionate membership interest, its percentage membership interest will be reduced. The Company's ability to contribute funds sufficient to retain its membership interests in the Peak Gold JV may be limited. To date, neither the Company nor the Peak Gold JV has generated any revenue from mineral sales or operations. In the future, the Peak Gold JV may generate revenue from a combination of mineral sales and other payments resulting from any commercially recoverable minerals from the Peak Gold JV Property. The Company currently does not have any recurring source of revenue. The Peak Gold JV currently does not have any recurring source of revenue, and its only source of cash inflows are contributions received from KG Mining and the Company. As a result, the Company's ability to contribute funds to the Peak Gold JV and retain its membership 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 JV 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 Peak Gold JV, its membership interest in the Peak Gold JV would be diluted.

Further financing by the Company may include issuances of equity, instruments convertible into equity (such as warrants) or various forms of debt. The Company believes that it is likely that it will seek to raise capital through the issuance of additional equity securities in the next six months for purposes of funding its proportionate share of future Peak Gold JV exploration and for the Company's operating costs. 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.

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

As a "smaller reporting company", the Company is 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, the Company has evaluated, under the supervision and with the participation of its 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 the Company files or submits 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 March 31, 2022 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, the Company is party to litigation or other legal and administrative proceedings that it considers to be a part of the ordinary course of business. As of the date of this Form 10-Q, the Company is not a party to any material legal proceedings and the Company is 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 the Company's financial condition, cash flows or results of operations.

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

In addition to the risk factor 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, 2021 and our Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2021, 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, 2021 and our Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2021, other than updating the risk factors below. The risks described in our Annual Report on Form 10-K for the year ended June 30, 2021, and our Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2021 and below are not the only risks the Company faces. 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:

The Company's Common Stock is thinly traded.

As of March 31, 2022, there were approximately 6.7 million shares of the Company's Common Stock outstanding, with directors and officers beneficially owning approximately 24.5% of the Common Stock and the Marital Trust of Mr. Kenneth R. Peak, the Company's former Chairman, beneficially owning approximately 11.7% of the Company's Common Stock. The Company's Common Stock is quoted on the NYSE American under the symbol "CTGO". Although the Company's Common Stock is quoted on the NYSE American, trading has been irregular and with low volumes and therefore the market price of its Common Stock may be difficult to ascertain. Since the Company's Common Stock is thinly traded (average trading volume of 1,329 shares of Common Stock per day for the fiscal year 2022 as of March 31, 2022), 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.

Opposition to our operations and those of the Peak Gold JV from local stakeholders or non-governmental organizations could have a material adverse effect on us.

There is an increasing level of public concern relating to the effect of mining production on its surroundings, communities, and environment. Local communities and non-governmental organizations ("NGOs"), some of which oppose resource development, are often vocal critics of the mining industry. While we and the Peak Gold JV seek to operate in a socially responsible manner, opposition to extractive industries or our operations specifically or adverse publicity generated by local communities or NGOs related to extractive industries, or our operations specifically, could have an adverse effect on our reputation and financial condition or our relationships with the communities in which we operate. As a result of such opposition or adverse publicity, we or the Peak Gold JV may be unable to obtain permits necessary for our operations or to continue operations as planned or at all.

The ongoing military conflict between Ukraine and Russia has caused unstable market and economic conditions and is expected to have additional global consequences, such as heightened risks of cyberattacks. The Company's business, financial condition, and results of operations may be materially adversely affected by the negative global and economic impact resulting from the conflict in Ukraine or any other geopolitical tensions.

U.S. and global markets are experiencing volatility and disruption following the escalation of geopolitical tensions and the start of the military conflict between Russia and Ukraine. On February 24, 2022, a full-scale military invasion of Ukraine by Russian troops began. Although the length and impact of the ongoing military conflict is highly unpredictable, the conflict in Ukraine has led to market disruptions, including significant volatility in commodity prices, credit and capital markets, as well as supply chain disruptions. Various of Russia's actions have led to sanctions and other penalties being levied by the U.S., the European Union, and other countries, as well as other public and private actors and companies, against Russia and certain other geographic areas, including restrictions on imports of Russian oil, liquefied natural gas and other commodities. These disruptions have caused, and could continue to cause, significant volatility in commodity prices, which could have a material effect on the Company's business. Additional potential sanctions and penalties have also been proposed and/or threatened.

In addition, the United States and other countries have imposed sanctions on Russia which increases the risk that Russia, as a retaliatory action, may launch cyberattacks against the United States, its government, infrastructure and businesses. On March 21, 2022, the Biden Administration issued warnings about the potential for Russia to engage in malicious cyber activity against the United States in response to the economic sanctions that have been imposed.

Prolonged unfavorable economic conditions or uncertainty as a result of the military conflict between Russia and Ukraine may adversely affect the Company's business, financial condition, and results of operations.

Inflation could adversely impact the Company's ability to control its costs, including the operating expenses and capital costs.

Although inflation in the United States has been relatively low in recent years, it rose significantly beginning in the second half of 2021. This is believed to be the result of the economic impact from the COVID-19 pandemic, including the effects of global supply chain disruptions and government stimulus packages, among other factors. Global, industry-wide supply chain disruptions caused by the COVID-19 pandemic have resulted in shortages in labor, materials and services. Such shortages have resulted in inflationary cost increases for labor, materials and services and could continue to cause costs to increase as well as scarcity of certain products and raw materials. To the extent elevated inflation remains, the Company may experience further cost increases for its operations and increased labor costs. The Company cannot predict any future trends in the rate of inflation and a significant increase in inflation, to the extent the Company is unable to recover higher costs through results of operations, would negatively impact the Company's business and financial condition.

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, exhibits, which were previously filed, are incorporated herein by reference.

Exhibit Number	Description
3.1	Certificate of Incorporation of Contango ORE, Inc. (Filed as Exhibit 3.1 to Amendment No. 2 to the Company's Registration Statement on Form 10, as filed with the Securities and Exchange Commission on November 26, 2010).
3.2	Certificate of Amendment to Certificate of Incorporation of Contango ORE, Inc. (Filed as Exhibit 3.1 to the Company's current report on Form 8-K, as filed with the Securities and Exchange Commission on December 17, 2020).
3.3	Bylaws of Contango ORE, Inc. (Filed as Exhibit 3.2 to Amendment No. 2 to the Company's Registration Statement on Form 10, as filed with the Securities and Exchange Commission on November 26, 2010).
3.4	Amendment No. 1 to the Bylaws of Contango ORE, Inc. (Filed as Exhibit 3.1 to the Company's current report on Form 8-K, as filed with the Securities and Exchange Commission on October 21, 2021).
3.5	Certificate of Designation of Series A Junior Preferred Stock of Contango ORE, Inc. (Filed as Exhibit 3.1 to the Company's current report on Form 8-K, as filed with the Securities and Exchange Commission on December 21, 2012).
3.6	Certificate of Elimination of Series A Junior Preferred Stock of Contango ORE, Inc. (Filed as Exhibit 3.1 to the Company's current report on Form 8-K, as filed with the Securities and Exchange Commission on September 24, 2020).
3.7	Certificate of Designations of Series A-1 Junior Participating Preferred Stock of Contango ORE, Inc. (Filed as Exhibit 3.2 to the Company's current report on Form 8-K, as filed with the Securities and Exchange Commission on September 24, 2020).
4.1	Registration Rights Agreement dated as of June 17, 2021, by and between Contango ORE, Inc. and the Purchaser named therein (Filed as Exhibit 4.1 to the Company's current report on Form 8-K, as filed with the Securities and Exchange Commission on June 21, 2021).
4.2	Registration Rights Agreement dated as of August 24, 2021, by and between the Company and CRH Funding II Pte. Ltd. (Filed as Exhibit 4.1 to the Company's current report on Form 8-K, as filed with the Securities and Exchange Commission on August 25, 2021).
4.3	Form of Certificate of Contango ORE, Inc. Common Stock. (Filed as Exhibit 4.1 to the Company's quarterly report on Form 10-Q for the three months ended December 31, 2013, as filed with the Securities and Exchange Commission on November 14, 2013).
4.4	Rights Agreement, dated as of September 23, 2020, between Contango ORE, Inc. and Computershare Trust Company, N.A., as Rights Agent. (Filed as Exhibit 4.2 to the Company's current report on Form 8-K, as filed with the Securities and Exchange Commission on September 24, 2020).
4.5	Amendment No. 1 to Rights Agreement, dated as of September 22, 2021, between Contango ORE, Inc. and Computershare Trust Company, N.A. as Rights Agent (Filed as Exhibit 4.1 to the Company's current report on Form 8-K, as filed with the Securities and Exchange Commission on September 22, 2021).
4.6	Form of Convertible Debenture (Filed as Exhibit 4.1 to the Company's current report on Form 8-K, as filed with the Securities and Exchange Commission on April 13, 2022).
10.1	Form of Investor Rights Agreement (Filed as Exhibit 10.1 to the Company's current report on Form 8-K, as filed with the Securities and Exchange Commission on April 13, 2022).
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. *
96.1	Technical Report Summary relating to the Peak Gold JV Property prepared for Contango ORE, Inc. and issued effective as of December 31, 2020 by Sims Resources, LLC and John Sims, C.P.G., as the qualified person (Filed as Exhibit 96.1 to the Company's Registration Statement on Form S-3, as filed with the Securities and Exchange Commission on October 26, 2021).

101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Filed herewith.

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: May 11, 2022

By: /s/ RICK VAN NIEUWENHUYSE
Rick Van Nieuwenhuyse
President and Chief Executive Officer
(Principal Executive Officer)

Date: May 11, 2022

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