

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-K**

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
**For the fiscal year ended June 30, 2021**

**OR**

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

Commission file number 000-54136

**CONTANGO ORE, INC.**

(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of  
incorporation or organization)

27-3431051  
(IRS Employer  
Identification No.)

3700 BUFFALO SPEEDWAY, SUITE 925  
HOUSTON, TEXAS 77098

(Address of principal executive offices)  
(713) 877-1311

(Registrant's telephone number, including area code)  
Securities registered pursuant to Section 12(b) of the Act:

None.

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

Common Stock, Par Value  
\$0.01 per share

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

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

As of December 31, 2020, the aggregate market value of the registrant's common stock held by non-affiliates (based upon the closing sale price of such common stock as reported on the OTCQB) was \$58,269,356. As of August 30, 2021, there were 6,685,746 shares of the registrant's common stock outstanding.

### **Documents Incorporated by Reference**

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

**CONTANGO ORE, INC.**  
**ANNUAL REPORT ON FORM 10-K**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**  
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## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

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

- The Company’s financial position;
- Business strategy, including outsourcing;
- Meeting Company forecasts and budgets;
- Anticipated capital expenditures and the availability of future financing;
- Prices of gold and associated minerals;
- Timing and amount of future discoveries (if any) and production of natural resources on the Manh Choh Joint Venture Property and the Company’s other properties;
- 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 that may cause the Company’s actual results, performance or achievements to be materially different from future results expressed or implied by the forward-looking statements. These factors include among others:

- Ability to raise capital to fund capital expenditures;
- Ability to retain or maintain our relative ownership interest in the Joint Venture Company;
- Ability to influence management of the Joint Venture Company;
- Ability to realize the anticipated benefits of the Kinross Transactions;
- Disruption from the Kinross Transactions and transition of the Joint Venture Company’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;
- Impact of new and potential legislative and regulatory changes on mining operating and safety standards;
- Uncertainties of any estimates and projections relating to any future production, costs and expenses (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 Joint Venture Company's and the Company's exploration schedule and operating activities;
- 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;
- Risk 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. See the information under the heading "Risk Factors" in this Form 10-K for some of the important factors that could affect the Company's financial performance or could cause actual results to differ materially from estimates contained in forward-looking statements.



## PART I

### Item 1. BUSINESS

#### Overview

Contango ORE, Inc. (“CORE” or the “Company”) engages in exploration for gold, silver, and copper ores in the State of Alaska. The Company’s largest asset is a 30.0% membership interest in Peak Gold, LLC (the “Joint Venture Company”), which leases approximately 675,000 acres from the Tetlin Tribal Council and approximately 13,000 acres of State of Alaska mining claims (the “Manh Choh Joint Venture Property,” which the Company previously referred to as the “Peak Gold Joint Venture Project”) for exploration and development and through its wholly-owned subsidiary, CORE Alaska, LLC (“CORE Alaska”). The Company’s wholly-owned subsidiary, Contango Minerals Alaska, LLC (“Contango Minerals”), owns a 100% interest in the mineral rights to approximately 200,000 acres of State of Alaska mining claims located north and northwest of the Manh Choh Joint Venture Property (the “Contango Property”). As of June 30, 2021 the Company had approximately \$35.2 million in cash and is actively working to acquire additional properties in Alaska for exploration. 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.

In February 2021, the Village of Tetlin Tribal Council approved of a new name, the “Manh Choh Project,” for the Peak Gold Joint Venture Project. The renaming was a result of close consultation with the local Upper Tanana Athabascan Village of Tetlin on whose land the project is situated. The name “Manh Choh” (“mon-CHO”) can be translated from the Upper Tanana Athabascan language to “Big Lake,” referring to the nearby Tetlin Lake, a site of high cultural and subsistence significance for the community.

#### 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 (“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 Joint Venture Company, 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 had been 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 Joint Venture Company 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 Joint Venture Company. Concurrently with the CORE Purchase Agreement, KG Mining acquired 100% of the equity of Royal Alaska, LLC (“Royal Alaska”) from Royal Gold, which held a 40.0% membership interest in the Joint Venture Company. As of June 30, 2021, the Company held a 30.0% membership interest, and KG Mining held a 70.0% membership interest, in the Joint Venture Company.

Immediately prior to the Kinross Transactions (described below), the Joint Venture Company, the Company, Contango Minerals, 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 Joint Venture Company completed the formation of Contango Minerals and contributed approximately 167,000 acres of Alaska state mining claims to it, subject to an Option Agreement, dated as of September 29, 2020 (the “Option Agreement”). Under the Option Agreement, Contango Minerals granted the Joint Venture Company 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. As a result, at the closing of the CORE Transactions, the Company received the equity of Contango Minerals and control of approximately 167,000 acres of Alaska state mining claims. Peak Gold subsequently exercised the Option Agreement and now owns the 13,000 acres of the Alaska state mining claims previously subject to the Option Agreement.

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

Kinross is a large gold producer with a diverse global portfolio and extensive operating experience in Alaska. The Joint Venture Company 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 mill is expected to accelerate the development of the Manh Choh Joint Venture Property and result in significantly reduced upfront capital development costs, smaller environmental footprint, a shorter permitting and development timeline and less overall risk for Manh Choh Joint Venture Property.

## **Background**

On January 8, 2015, the Company and a subsidiary of Royal Gold, Inc. (“Royal Gold”) formed the Joint Venture Company. 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 Joint Venture Company of \$5.0 million. By September 29, 2020, Royal Gold had contributed approximately \$37.1 million to the Joint Venture Company 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 Joint Venture Company and managed, directed, and controlled operations of the Joint Venture Company until the Kinross Transactions.

As of June 30, 2021, the Company had approximately \$35.2 million of cash. On December 10, 2020, the Management Committee of the Joint Venture Company (the “Management Committee”) approved a total budget of \$18.0 million for the calendar year 2021 to undertake in-fill drilling, engineering and environmental studies necessary to complete a feasibility-level study, additional exploration, community relations, and to prepare the project for formal permitting. On June 22, 2021 the Management Committee voted to increase the exploration budget by \$0.2 million for interpretation of archive drilling, adopting oriented core and geological consulting. The Company’s proportionate share of the approved budget is approximately \$5.5 million. As of June 30, 2021, the Company had funded approximately \$2.5 million to the Joint Venture Company during calendar year 2021. In addition, the Company plans to fund an approximately \$3.0 million exploration program to continue its exploration efforts on its earlier stage Eagle and Hona projects located immediately north of the Manh Choh project area, and to explore for additional resources on 100%-owned Triple Z prospect in late 2021, focused on the areas immediately adjacent to the known Joint Venture Company resources. Field work on the Eagle/Hona project began in July 2021. During the first quarter of calendar year 2021, the Company staked a new property called Shamrock in the Richardson Mining District located in central Alaska right along the Alaska Hwy corridor approximately 70 miles from Fairbanks, Alaska. The property includes a total of 361 Alaska state mining claims covering approximately 52,640 acres and gives the Company a dominant land position in the Richardson district. The property has excellent infrastructure being right along the Alaska Hwy and adjacent to the Trans Alaska Pipeline with several gravel roads and ATV trails providing good access to entire property.

## **Properties**

Since 2009, the Company’s primary focus has been the exploration of a mineral lease with the Native Village of Tetlin whose governmental entity is the Tetlin Tribal Council (“Tetlin Tribal Council”) for the exploration of minerals near Tok, Alaska on a currently estimated 675,000 acres (the “Tetlin Lease”) constituting the Manh Choh Joint Venture Property and almost all of the Company’s resources have been directed to that end. All significant work presently conducted by the Company has been directed at exploration of the Manh Choh Joint Venture Property and increasing understanding of the characteristics of, and economics of, any mineralization. The Company also separately owns the mineral rights to approximately 200,000 acres of State of Alaska mining claims for exploration. There are no known quantifiable mineral reserves on the Manh Choh Joint Venture Property, the Contango Property or any of the Company’s other properties as defined by the SEC Industry Guide 7.



The Tetlin Lease originally had a ten-year term beginning July 2008, which was extended for an additional ten years to July 15, 2028. If the properties under the Tetlin Lease are placed into commercial production, the Tetlin Lease will be held throughout production and the Company would be obligated to pay a production royalty to the Tetlin Tribal Council, which varies from 3.0% to 5.0%, depending on the type of metal produced and the year of production. In June 2011, the Company paid the Tetlin Tribal Council \$75,000 in exchange for reducing the production royalty payable to them by 0.25%. In July 2011, the Company paid the Tetlin Tribal Council an additional \$150,000 in exchange for further reducing the production royalty by 0.50%. These payments lowered the production royalty to a range of 2.25% to 4.25%, depending on the type of metal produced and the year of production. The Tetlin Tribal Council had the option to increase its production royalty by (i) 0.25% by payment to the Joint Venture Company of \$150,000, (ii) 0.50% by payment to the Joint Venture Company of \$300,000, or (iii) 0.75% by payment to the Joint Venture Company of \$450,000. The Tetlin Tribal Council exercised this option on December 30, 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 Joint Venture Company to the Tetlin Tribal Council under the lease once production begins.

The Joint Venture Company has 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 Joint Venture Company, Contango Minerals Alaska, LLC, an Alaska limited liability company formed by the Joint Venture Company (“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 Joint Venture Company formed Contango Minerals, contributed approximately 167,000 acres of Alaska state mining claims to it (Eagle, Noah, Triple Z, and Tok), 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 Joint Venture Company 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 Joint Venture Company and Contango Minerals entered into an Option Agreement, dated as of September 29, 2020 (the “Option Agreement”). Under the Option Agreement, Contango Minerals granted to the Joint Venture Company the option, subject to certain conditions contained in the Option Agreement, to purchase approximately 13,000 acres of the Alaska state mining claims, together with all extralateral rights, water and water rights, and easements and rights of way in connection therewith, that are held by Contango Minerals, and which were transferred to Contango Minerals pursuant to the Separation Agreement. Subject to the conditions in the Option Agreement, the Joint Venture Company had the right exercise the option to purchase the Alaska state mining claims, in whole or in part, at an exercise price of \$50,000. The Joint Venture Company exercised the option in June 2021, and paid the Company 50,000 for all of the Alaska state mining claims outlined in the Option Agreement.

The Company believes that it and the Joint Venture Company hold good title to their properties, in accordance with standards generally accepted in the mineral industry. As is customary in the mineral industry, the Company conducted only a preliminary title examination at the time it entered into the Tetlin Lease. The Joint Venture Company conducted a title examination prior to the assignment of the Tetlin Lease to the Joint Venture Company and performed certain curative title work. Before the Joint Venture Company begins any mine development work, however, the Joint Venture Company is expected to again conduct a full title review and perform curative work on any defects that it deems significant. A significant amount of additional work is likely required in the exploration of the properties before any determination as to the economic feasibility of a mining venture can be made.

The following table summarizes the Tetlin Lease and unpatented mining claims held by the Joint Venture Company and the Company as of June 30, 2021 :

<b>Property</b>	<b>Location</b>	<b>Commodities</b>	<b>Claims</b>	<b>Estimated Acres</b>	<b>Type</b>
<b><i>Contango Minerals (100% Interest):</i></b>					
Eagle	Eastern Interior	Gold, Copper, Silver	396	64,770	State Mining Claims
Triple Z	Eastern Interior	Gold, Copper, Silver	95	14,810	State Mining Claims
Noah	Eastern Interior	Gold, Copper, Silver	482	74,330	State Mining Claims
Shamrock	Eastern Interior	Gold, Copper, Silver	361	52,640	State Mining Claims
			<u>1,334</u>	<u>206,550</u>	
<b><i>Joint Venture Company (30.0% Interest):</i></b>					
Tetlin-Village	Eastern Interior	Gold, Copper, Silver	-	675,000	Lease
Tetlin-Tok	Eastern Interior	Gold, Copper, Silver	129	10,430	State Mining Claims
Eagle	Eastern Interior	Gold, Copper, Silver	30	2,580	State Mining Claims
			<u>159</u>	<u>688,010</u>	

## 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 Joint Venture Company pursuant to the JV LLCA with Royal Gold. Under the JV LLCA, Royal Gold was appointed as the manager of the Joint Venture Company, initially, with overall management responsibility for operations of the Joint Venture Company. 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 Joint Venture Company (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 Joint Venture Company operations in accordance with industry standards and applicable laws, and other limited circumstances. The Manager will manage and direct the operation of the Joint Venture Company, and will discharge its duties, in accordance with approved programs and budgets. The Manager will implement the decisions of the Management Committee and will carry out the day-to-day operations of the Joint Venture Company. 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 Joint Venture Company vote as a group, and in accordance with their respective membership interests in the Joint Venture Company. 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 Joint Venture Company 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 June 30, 2021, the Company's directors and executives beneficially own approximately 23.5% of the Company's Common Stock. An additional 11.8% 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.

## **Exploration and Mining Property**

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

Tribal lands are those lands that are under control by sovereign Native American tribes. Areas that show promise for exploration and mining can be leased from or joint ventured with the tribe controlling the land, including land constituting the Tetlin Lease.

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

## **Services Provided by Tetlin Village Members**

Since the start of the term of the Tetlin Lease, the Company has worked closely with the Tetlin Tribal Council to train and employ Tetlin Tribal members and their family members during the Joint Venture Company's project exploration programs. During the Joint Venture Company's exploration programs, there were typically 10 to 15 Tetlin residents working on the Joint Venture Company's project employed on a seasonal basis through Avalon. Their duties included reconnaissance soil, stream sediment and pan concentrate sampling, diamond drill core processing, drill pad construction and related tasks, expediting services, food services, database management, vehicle transportation and maintenance services, reclamation activities, and project management tasks.

## **Community Affairs**

In April 2015, the Joint Venture Company entered into a Community Support Agreement (as amended, the "Support Agreement") with the Tetlin Village for a one-year period, which was extended for two additional two-year periods under the same terms. Under the extended Support Agreement, the Joint Venture Company provided payments to the Tetlin Village four times during the year for an aggregate amount of \$110,000 through January 1, 2017, and an additional \$100,000 each year through January 1, 2020. The Support Agreement has been extended for two additional one-year periods under the same terms. Under the latest extension, the Joint Venture Company will provide payments to the Tetlin Village four times during the year for an aggregate amount of \$100,000 through January 1, 2022. The Support Agreement defines agreed uses for the funds and auditing rights regarding use of funds. In addition, the Joint Venture Company supports the Tetlin Village in maintenance of the village access road, which is used by the Joint Venture Company.

## **Adverse Climate Conditions**

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

## **Competition**

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

## **Government Regulation**

The Company and the Joint Venture Company's mineral exploration activities are generally affected by various laws and regulations, including environmental, conservation, tax and other laws and regulations relating to the exploration of minerals. Various federal and Alaskan laws and regulations often require permits for exploration activities and also cover extraction of minerals. In addition, the Tetlin Lease is located on land leased from the Tetlin Tribal Council. Federally recognized Native American tribes are independent governments, with sovereign powers, except to the extent those powers may have been limited by treaty or by the United States Congress. Such tribes maintain their own governmental systems and often their own judicial systems and have the right to tax, and to require licenses and to impose other forms of regulation and regulatory fees, on persons and businesses operating on their lands. As sovereign nations, federally recognized Native American tribes are generally subject only to federal regulation. States do not have the authority to regulate them, unless such authority has been specifically granted by Congress, and state laws generally do not directly apply to them and to activities taking place on their lands, unless they have a specific agreement or compact with the state or federal government allowing for the application of state law. The Company believes that the Joint Venture Company will continue to use its best efforts to ensure that it is in compliance with all applicable laws and regulations, but the denial of permits required to explore for or mine ore may prevent it from realizing any revenues arising from the presence of minerals on its properties.

## **Environmental Regulation**

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

Hard Rock Exploration Permits and Temporary Water Use Permits covering past and planned activities on the Manh Choh Joint Venture Property were issued by the Alaska Department of Natural Resources to the Company and the Joint Venture Company and consist of the following multi-year permits:

1. Alaska Hard Rock Exploration and Reclamation Permit #2626 covering exploration drilling activities on the Tetlin Lease. This permit now extends through December 31, 2025. Each year during the term of the permit, the Joint Venture Company will submit a reclamation statement detailing reclamation actions taken and a letter of intent to do reclamation for the following year.
2. Alaska Temporary Water Use Permit F2020-093, allowing a maximum withdrawal of 12,000 gallons per day. The permit expires December 31, 2025. These water use authorizations are specific to Alaska Hard Rock Exploration permit #2626.
3. Alaska Mining Permit Application (APMA) F192900 covering exploration activities for a 5-year period on the Hona Exploration Project was received on August 6, 2019.
4. Alaska Department of Fish & Game (ADF&G), Habitat Division issued the Fish Habitat Permit FH19-III-0117 for activities associated with F192900 on June 4. The Fish Habitat Permit will expire on December 31, 2023.
5. Alaska Department of Natural Resources (ADNR), Division of Mining, Land and Water issued a Temporary Water Use Authorization (TWUA) for the Hona exploration area on August 12, 2019.

The above referenced State of Alaska permits were issued to the Company and assigned to the Joint Venture Company to cover its access road, drill pad and core drilling impacts. The Company does not anticipate that the Joint Venture Company will require additional permits from the State of Alaska for the remainder of the 2021 calendar year. Reclamation of surface disturbance, if any, associated with our exploration activities is conducted concurrently where required.

The Joint Venture Company also has received a Nationwide Permit #6, Permit #POA-2013-286, from the U.S. Department of the Army Corps of Engineers with respect to the Joint Venture Company's intended drilling and access-related disturbances on wetlands within the Tetlin Lease, which is valid through December 31, 2022. However, such lands were classified as wetlands more than 20 years ago and much of the land covered by such permit has since been burned by natural wildfires. As a consequence of the wildfires and natural habitat changes that have taken place since the wildfires, the Manh Choh Joint Venture Property may no longer be considered wetlands according to Corps of Engineers guidelines.

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

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

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

The Federal Mine Safety and Health Act of 1977 and regulations promulgated thereunder, and the State of Alaska Department of Labor and Workforce Development, impose a variety of health and safety standards on numerous aspects of employee working conditions related to mineral extraction and processing operations, including the training of personnel, operating procedures and operating equipment. In addition, the Joint Venture Company may be subject to additional state and local mining standards. The Company believes that the Joint Venture Company currently is in compliance with applicable mining standards; however, the Company cannot predict whether changes in standards or the interpretation or enforcement thereof will have a material adverse effect on the Joint Venture Company's business, financial condition or otherwise impose restrictions on its ability to conduct mining operations.

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

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

## Employees

The Company has six full-time employees. Rick Van Nieuwenhuyse, its President and Chief Executive Officer is responsible for the management of the Company. Brad Juneau serves as the Company's Executive Chairman. Leah Gaines is the Vice President, Chief Financial Officer, Chief Accounting Officer, Treasurer and Secretary of the Company and is responsible for the financial and accounting affairs of the Company. The Company also uses the services of independent consultants and contractors to perform various professional services, including land acquisition, legal, environmental and tax services. In addition, the Joint Venture Company utilizes the services of consultants and independent contractors to perform geological, exploration and drilling operation services and independent third-party engineering firms to evaluate any mineral resources identified.

## Directors and Executive Officers

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

<u>Name</u>	<u>Age</u>	<u>Position</u>
Brad Juneau	61	Executive Chairman
Rick Van Nieuwenhuyse	65	President, Chief Executive Officer, and Director
Leah Gaines	45	Vice President, Chief Financial Officer, Chief Accounting Officer, Treasurer and Secretary
Joseph Compofelice	72	Director
Joseph G. Greenberg	60	Director
Richard Shortz	76	Director

*Brad Juneau.* Mr. Juneau, the Company's co-founder, currently serves as the Company's Executive Chairman and served as President and Chief Executive Officer of the Company from December 2012 to January 6, 2020. Mr. Juneau was first appointed President, Acting Chief Executive Officer and director in August 2012 when the Company's co-founder, Mr. Kenneth R. Peak received a medical leave of absence. Mr. Juneau was appointed Chairman of the Board in April 2013. Mr. Juneau is the sole manager of the general partner of Juneau Exploration L.P. ("JEX"), an oil and gas exploration and production company. Prior to forming JEX in 1998, Mr. Juneau served as Senior Vice President of Exploration for Zilkha Energy Company from 1987 to 1998. Prior to joining Zilkha Energy Company, Mr. Juneau served as Staff Petroleum Engineer with Texas International Company for three years, where his principal responsibilities included reservoir engineering, as well as acquisitions and evaluations. Prior to that, he was a production engineer with Enserch Corporation in Oklahoma City. Mr. Juneau holds a Bachelor of Science degree in Petroleum Engineering from Louisiana State University. Mr. Juneau previously served as a Director of Contango Oil & Gas from April 2012 to March 2014, and is currently a director of Talos Energy.

*Rick Van Nieuwenhuyse.* Mr. Van Nieuwenhuyse was appointed to serve as President and Chief Executive Officer of the Company effective January 6, 2020. He previously served as President and Chief Executive Officer of Trilogy Metals Inc. from January 2012. Between May 1999 and January of 2012, he served as the President and Chief Executive Officer of NOVAGOLD Resources, Inc. He served as the Vice President of Exploration for Placer Dome from 1990 to 1997. Mr. Van Nieuwenhuyse holds a Candidature degree in Science from Université de Louvain, Belgium and a Masters of Science degree in Geology from the University of Arizona.

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

*Joseph Compofelice.* Mr. Compofelice has been a director of the Company since its inception. Since January 1, 2014, Mr. Compofelice has been an Operating Partner at White Deer Energy, a private equity firm that targets investments in the energy business. Mr. Compofelice served as Managing Director of Houston Capital Advisors, a boutique financial advisory, mergers and acquisitions investment service from January 2004 to December 2013. Mr. Compofelice served as Chairman of the Board of Directors of Trico Marine Service, a provider of marine support vessels serving the international natural gas and oil industry, from 2004 to 2010 and as its Chief Executive Officer from 2007 to 2010. Mr. Compofelice was President and Chief Executive Officer of Aquilex Services Corp., a service and equipment provider to the power generation industry, from October 2001 to October 2003. From February 1998 to October 2000, he was Chairman and Chief Executive Officer of CompX International Inc., a provider of components to the office furniture, computer and transportation industries. From March 1994 to May 1998 he was Chief Financial Officer of NL Industries, a chemical producer, Titanium Metals Corporation, a metal producer and Tremont Corp. Mr. Compofelice received his Bachelor of Science from California State University at Los Angeles and his Masters of Business Administration from Pepperdine University.

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

*Richard Shortz.* Mr. Shortz has been a director since 2016. Mr. Shortz is President and Chief Executive Officer of Pavia Capital, LLP, a family office investment company. Mr. Shortz served as a Partner of Morgan, Lewis & Bockius LLP, an international law firm (“Morgan Lewis”) from 1995 through September 2016 and as a Partner with Jones Day Reavis & Pogue LLP, another international law firm, from 1983 through 1994. He previously was an executive of Tosco Corporation, an independent oil and gas company, from 1973 through 1983 where he became Senior Vice President, General Counsel and Secretary. Mr. Shortz has extensive experience in corporate finance, mergers and acquisitions and corporate governance, regularly advising both public and private energy companies. While a Partner at Morgan Lewis, Mr. Shortz served as Chairman of the firm’s Energy Group and a member of its Board of Directors. Mr. Shortz received a Bachelor of Science degree in Accounting from Indiana University in 1967 and a Juris Doctor degree from Harvard Law School in 1970.

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

## **Corporate Offices**

The Company currently subleases office space from JEX at 3700 Buffalo Speedway, Ste 925, Houston, TX 77098. The cost of the rent is included in the monthly management fee the Company pays to JEX. See Note 12 - Related Party Transactions.

## **Code of Ethics**

The Company adopted a Code of Ethics for senior management in September 2010. A copy of our Code of Ethics is filed as an Exhibit to this Form 10-K and is also available on the Company’s website at [www.contangoore.com](http://www.contangoore.com).

## **Available Information**

You may read and copy all or any portion of this annual report 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, without charge at the office of the SEC in Public Reference Room, 100 F Street NE, Washington, DC, 20549. Information regarding the operation of the public reference rooms may be obtained by calling the SEC at 1-800-SEC-0330. In addition, filings made with the SEC electronically are publicly available through the SEC’s website at <http://www.sec.gov>, and at the Company’s website at <http://www.contangoore.com>. This annual report on Form 10-K, including all exhibits and amendments, has been filed electronically with the SEC.

## **Item 1A. RISK FACTORS**

*In addition to other information set forth elsewhere in this Form 10-K, you should carefully consider the following factors when evaluating the Company. An investment in the Company is subject to risks inherent in the mining business as an exploration stage company. The value of an investment in the Company may decrease, resulting in a complete loss of your investment. The risk factors below are not all inclusive. Additional risks and uncertainties not currently known to us, or that we currently deem to be immaterial, may also impair or adversely affect our business, financial condition or results of operation.*

### **We face risks related to health epidemics and other outbreaks, including the recent spread of COVID-19 or novel coronavirus, or fear of such an event.**

Our business could be adversely affected by a widespread outbreak of contagious disease, including the outbreak of the 2019 novel strain of coronavirus, causing a contagious respiratory disease known as COVID-19, which was declared a pandemic by the World Health Organization on March 11, 2020. Through June 30, 2021, the spread of this virus and government responses have caused business disruption and are adversely affecting many industries. The spread of COVID-19 has also caused significant volatility in U.S. and international debt and equity markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the U.S. economy and consumer confidence. If a significant portion of our workforce, or the Joint Venture Company's workforce becomes unable to work or travel to our operations or the Joint Venture Company's operations, due to illness or state or federal government restrictions (including travel restrictions and "shelter-in-place" and similar orders restricting certain activities that may be issued or extended by authorities), we, or the Joint Venture Company, may be forced to reduce or suspend operations at one or more properties, which could reduce exploration activities and development projects and impact liquidity and financial results. To the extent the COVID-19 pandemic adversely affects our business and financial results, it may also have the effect of heightening many of the other risks described in this "Risk Factors" section, including, but not limited to, risks related to commodity prices and commodity markets, commodity price fluctuations, our ability to raise additional capital, information systems and cyber security and risks relating to operations, impacts of governmental regulations, availability of infrastructure and employees and challenging global financial conditions.

We may be subject to litigation if one or more employees contract COVID-19 at work or litigation initiated by stockholders who view decisions by the Board of Directors or management as inconsistent with duties to the Company under Delaware law or who may assert claims under federal securities laws. We understand that, as indicated by sharp increases in average premiums for director and officer insurance policies in recent months, insurers expect increased litigation relating to COVID-19.

The Company and the Joint Venture Company are monitoring the situation and taking reasonable steps to keep our business premises, properties, vendors and employees in a safe environment and are constantly monitoring the impact of COVID-19. The extent to which COVID-19 impacts our results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of COVID-19 and the actions taken to contain it or treat its impact. While we have not seen a significant impact to our results from COVID-19 to date, if the virus continues to cause significant negative impacts to economic conditions or impacts the Joint Venture Company's ability to continue exploration work, our results of operations, financial condition and liquidity could be adversely impacted.

### **Kinross will have discretion regarding the use and allocation of funds for further exploration of the Manh Choh Joint Venture Property.**

Kinross is the Manager of the Joint Venture Company and has appointed two of the three designates to the Management Committee. The Company has appointed one designate to the Management Committee. Kinross has a 70.0% membership interest in the Joint Venture Company, in accordance with the A&R JV LLCA, and, therefore, will continue to have the right to appoint two designates to the Management Committee with the Company appointing one designate. The affirmative vote of a majority of designates will determine most decisions of the Management Committee, including the approval of programs and budgets and the expenditure of the Joint Venture Company's investments, which will include the level of expenditures. As a result, Kinross has discretion regarding the use and allocation of funds for further exploration of the Manh Choh Joint Venture Property. The Company has limited ability to influence the decision of Kinross in its capacity as Manager, or as the party controlling the majority of the Management Committee.



**There can be no assurance that the Company will be capable of raising additional funding required to continue development of the Manh Choh Joint Venture Property and meet its funding obligations under 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 operations of the Joint Venture Company in proportion to their respective membership interests in that company. 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 Joint Venture Company may be limited. To date, neither the Company nor the Joint Venture Company has generated any revenue from mineral sales or operations. In the future, the Joint Venture Company may generate revenue from a combination of mineral sales and other payments resulting from any commercially recoverable minerals from the Manh Choh Joint Venture Property. The Joint Venture Company 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. The Company currently does not have any recurring source of revenue. As a result, the Company's ability to contribute funds to the Joint Venture Company and retain its membership interest will depend on its ability to raise capital. The ability of the Company to arrange financing in the future will depend, in part, on the prevailing capital market conditions and the exploration results achieved at the Manh Choh Joint Venture Property, as well as the market price of metals. The Company cannot be certain that financing will be available to the Company on acceptable terms, if at all. If the Company were unable to fund its contributions to the approved programs and budgets for the Joint Venture Company, its membership interest in the Joint Venture Company 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 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.

**The Company must depend upon Kinross' management of the Joint Venture Company following termination of the Company's third-party consulting agreements.**

On September 29, 2014, the Company terminated its advisory agreement with JEX. In addition, the Company terminated its services agreements with Avalon and other parties. The Company has historically had part-time employees, none of whom are mineral geoscientists or have experience in the mining industry, and has previously depended upon third party consultants for the success of its exploration projects. The Company must now depend upon Kinross for its expertise in planning work programs, conducting field work, evaluating drilling results and preparing development programs.

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

Pursuant to the A&R JV LLCA, there is no requirement that Kinross contribute any future amounts to the Joint Venture Company to continue exploration work, and the Company will have limited funds to continue exploration of the Manh Choh Joint Venture Property, if Kinross fails to contribute additional amounts to the Joint Venture Company.

**The Company's interest in the Joint Venture Company may be reduced.**

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 Joint Venture Company. 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. Going forward, the Company's ability to contribute funds sufficient to maintain the current level of its membership interests in the Joint Venture Company may be limited. On December 10, 2020, the Management Committee approved a total budget of \$18.0 million for the calendar year 2021 to undertake in-fill drilling, engineering and environmental studies necessary to complete a feasibility-level study, additional exploration, community relations, and to prepare the project for formal permitting. On June 22, 2021 the Management Committee voted to increase the exploration budget by \$0.2 million for interpretation of archive drilling, adopting oriented core and geological consulting. The Company would need to fund its share of the budget, approximately \$5.5 million, to maintain its current level of interest in the Joint Venture Company. If the Company elects not to, or is unable to contribute its proportionate share of the approved exploration budget, its interest in the Joint Venture Company will be reduced.

**Kinross has far greater technical and financial resources than the Company.**

Kinross is a large gold producer with a diverse global portfolio and extensive operating experience in Alaska. Kinross has a market capitalization of approximately \$7 billion. Because of its vastly superior technical and financial resources, Kinross may adopt budgets and work programs for the Joint Venture Company that the Company will be unable to fund in the time frame required, and its interest in the Joint Venture Company may be substantially diluted.

**The A&R JV LLCA restricts the Company's right to transfer or encumber its interests in the Joint Venture Company.**

The A&R JV LLCA contains certain limitations on transferring or encumbering interests in the Joint Venture Company including any transfer that would cause termination of the Joint Venture Company as a partnership for Federal income tax purposes except none of the restrictions limit the transfer of any capital stock of the Company.

**The appointment of Kinross as Manager of the Joint Venture Company does not provide assurance that further exploration efforts will be successful.**

The appointment of Kinross as Manager of the Joint Venture Company does not provide assurance that further exploration of the Manh Choh Joint Venture Property will be successful, any additional resource will be discovered or a commercial deposit of gold ore and associated minerals will be located. The results of any further exploration work will be assayed and analyzed to determine if additional work should be performed and additional funds expended.

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

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

**The price of gold and the gold mining industry are volatile and beyond the Company's control.**

Gold prices are affected by many factors beyond the Company's control, including U.S. dollar strength or weakness, speculation, global currency values, the price of products that incorporate gold, global and regional demand and production, political and economic conditions and other factors. A significant decline in the price of gold may result in the Company having to reassess the feasibility of its projects and could negatively affect the value of the Manh Choh Joint Venture Property and the Company's securities.

**The Company's ability to successfully execute its business plan is dependent on its ability to obtain adequate financing.**

The Company's business plan, which includes drilling and developing the Joint Venture Company's exploration prospects, will require substantial capital expenditures. The Company's ability to raise capital will depend on many factors, including the status of various capital and industry markets at the time it seeks such capital. Accordingly, the Company cannot be certain that financing will be available to us on acceptable terms, if at all. In the event additional capital resources are unavailable, the Company may be unable to fund expenditures by the Joint Venture Company for exploration and development activities or be forced to sell all or some portion of its interest in the Joint Venture Company in an untimely fashion or on less than favorable terms.

**The Company has no revenue to date from the Manh Choh Joint Venture Property, which may negatively impact the Company's ability to achieve its business objectives.**

Since the acquisition of the Manh Choh Joint Venture Property, the Company and the Joint Venture Company have conducted only exploration activities and to date none of the Joint Venture Company's properties have any proven or probable reserves as defined by SEC Industry Guide 7. The Company's ability to become profitable will be dependent on the receipt of revenues from the extraction of minerals greater than operational expenses. The Company and the Joint Venture Company have carried on their business of exploring the Manh Choh Joint Venture Property at a loss since inception and expect that the Company and the Joint Venture Company will continue to incur losses unless and until such time as one of the properties enters into commercial production and generates sufficient revenues to fund its continuing operations. The amounts and timing of expenditures will depend on the progress of ongoing exploration, the results of consultants' analysis and recommendations, the rate at which operating losses are incurred, and other factors, many of which are beyond the Company's control. Whether any mineral deposits discovered would be commercially viable depends on a number of factors, which include, without limitation, the particular attributes of the deposit, market prices for the minerals, and governmental regulations. If the Joint Venture Company cannot discover commercially viable deposits or commence actual mining operations, the Company and the Joint Venture Company may never generate revenues and may never become profitable.

**The Company's continued viability depends on the exploration, permitting, development and operation of the Manh Choh Joint Venture Property, which is the only material property of the Joint Venture Company.**

The Joint Venture Company's only material project at this time is the Manh Choh Joint Venture Property, which is in the exploration stage. The Company's continued viability is based on successfully implementing its strategy, which will require the Joint Venture Company to perform appropriate exploratory and engineering work and evaluate such work, and the permitting and construction of a mine and processing facilities in a reasonable time frame.

**The Manh Choh Joint Venture Property does not have any proven or probable reserves and the Joint Venture Company may never identify any commercially exploitable mineralization.**

None of the Joint Venture Company's properties have any proven or probable reserves as defined by SEC Industry Guide 7. To date, the Company and the Joint Venture Company have only engaged in exploration activities on the Manh Choh Joint Venture Property. Accordingly, the Company does not have sufficient information upon which to assess the ultimate success of their exploration efforts. There is no assurance that the Joint Venture Company may ever locate any mineral reserves on the Manh Choh Joint Venture Property. Additionally, even if the Joint Venture Company finds minerals in sufficient quantities to warrant recovery, such recovery may not be economically profitable. Mineral exploration is highly speculative in nature, involves many risks and is frequently non-productive. Unusual or unexpected geologic formations and the inability to obtain suitable or adequate machinery, equipment or labor are risks involved in the conduct of exploration programs. If the Joint Venture Company does not establish reserves, it might be required to curtail or suspend operations, in which case the market value of the Company's common stock will decline, and you might lose all of your investment.

**The Manh Choh Joint Venture Property is located in the remote regions of Alaska and exploration activities may be limited by weather and limited access and existing infrastructure.**

The Joint Venture Company is focused on the exploration of its properties in the State of Alaska. The arctic climate limits many exploration and mining activities during certain seasons. In addition, the remote location of the properties may limit access and increase exploration expense. Higher costs associated with exploration activities and limitation on the annual periods in which the Joint Venture Company can carry on exploration activities might increase the costs and time associated with our planned exploration activities and could negatively affect the value of the Manh Choh Joint Venture Property and the Company's securities.

**Concentrating capital investment in the Manh Choh Joint Venture Property in the State of Alaska increases exposure to risk.**

The Company and the Joint Venture Company have focused their capital investments in exploring for gold and associated mineral prospects on the Manh Choh Joint Venture Property in the State of Alaska. However, the exploration prospects in Alaska may not lead to any revenues or the Joint Venture Company may not be able to drill for mineral deposits at anticipated costs due to financing, environmental or operating uncertainties. Should the Joint Venture Company be able to make an economic discovery on the Manh Choh Joint Venture Property, it would then be solely dependent upon a single mining operation for its revenue and profits. Because of this concentration in a limited geographic area, the success and profitability of our operations may be disproportionately exposed to regional factors relative to competitors that have more geographically dispersed operations.

**The Company will rely on the accuracy of the estimates in reports provided to the Company by the Joint Venture Company's Manager and outside consultants and engineers.**

The Company has no in-house mineral engineering capability, and therefore will rely on the accuracy of reports provided to it by the Joint Venture Company's Manager and independent third-party consultants. If those reports prove to be inaccurate, the Company's financial reports could have material misstatements. Further, the Company will use the reports of such independent consultants in its financial planning. If the reports prove to be inaccurate, we may also make misjudgments in its financial planning.

**Exploration activities involve a high degree of risk, and the Joint Venture Company's exploratory drilling activities may not be successful.**

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

- Ground or slope failures;
- Pressure or irregularities in formations affecting ore or wall rock characteristics;
- Equipment failures or accidents;
- Adverse weather conditions;
- Compliance with governmental requirements and laws, present and future;
- Shortages or delays in the availability and delivery of equipment; and
- Lack of adequate infrastructure, including access to roads, electricity and available housing.

Poor results from the Joint Venture Company's drilling activities would materially and adversely affect the Company's future cash flows and results of operations.

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

The Company and the Joint Venture Company collectively hold approximately 220,000 acres in the form of State of Alaska unpatented mining claims for gold ore exploration. Unpatented mining claims are unique property interests in that they are subject to the paramount title of the State of Alaska and rights of third parties to uses of the surface within their boundaries, and are generally considered to be subject to greater title risk than other real property interests. The rights to deposits of minerals lying within the boundaries of the unpatented state claims are subject to Alaska Statutes 38.05.185 - 38.05.280, and are governed by Alaska Administrative Code 11 AAC 86.100 - 86.600. The validity of all State of Alaska unpatented mining claims is dependent upon inherent uncertainties and conditions. With respect to the Tetlin Lease, the Company retained title lawyers to conduct a preliminary examination of title to the mineral interest prior to executing the Tetlin Lease. The Joint Venture Company conducted a title examination prior to the assignment of the Tetlin Lease to the Joint Venture Company and performed certain curative title work. In addition, in connection with the assignment of the Tetlin Lease from the Company to the Joint Venture Company, the Company and the Native Village of Tetlin entered into an Estoppel and Agreement and a Stability Agreement (the "Agreements") that were approved by the Tetlin Tribal Council and the Native Village of Tetlin members. The Agreements approved the assignment of the Tetlin Lease to the Joint Venture Company and, among other things, confirmed the validity and effectiveness of the Tetlin Lease. Nevertheless, a deficiency in title or claims by a third party may not be curable. It does happen, from time to time, that the title to a property is defective, having been obtained in error from a person who is not the rightful owner of the mineral interest desired. In these circumstances, the Joint Venture Company might not be able to proceed with exploration of the lease site or might incur costs to remedy a defect. It might also happen, from time to time, that the Joint Venture Company might elect to proceed with mining work despite any such deficiency or claim.

**The Tetlin Lease was executed with a Native American tribe for the exploration of gold ore and associated minerals. The enforcement of contractual rights against Native American tribes with sovereign powers may be difficult.**

Federally recognized Native American tribes are independent governments with sovereign powers, except as those powers may have been limited by treaty or the United States Congress. Such tribes maintain their own governmental systems and often their own judicial systems and have the right to tax, and to require licenses and to impose other forms of regulation and regulatory fees, on persons and businesses operating on their lands. As sovereign nations, federally recognized Native American tribes are generally subject only to federal regulation. States do not have the authority to regulate them, unless such authority has been specifically granted by Congress, and state laws generally do not directly apply to them and to activities taking place on their lands, unless they have a specific agreement or compact with the state or Federal government allowing for the application of state law. The Tetlin Lease provides that it will be governed by applicable federal law and the law of the State of Alaska. The Company and the Tetlin Tribal Council entered into a Stability Agreement, dated October 2, 2014, that was assigned by the Company to the Joint Venture Company. However, no assurance may be given that the choice of law clause in the Tetlin Lease or the agreements with the Tetlin Tribal Council in the Stability Agreement will be enforceable.

Federally recognized Native American tribes also generally enjoy sovereign immunity from lawsuit similar to that of the states and the United States federal government. In order to sue a Native American tribe (or an agency or instrumentality of a Native American tribe), the Native American tribe must have effectively waived its sovereign immunity with respect to the matter in dispute. Moreover, even if a Native American tribe effectively waives its sovereign immunity, there exists an issue as to the forum in which a lawsuit can be brought against the tribe. Federal courts are courts of limited jurisdiction and generally do not have jurisdiction to hear civil cases relating to matters concerning Native American lands or the internal affairs of Native American governments. Federal courts may have jurisdiction if a federal question is raised by the lawsuit, which is unlikely in a typical contract dispute. Diversity of citizenship, another common basis for federal court jurisdiction, is not generally present in a suit against a tribe because a Native American tribe is not considered a citizen of any state. Accordingly, in most commercial disputes with tribes, the jurisdiction of the federal courts, may be difficult or impossible to obtain. The Tetlin Lease contains a provision in which the Tetlin Tribal Council expressly waives its sovereign immunity to the limited extent necessary to permit judicial review in the courts in Alaska of certain issues affecting the Tetlin Lease and the Stability Agreement contains, among other things, agreement that any disputes under the Tetlin Lease will be submitted to the jurisdiction of the federal and state courts.

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

The Company will compete with a broad range of mining companies with far greater resources in their exploration activities. Several mining companies concentrate drilling efforts on one type of mineral and thus may enjoy economies of scale and other efficiencies. However, the Company's drilling strategies currently include exploring for gold ore and associated minerals. As a result, the Company may not be able to compete effectively with such companies. Most competitors have substantially greater financial resources than the Company. These competitors may be able to evaluate, bid for and purchase a greater number of properties and prospects than the Company can. In addition, most competitors have been operating for a much longer time than the Company has and have substantially larger staffs. Processing of gold and associated minerals requires complex and sophisticated processing technologies. The Company has no experience in the minerals processing industry.

No member of the Company's management has any technical training or experience in minerals exploration or mining. Because of the Company's limited operating history, the Company has limited insight into trends that may emerge and affect its business. The Company may make errors in predicting and reacting to relevant business trends and will be subject to the risks, uncertainties and difficulties frequently encountered by early-stage companies.

**The mining industry is historically a cyclical industry and market fluctuations in the prices of minerals could adversely affect the Company's and Joint Venture Company's business.**

Prices for minerals tend to fluctuate significantly in response to factors beyond the Company's control. These factors include:

- U.S. and global economic conditions;
- Domestic and foreign tax policy;
- The price of gold;
- The cost of exploring for, producing and processing gold;
- Available transportation capacity; and
- The overall supply and demand for gold.

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

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

Gold prices fluctuate widely and are affected by numerous factors beyond the Company's control such as interest rates, exchange rates, inflation or deflation, fluctuation in the relative value of the United States dollar against foreign currencies on the world market, global and regional supply and demand for gold, and the political and economic conditions of gold producing countries throughout the world. The Company and the Joint Venture Company do not have any programs to hedge against fluctuating commodity prices, and as such are highly exposed to those fluctuations.

**An increase in the global supply of gold and associated minerals may adversely affect the Company's and Joint Venture Company's business.**

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

**The Joint Venture Company is subject to complex laws and regulations, including environmental regulations that can adversely affect the cost, manner or feasibility of doing business.**

The Joint Venture Company's exploratory mining operations are subject to numerous laws and regulations governing its operations and the discharge of materials into the environment, including the Federal Clean Water Act, Clean Air Act, Endangered Species Act, and CERCLA. Federal initiatives are often also administered and enforced through state agencies operating under parallel state statutes and regulations. Failure to comply with such rules and regulations could result in substantial penalties and have an adverse effect on the Joint Venture Company. These laws and regulations may, among other things:

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

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

**The Joint Venture Company is subject to the Federal Mine Safety and Health Act of 1977 and regulations promulgated thereto, which impose stringent health and safety standards on numerous aspects of its operations.**

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

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

The Joint Venture Company must obtain a number of permits that impose strict conditions, requirements and obligations relating to various environmental and health and safety matters in connection with its current and future operations. To obtain certain permits, the Joint Venture Company may be required to conduct environmental studies, collect and present data to governmental authorities and the general public pertaining to the potential impact of its current and future operations upon the environment and take steps to avoid or mitigate the impact. The permitting rules are complex and have tended to become more stringent over time. Accordingly, permits required for mining work may not be issued, maintained or renewed in a timely fashion or at all, or may be conditioned upon restrictions which may impede its ability to operate efficiently. The failure to obtain certain permits or the adoption of more stringent permitting requirements could have a material adverse effect on its business, its plans of operation, and properties in that the Joint Venture Company may not be able to proceed with its exploration, development or mining programs.

**Anti-takeover provisions of the Company's certificate of incorporation, bylaws and Delaware law could adversely affect a potential acquisition by third parties.**

On September 23, 2020, the Company adopted a limited duration stockholder rights agreement (the "Rights Agreement"). In connection therewith, the Board adopted an amendment to accelerate the expiration of the Company's prior rights agreement to September 23, 2020. Pursuant to the Rights Agreement, the Board declared a dividend of one preferred stock purchase right for each share of the Company's common stock held of record as of October 5, 2020. The Rights Agreement is designed to deter coercive takeover tactics and to prevent an acquirer from gaining control of the Company without offering a fair price to all of the Company's stockholders. The existence of the Rights Agreement, however, could have the effect of making it more difficult for a third party to acquire a majority of Company's outstanding common stock, and thereby adversely affect the market price of the Company's common stock.

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

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

**The Company's common stock is thinly traded.**

As of June 30, 2021, there were approximately 6.7 million shares of the Company's common stock outstanding, with directors and officers beneficially owning approximately 23.5% of our common stock, and The Marital Trust of Mr. Kenneth R. Peak, the Company's former Chairman, beneficially owning approximately 11.8% of our common stock. Our common stock is quoted on the OTCQB tier of the OTC Markets Group Inc. under the symbol "CTGO". Although our common stock is quoted on the OTCQB, trading has been irregular and with low volumes and therefore the market price of our common stock may be difficult to ascertain. Since the Company's common stock is thinly traded (average trading volume of 458 shares of common stock per day for fiscal year 2021), 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.

**The Company does not intend to pay dividends in the foreseeable future.**

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

**The Company is dependent upon information technology systems, which are subject to disruption, cyber-attacks, damage, failure and risks associated with implementation and integration.**

The Company is dependent upon information technology systems in the conduct of its operations. Our information technology systems are subject to disruption, damage or failure from a variety of sources, including computer viruses, security breaches, cyber-attacks, natural disasters and defects in design. Cybersecurity incidents, in particular, are evolving and include, malicious software, attempts to gain unauthorized access to data and other electronic security breaches that could lead to disruptions in systems, unauthorized release of confidential or otherwise protected information and the corruption of data. The Company believes that it has implemented appropriate measures to mitigate potential risks. However, given the unpredictability of the timing, nature and scope of information technology disruptions, the Company could be subject to manipulation or improper use of its systems and networks or financial losses from remedial actions, any of which could have a material adverse effect on its financial condition and results of operations. The Company faces increased cybersecurity risks due to the COVID-19 pandemic. For example, a portion of the Company's workforce is working remotely to facilitate social distancing, and these employees may transmit data using unsecured internet connections despite training advising of those risks. In addition, our employees may experience increased phishing and malware attacks and socially engineered cyberattacks which, in some cases, attempt to use the circumstances of the COVID-19 pandemic to gain unauthorized access to the Company's information technology systems.

**Item 1B. UNRESOLVED STAFF COMMENTS**

None.

**Item 2. PROPERTIES**

The Company's primary focus has historically been the exploration of a mineral lease with the Native Village of Tetlin whose governmental entity is the Tetlin Tribal Council ("Tetlin Tribal Council") for the exploration of minerals near Tok, Alaska on a currently estimated 675,000 acres (the "Tetlin Lease") constituting the Manh Choh Joint Venture Property and almost all of the Company's resources have been directed to that end. All significant work historically conducted by the Company has been directed at exploration of the Manh Choh Joint Venture Property and increasing understanding of the characteristics of, and economics of, any mineralization. The Company also separately owns the mineral rights to approximately 200,000 acres of State of Alaska mining claims for exploration, and has begun allocating more annual resources to the exploring those properties and other new opportunities. There are no known quantifiable mineral reserves on the Manh Choh Joint Venture Property, the Contango Property or any of the Company's other properties as defined by the SEC Industry Guide 7.

The Company believes that the Joint Venture Company holds good title to its properties in accordance with standards generally accepted in the minerals industry. As is customary in the mining industry, the Company conducted only a preliminary title examination at the time the Company acquired the Tetlin Lease. The Joint Venture Company also conducted a title examination prior to the assignment of the Tetlin Lease to the Joint Venture Company and performed certain curative title work. Before the Joint Venture Company begins any mining activities, however, it might conduct a full title examination and perform curative work on any defects that it deems significant. A significant amount of additional work is likely required in the exploration of the properties before any determination as to the economic feasibility of a mining venture can be made.

**Lease with Tetlin Tribal Council**

JEX entered into the Tetlin Lease with the Tetlin Tribal Council, effective as of July 15, 2008. In November 2010, the Tetlin Lease was assigned to the Company and in January 2015, the Tetlin Lease was assigned to the Joint Venture Company. The Tetlin Lease's current term extends to July 5, 2028, and for so long thereafter as the Joint Venture Company continues conducting exploration or mining operations on the Tetlin Lease.



The Joint Venture Company 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 Joint Venture Company will pay the Tetlin Tribal Council a production royalty ranging from 3.0% to 5.0% should the Joint Venture Company deliver to a purchaser on a commercial basis precious or non-precious metals derived from the properties under the Tetlin Lease. 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%. The Tetlin Tribal Council had the option to increase its production royalty by (i) 0.25% by payment to the Joint Venture Company of \$150,000, (ii) 0.50% by payment to the Joint Venture Company of \$300,000, or (iii) 0.75% by payment to the Joint Venture Company of \$450,000. The Tetlin Tribal Council exercised the option to increase its production royalty by 0.75% by payment to the Joint Venture Company of \$450,000 on December 30, 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 Joint Venture Company to the Tetlin Tribal Council under the lease once production begins.

Until such time as production royalties begin, the Joint Venture Company will pay the Tetlin Tribal Council an advance minimum royalty of approximately \$75,000 per year, plus an inflation adjustment. Additionally, the Joint Venture Company will pay Royal Gold a production royalty of 3.0% should it deliver to a purchaser on a commercial basis gold or associated minerals derived from the Tetlin Lease.

### **State of Alaska Mining Claims**

A listing of the Company and the Joint Venture Company's State of Alaska unpatented mining claims as of June 30, 2021 for gold and associated minerals are listed in Exhibits 99.1, 99.3, 99.4, 99.5, 99.6, 99.8, and 99.9. These mining claims are not known to host quantifiable mineral reserves as defined by SEC Industry Guide 7.

### **Location of and Access to our Properties**

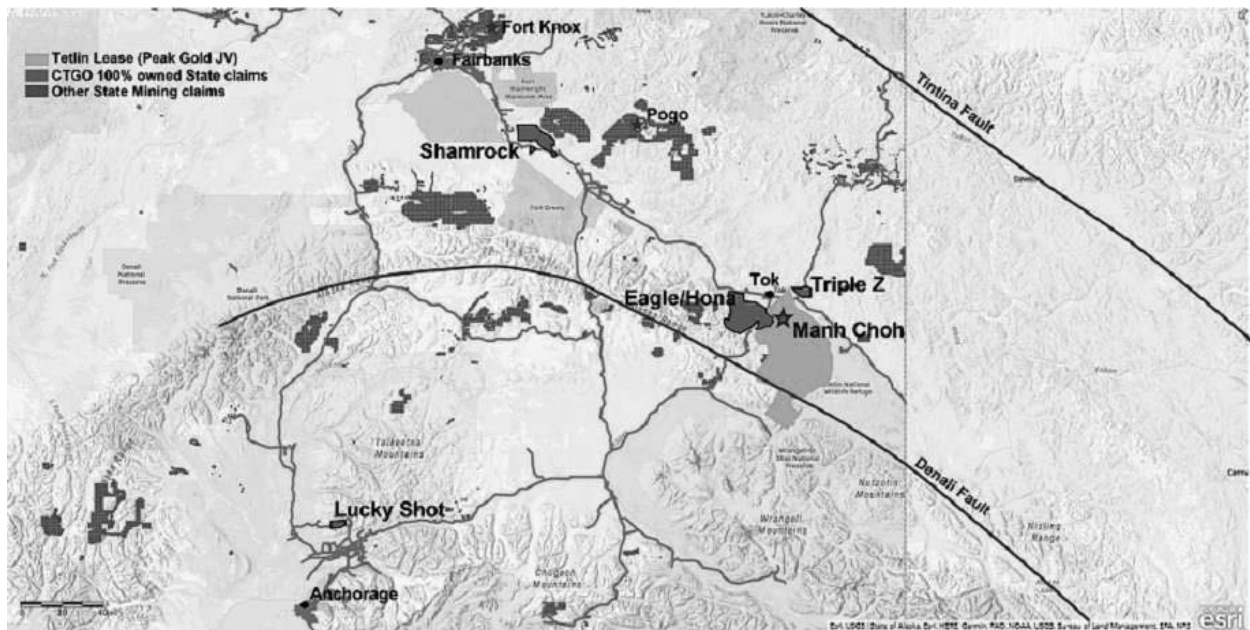
The Manh Choh Joint Venture Property is located in the Tetlin Hills and Mentasta Mountains of eastern interior Alaska, 300 kilometers southeast of the city of Fairbanks and 20 kilometers southeast of Tok, Alaska. The Tetlin Lease covers an area measuring approximately 80 kilometers north-south by 60 kilometers east-west in eastern Interior Alaska. The project is located 15 kilometers from the Alaskay Hwy and 400 kilometers from the Fort Knox Milling Complex.

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

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

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

The map below depicts the Manh Choh Joint Venture Property and the State Mining Claims owned by the Company:



## Gold, Silver, and Copper Exploration

The Company owns 100% of approximately 200,000 acres of State of Alaska mining claims constituting the Contango Property and the Joint Venture Company leases the Manh Choh Joint Venture Property (an estimated 675,000 acres) and approximately 13,000 acres of State of Alaska Mining Claims for the exploration of gold and associated minerals, of which the Company owns 30.0%. To date, our exploration activity has been undertaken by the Joint Venture Company on the Manh Choh Joint Venture Property, with significantly less exploration work performed by the Company, through its subsidiaries, on the state mining claims of the Contango Property. The Management Committee decided to release the Bush and West Fork state mining claims in September 2020. The Shamrock claim area was acquired in March 2021.

The Management Committee of the Joint Venture Company approved an exploration budget for calendar 2019 of \$6.9 million, of which the Company's share was approximately \$4.1 million. The program was completed in October 2019 below the budgeted amount. The program included ground geophysics utilizing IP and soil samples within the greater Chief Danny area. A further program of reconnaissance work, drilling and airborne Versatile Time Domain Electromagnetics ("VTEM") survey was completed in the Hona and Eagle claims blocks to follow up stream sediment sampling work completed in 2017. Also included was soil sampling and ground geophysics work on the Triple Z target. The program drill tested targets adjacent to the Main Peak deposit, on the Hona claims and a target in the North Saddle area. The budget also included funding to initiate a program of surface and groundwater characterization to support future permitting efforts. The Company funded a total of \$4.1 million to the Joint Venture Company during calendar year 2019, which related to both the 2019 and 2018 exploration programs.

During the last calendar quarter of 2020 after the consummation of the Kinross Transactions, the Management Committee approved a budget of approximately \$5.7 million for drilling and testing, environmental work, engineering studies, and other items. However, due to weather delays and COVID-19 related delays, the Joint Venture Company spent approximately \$3.0 million during the last calendar quarter of 2020. The additional work that could not be completed in 2020 is included in the calendar 2021 budget.

On December 10, 2020, the Management Committee approved a total budget of \$18.0 million for the calendar year 2021 to undertake in-fill drilling, engineering and environmental studies necessary to complete a feasibility-level study, additional exploration, community relations, and to prepare the project for formal permitting. On June 22, 2021 the Management Committee voted to increase the exploration budget by \$0.2 million for interpretation of archive drilling, adopting oriented core and geological consulting. The Company's proportionate share of the approved budget is approximately \$5.5 million. As of June 30, 2021, the Company had funded approximately \$2.5 million to the Joint Venture Company during calendar year 2021. In addition, the Company plans to fund an approximately \$3.0 million exploration program to explore for additional resources on 100%-owned Triple Z, Hona, and Eagle prospects in 2021, located immediately north and northwest of the Manh Choh project area. Field work on the Eagle prospect began in July 2021.

From inception to June 30, 2021, the Joint Venture Company has incurred \$59.9 million in exploration program expenditures. As of June 30, 2021, the Company has contributed approximately \$14.3 million in cash to the Joint Venture Company. After the consummation of the Kinross Transactions, the Company holds a 30.0% membership interest in the Joint Venture Company, with KG Mining holding the other 70.0%. Kinross is a large gold producer with a diverse global portfolio and extensive operating experience in Alaska. The Joint Venture Company plans to mine ore from the Peak and North Peak deposits and then transport the ore to the Kinross owned Fort Knox operation located 250 highway miles where the ore will be processed at the existing Fort Knox mining and milling complex. The use of the Fort Knox mill is expected to accelerate the development of the Manh Choh Joint Venture 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 Manh Choh Joint Venture Property.

The exploration effort on the Tetlin Lease has resulted in identifying two mineral deposits (Main Peak and North Peak) and several other gold and copper prospects following drilling programs starting in 2011. Surface, bedrock, and stream sediment data on the Tetlin Lease as well as on the Eagle, Noah and Tok state of Alaska claims adjacent to the Tetlin Lease have been gathered during the summer exploration programs. There was no exploration program in 2014 or 2020. None of the exploration targets are known to host quantifiable commercial mineral reserves and none are near or adjacent to other known significant gold or copper deposits. There has been no recorded past placer or lode mining on Manh Choh Joint Venture Property, and the Company and the Joint Venture Company are the only entities known to have conducted drilling operations on the Manh Choh Joint Venture Property.

The majority of the Manh Choh Joint Venture Property is hosted within the Yukon-Tanana Terrane (“YTT”), a regionally extensive package of metamorphic rocks. Rocks of the YTT on the Manh Choh Joint Venture Property consist primarily of more deformed, higher temperature metamorphic rocks on the northern third of the project and less deformed, lower temperature metamorphic rocks to the south. Country rocks on the Manh Choh Joint Venture Property are intruded by granitic rocks that have not been well mapped. Large-scale structural features within the Manh Choh Joint Venture Property are closely tied to movements along the Tintina-Kaltag and Denali-Farewell fault systems, two continental-scale faults between which are a series of district and prospect-scale northeast, northwest and east-west structures. Limited exposures in the northern half of the property make identification of these structures difficult. Prospect to hand-sample scale folding has been noted throughout the project area.

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

From a regional perspective, the Manh Choh Joint Venture Property is located in the Tintina Gold Belt in rocks that are highly prospective for gold deposits as well as porphyry copper-molybdenum-gold deposits. These two genetically different types of mineralization overlap in eastern Interior Alaska and the western Yukon Territory and are host to dozens of known prospects, deposits and active mines. In addition, rocks on the southern edge of the Manh Choh Joint Venture Property are prospective for nickel-copper-platinum group element deposits. Prior to its discovery in 2009, the style of mineralization discovered on the Chief Danny prospect on the Manh Choh Joint Venture Property was unknown in Interior Alaska. Diamond drilling results from 2011 through 2018 have revealed the presence of a distinctive suite of elements and minerals at the Main Peak, North Peak and Discovery Zones that do not match the typical characteristics of gold deposits of the Tintina Gold Belt but do share several diagnostic characteristics of gold-copper-silver skarn deposits, possibly as part of a larger porphyry copper-molybdenum-gold system. “Skarn” is a term that refers to a distinctive class of mineral deposits formed where limestone-bearing rocks are intruded by hot, fluid-bearing granitic rocks. The Main Peak and North Peak Zones mineralization most closely resembles the gold-sulfide skarns mined at the Fortitude deposit in the Battle Mountain Mining District of central Nevada.

## **Contango Property**

*Triple Z Prospect.* The Triple Z claims were originally staked in 2009 and the claim block expanded in 2011, and again in 2019, with the claim block now covering an area of 14,810 acres immediately adjacent to the Alaska Hwy to the south and west, and the Taylor Hwy to the north and east. The area was identified as prospective for porphyry copper-gold-silver-molybdenum mineralization based on regional government sponsored stream sediment sampling. Surface rock (82 samples) and soil samples (115 samples) were collected in 2009. Follow up auger soil sampling completed between 2009 and 2011 identified a large-scale copper-gold-silver-molybdenum anomaly centered along a low-profile ridge with little to no outcrop. An airborne magnetic and resistivity survey conducted over the area in 2011 showed a coincident magnetic low and resistivity high (classic porphyry signatures) over the geochemically anomalous area. A follow up Induced Polarization (“IP”) survey conducted in 2019 across four orthogonal lines and outlined multiple IP anomalies broadly coincident with the soil and mag/resistivity anomalies. Drilling was completed in 2012 (before the IP survey) with six core holes drilled to depths ranging from 230 meters (755 ft.) to 380 meters (1246 ft.). Holes 1202 and 1204 encountered several zones of anomalous copper, gold and silver.

The Company has exploration targets that have not yet been drilled because the Company is waiting for a land transfer to be completed between the Bureau of Land Management and the State of Alaska. The Company has been working with the State and Federal agencies to prioritize this transfer because of the highly prospective drill-ready target. Once the land transfer is completed, the Company plans to drill this well-defined porphyry copper-gold-silver-molybdenum target, potentially in late 2021.

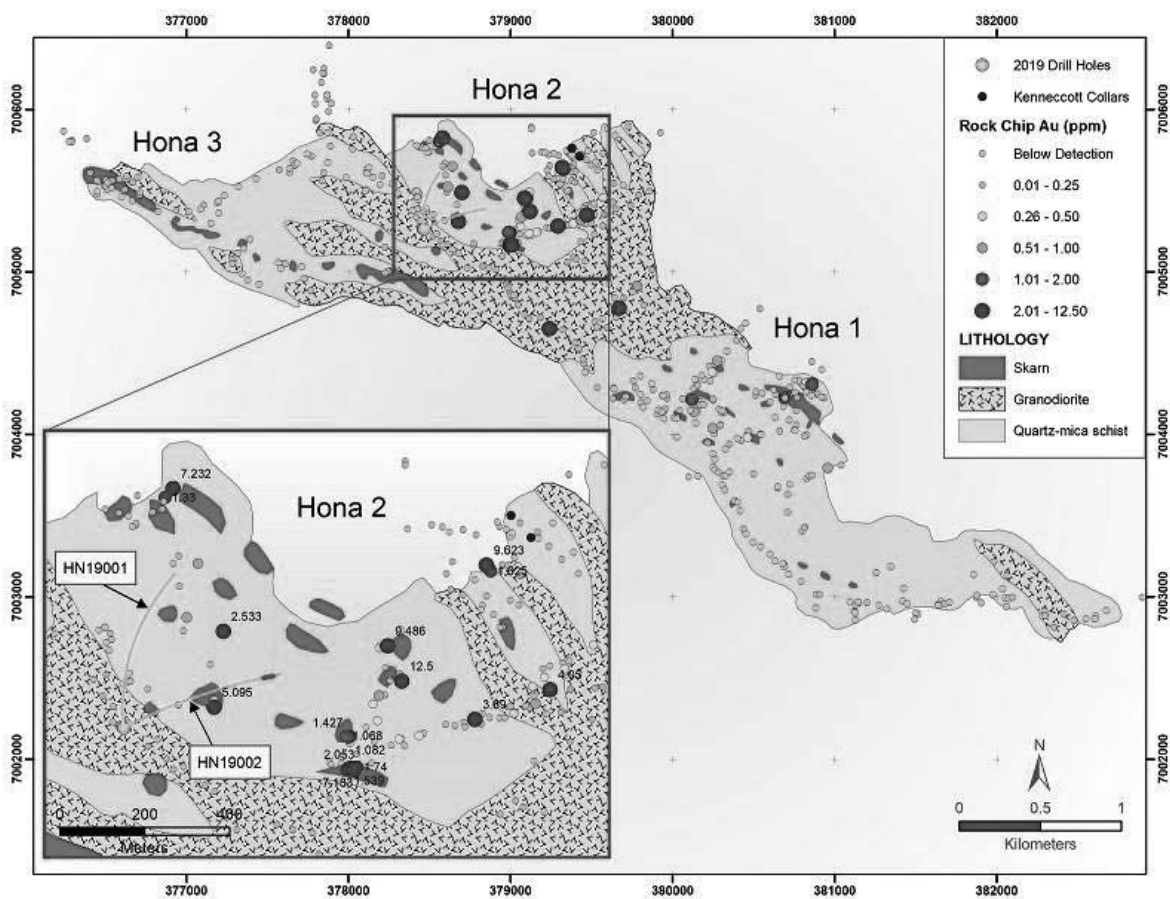
*Eagle Prospect.* The 64,900 acres Eagle claim block was staked in 2012 and 2013 to cover favorable Peak Gold stratigraphy mapped along trend by State Geologists. The Eagle block is underlain by similar geology as the northern Tetlin Hills and limited reconnaissance stream sediment and pan concentrate samples collected by Federal government agencies in the 1970’s revealed widespread copper and arsenic (an excellent pathfinder element for gold) anomalies within the area now covered by the Eagle claims (note - gold was not analyzed for in the original government sampling).

In 2013 a reconnaissance level stream sediment and pan concentrate sampling program was completed over most of the southern part of the Eagle claim block and identified an area over 10 kilometers along a northwest corridor where every creek draining the northeast slopes of the mountains are strongly anomalous in gold, arsenic and copper. Further sampling continued along the northwest trend shows additional anomalous creeks up towards the Dome prospect, albeit far fewer streams have been sampled.

Follow up field exploration for this early-stage project began in July 2021. Field crews have just finished a regional follow up sampling and mapping program and have collected approximately 2000 rock samples from out crops and hand dug trenches on the Eagle and Hona claims blocks. Assay results should be available in the third calendar quarter of 2021.

*Hona Prospect.* The Hona Prospect area is located on Alaska state mining claims approximately 25 kilometers west of the Main Peak deposit and is immediately adjoining the Eagle claim block. A reconnaissance program was carried out on the Hona claim block in 2017, which consisted of 363 pan concentrate and 364 stream sediment samples. Anomalous gold and copper values were found during the 2017 program and in 2019 when follow-up reconnaissance work was completed. This effort consisted of taking 615 rock chip samples and surface mapping. The two programs identified three target areas, Hona 1, Hona 2 and Hona 3. Exploration drilling in 2019, consisting of two core holes, totaling 1,301 meters, tested a portion of the Hona 2 target. As part of the 2019 program, 1,006 line-km of helicopter-borne magnetic and VTEM survey was completed over a portion of the Hona Prospect.

The map below depicts the location of the two core holes drilled at the Hona 2 target along with rock chip sampling results and surface geology.



Significant Drill Intercepts from the 2019 Program. Sample intervals are calculated using 0.5 grams per tonne (gpt) lower cut off for gold with no internal waste less than cutoff grade that is greater than 3 meters in thickness. Intercepts shown are drill intercept lengths. True width of mineralization is unknown. The grade cutoff for gold (Au) is 0.5 gpt; for silver (Ag) is 10 gpt; and for copper (Cu) is 0.1%. The following table summarizes the significant drilling results obtained for the complete 2019 Program:

<u>DrillHole</u>	<u>Zone</u>	<u>From (meters)</u>	<u>To (meters)</u>	<u>Interval (meters)</u>	<u>Au gpt</u>	<u>Au opt</u>	<u>Ag gpt</u>	<u>Cu %</u>
HN19001	Hona 2	32.00	35.05	3.05	1.01	0.029	1.4	0.027
HN19001	Hona 2	436.17	440.89	4.72	0.80	0.023	-	0.025
HN19001	Hona 2	452.78	460.71	7.93	0.88	0.026	0.4	0.034
HN19002	Hona 2	224.33	227.38	3.05	0.59	0.017	-	0.012
HN19002	Hona 2	339.09	342.29	3.20	1.23	0.036	1.3	0.046
HN19002	Hona 2	369.27	373.56	4.29	0.55	0.016	-	0.028
HN19002	Hona 2	396.85	399.04	2.19	0.93	0.027	1.7	0.024
HN19002	Hona 2	445.24	446.53	1.29	3.05	0.089	0.8	0.029
HN19002	Hona 2	612.65	629.67	17.02	0.41	0.012	5.4	0.333

During the 2021 field season, field crews collected approximately 2000 rock samples on the joint Eagle-Hona claims block. Results should be available by the end of the third quarter of 2021.

*Shamrock Prospect.* In early 2021, The Company staked the Shamrock prospect in the Richardson Mining District located in central Alaska right along the Alaska Hwy corridor approximately 70 miles from Fairbanks, Alaska. The property includes a total of 361 Alaska state mining claims covering approximately 52,640 acres and gives the Company a dominant land position in the Richardson district (see the map below). The property has excellent infrastructure being right along the Alaska Hwy and adjacent to the Trans Alaska Pipeline with several gravel roads and ATV trails providing good access to entire property. In addition, a high-voltage power line traverses along the southern property boundary. This electrical grid provides power to the Pogo gold mine operated by Northern Star Resources Limited which produced approximately 175,000 ounce of gold in 2020 and is located approximately 50 miles to the northeast of the Shamrock property. During the 2021 field season field crews have collected approximately 900 soil and rock samples from the claim block. Results are expected by the end of the third quarter of 2021.

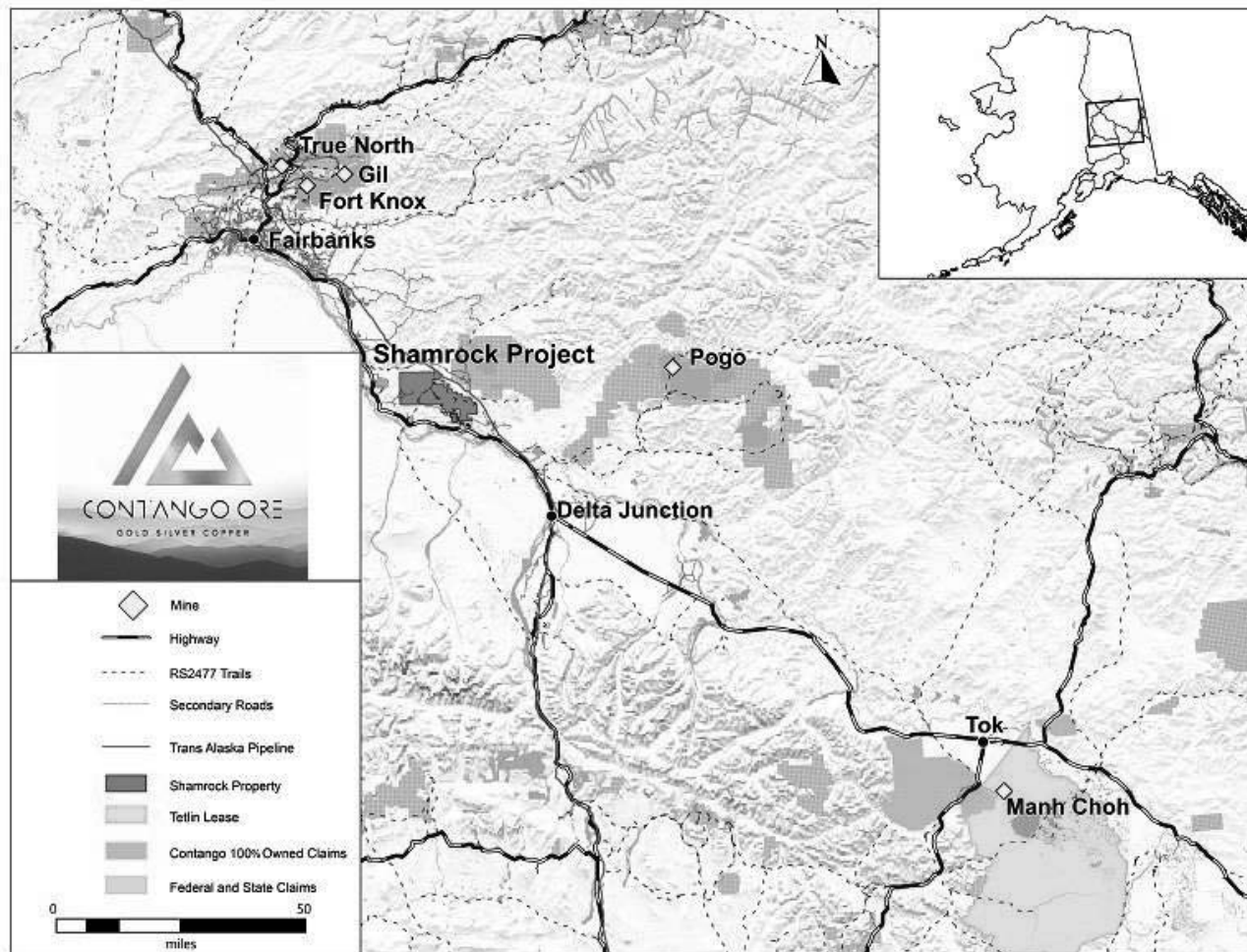
Placer gold was discovered in the Richardson District on Tenderfoot Creek in 1905 and alluvial mining has continued intermittently until as recently as 2010. The Richardson District produced over 100,000 ounces of gold since the early 1900s. The Richardson District is characterized by gentle slopes and broad, alluvium-filled valleys. The area is unglaciated but largely overlain by windblown loess, generally a few meters in thickness but locally up to 50 meters thick.

The Shamrock prospect is underlain by a series of metamorphic schists and gneisses that make up the Lake George Subterranean of the more broadly distributed Yukon Tanana Terrane across interior Alaska and the Yukon, which is host to a number of large gold deposits. Peak metamorphism occurred around 110 million years. Retrograde metamorphism resulted in cooling, gneiss dome formation and a transition from ductile deformation of the metamorphic fabric to brittle deformation, as well as a series of low-angle shears across the region. Mid-Cretaceous extension resulted in regional uplift and denudation of the metamorphic gneiss domes. Post-uplift plutonic activity often occurs along the margins of these domes where zones of extreme thinning are common. Two ages of intrusive activity are noted at 105my and 85my. Both mid-Cretaceous intrusive rocks are genetically related to lode gold mineralization.

There are three types of gold deposit types that the Company plans to explore for on the Shamrock prospect: 1) Gold in the low angle quartz veins characterized as “Pogo Type” mineralization; 2) Intrusive Related Gold deposits (IRG) associated with igneous intrusions where they intersect deep seated crustal structures (“Fort Knox Type”); and 3) high level rhyolite intrusive dikes associated clay and silica alteration which occurs in the Democrat and Banner Dikes area of the property.

The property was previous owned by Coeur Mining who inherited the property as a result of acquiring North Empire Resources for their Sterling Gold Project located in Nevada. The Richardson property (as it was referred to by Coeur Mining) was non-core and the claims were dropped in 2020. Based on historic work, there are a number of well-defined soil anomalies with limited drilling that remain under-explored.

The map below shows the location of the Shamrock Prospect:



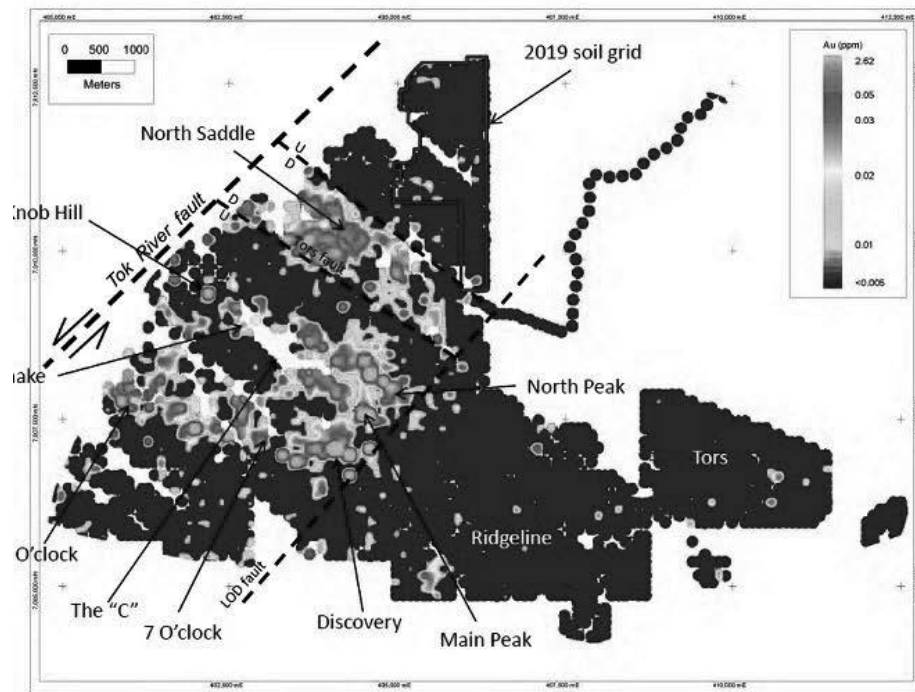
## Joint Venture Company

*Chief Danny Prospect Area.* The Chief Danny Prospect Area currently is the most advanced exploration target on the Tetlin Lease and is comprised of several distinct mineralized areas: the Main Peak Zone, Discovery Zone, West Peak Zone, North Peak Zone, Connector Zone, Saddle Zone and the 7 O'clock area. The Chief Danny prospect was discovered during rock, stream sediment and pan concentrate sampling in 2009 and since then has been explored using top of bedrock soil auger sampling, trenching, ground IP geophysics, airborne magnetic and resistivity surveys and core drilling. Results from this work indicate the presence of a zoned metal-bearing system consisting of a gold-copper-iron enriched core covering six square miles at Chief Danny South (includes Main Peak, Discovery, West Peak, and North Peak/Blue Moon) and a fault-offset arsenic-gold enriched zone to the north covering three square miles at the Saddle Zone. The Company has conducted extensive drilling on the Main Peak, North Peak, and Connector Zones. The Company has also conducted some environmental base line studies on the areas surrounding the Chief Danny prospect, as well as airborne magnetic and resistivity programs. From 2009 through July 30, 2021, the Company conducted field-related exploration work at the Chief Danny Prospect, including collecting the following samples:

Year	Program	Core Samples	Rock Samples	Soil Samples	Pan Con Samples	Stream Silt Samples	Core (feet)	IP/Geophysics (kilometers)	Trenching (feet)
2009	Chief Danny	—	958	33	94	11	—	—	2,330
2010	Chief Danny	—	613	760	668	795	—	14	—
2011	Chief Danny	1,267	20	688	—	—	8,057	3,957	—
2012	Chief Danny	5,223	82	1,029	—	—	36,004	—	—
2013	Chief Danny	8,970	14	1,406	85	278	47,079	2,414	—
2014	Chief Danny	—	—	—	—	—	—	—	—
2015	Chief Danny	8,352	133	—	—	—	46,128	—	—
2016	Chief Danny	10,450	21	694	—	—	67,336	24	—
2017	Chief Danny	11,864	112	975	408	408	59,347	48	—
2018	Chief Danny	2,973	402	63	45	9	20,307	80	—
2019	Chief Danny	1,575	839	1,563	18	—	10,079	1,049	—
2020	Chief Danny	—	—	—	—	—	4,575	—	—
2021	Chief Danny	—	—	—	—	—	32,207	—	—
		<u>50,674</u>	<u>3,194</u>	<u>7,211</u>	<u>1,318</u>	<u>1,501</u>	<u>331,119</u>	<u>7,586</u>	<u>2,330</u>

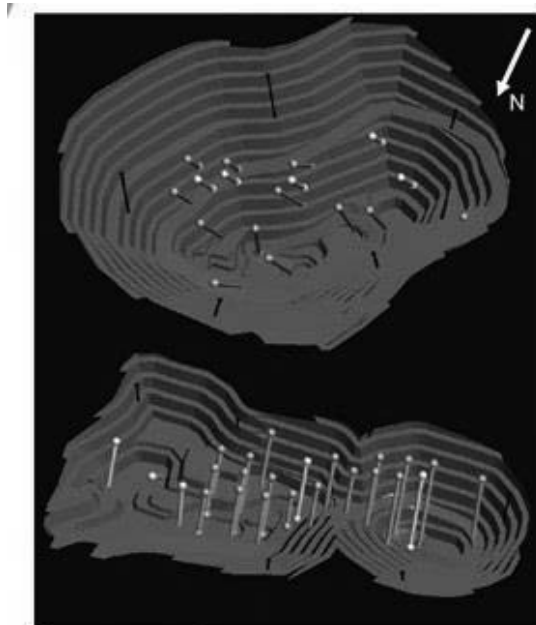


## Chief Danny Area: Gold in Soils (thru 2019)



- Gold in soils at Main and North Peak display clear northwest-trending patterns that mimic current resources
- The trend from Discovery to 8 O'clock is either arcuate or created by numerous D3-age NE-trending faults with apparent left lateral offset
- The North Saddle gold anomaly appears to be located in a graben bounded by the Tors fault on the south and another subparallel D2-age northwest trending fault to the north
- The southeastern limits of all of the gold in soil trends is abruptly cut off by the D3-age northeast trending Line of Death (LOD) fault.
- Motion on LOD fault is uncertain but likely some left lateral motion and possibly down on SE side of LOD

The image below shows the approximate location of in-fill, geotechnical, hydrological and metallurgical drill holes during the \$18 million 2021 Peak Gold, LLC program. The objective of the program is to advance the feasibility study and permitting for the Peak and North Peak deposits.

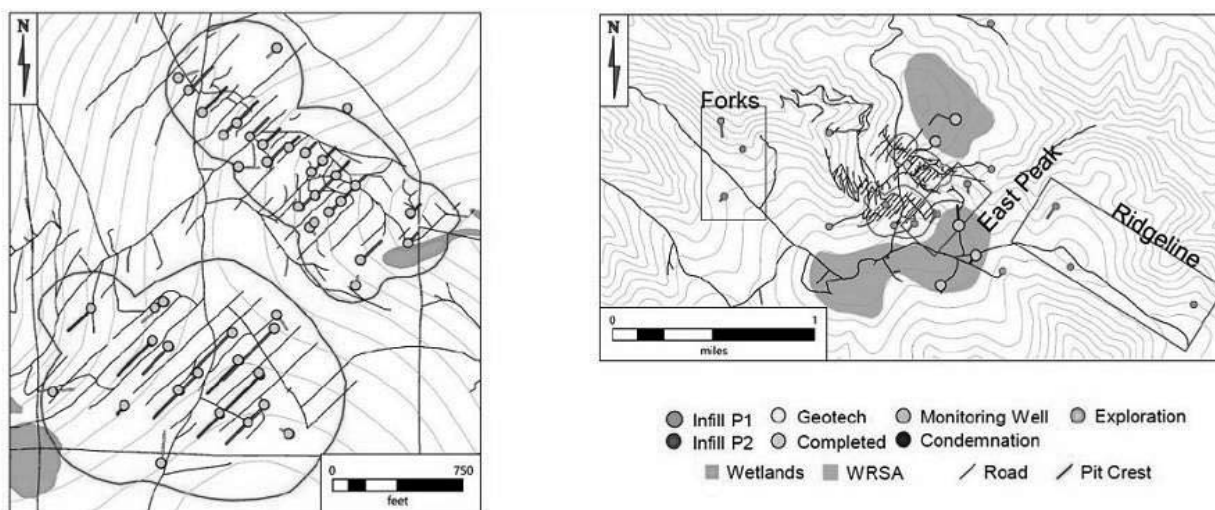


- In-fill drilling to upgrade Resources from Indicated to Measured and Inferred to Indicated Categories – Reserves with FS
- Condemnation drill – Placement of Facilities
- Metallurgy – Completed, Testing Underway
- Hydrology – Water Management Plan
- In-pit Geotechnical – pit slope stability
- Geotechnical – Placement of facilities
- Engineering and Environmental Studies to Support Feasibility Study and Permitting

**2021 Drilling Program.** Through June 30, 2021, the Joint Venture Company has spent approximately \$9.2 million on drilling, environmental and permitting work, engineering studies, community relations, and other related work. The Joint Venture Company's 2021 drilling program began in late February 2021. Since drilling commenced, the Joint Venture Company has completed the geotechnical drilling that it began in the last quarter of 2020. The geotechnical information collected will be incorporated into the overall pit design and mine plan. The Joint Venture Company also completed 32,207 core ft. of in-fill drilling, condemnation drilling, exploration, and drilling of a monitoring well.

**2020 Drilling Program.** During the quarter ended December 31, 2020, the Joint Venture Company spent approximately \$3.0 million on drilling, metallurgical testing, environmental and permitting work, engineering studies, and other related work. The Joint Venture Company commenced drilling on November 22, 2020 and continued through December 19, 2020. The Joint Venture Company completed 10 core holes for metallurgical testing with a total drill length of approximately 2,800 ft. Three geotechnical holes were completed with total drill length of approximately 1,800 ft.

The map below shows the location of the 2020 and 2021 drilling program:



## Geochemical Analysis and Security

All samples from the Phase II and III 2017 program, Phase I 2018 program, and the 2019 program were prepared for assay by Bureau Veritas Minerals at their facilities in Fairbanks, Alaska and analyzed at their Vancouver, British Columbia and Reno, Nevada facilities. Analytical work consisted of gold by fire assay with atomic absorption finish plus multi-element inductively coupled plasma atomic emission spectroscopy (ICP-AES) analyses using 4-acid digestion. All samples collected in the Phase II and III 2017, Phase I 2018, and the 2019 program were cataloged in the field and shipped via ground transport directly to Bureau Veritas Minerals' preparation facility in Fairbanks by an Avalon contractor. The Company believes the parties working on sampling of the Manh Choh Joint Venture Property followed industry accepted procedures for sample preparation, analysis and security.

All samples from the 2020 and 2021 programs were prepared and analyzed by ALS Minerals. Receipt and sample preparation was performed at their facilities in Fairbanks, Alaska, and Whitehorse, Yukon. A third-party expeditor was contracted to move the samples from Tok to the ALS Minerals sample preparation facilities, in Fairbanks, Alaska and Whitehorse, Yukon. Pulp samples were analyzed at both the Reno, Nevada, and Vancouver, British Columbia laboratories. Analytical work consisted of; gold by fire assay, with an atomic absorption (AA) finish, gold by fire assay with gravimetric finish, for all assays greater than 5 ppm Au, multi-element determination for 34 elements by 4-acid digest and inductively coupled plasma-atomic emission spectroscopy (ICP-AES). A subset of samples were selected for carbonate determination, by perchloric acid and coulometric titration. Samples were collected at the leased warehouse in Tok, Alaska.

## **Sampling, Analysis and Security**

During 2019, Avalon inserted 88 blanks, 397 standards, 54 duplicates and 54 replicates into the flow of rock, soil, RC and drill core samples prior to shipment to the analytical labs. Blanks consisted of Browns Hill Quarry basalt. Twenty different commercial standards provided by Analytical Solutions and Rocklabs were used during 2019 (through August 23, 2019). Values in these standards ranged from 0.016 ppm to 6.66 ppm gold. The quality assurance/quality control procedure was completed on-site at the Avalon warehouse in Tok, Alaska.

During 2020 and 2021, prior to shipping, reverse circulation and drill core samples staff inserted blanks and standards at a rate of 5% and collected field duplicates at a rate of 3% of total sample volume. ALS Minerals collected and analyzed 0.5% of samples as crush duplicates and 2% of samples as pulp duplicates, per the sample preparation procedures. Blank material was sourced of Brown's Hill Quarry Basalt. Certified reference material (CRM) for gold were sourced from OREAS, as prepackaged 60 g satchets. For the 23 different CRM materials used, the gold concentration, ranged from 0.016 ppm to 7.66 ppm Au. The quality assurance/quality control procedure was completed by Kinross staff.

## **Acquisition of Other Properties**

The Company and the Joint Venture 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.

## **Item 3. LEGAL PROCEEDINGS**

As of the date of this Form 10-K, the Company is not a party to any legal proceedings.

## **Item 4. MINE SAFETY DISCLOSURES**

Not applicable.

## PART II

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

The Company's common stock is traded on the OTCQB tier of the OTC Markets Group Inc. under the symbol "CTGO". The OTCQB quotations reflect inter-dealer prices, without retail mark-up, mark-down, or commission, and may not represent actual transactions.

As of June 30, 2021, there were 6,675,746 shares of Contango ORE, Inc. common stock outstanding held by approximately 63 registered shareholders.

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

The following table sets forth information about the Company's equity compensation plans at June 30, 2021:

Plan Category	Number of securities to be issued upon exercise of outstanding options	Weighted-average exercise price of outstanding options	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column(b))
Equity compensation plans approved by security holders	100,000	\$ 14.50	260,927
Equity compensation plans not approved by security holders	—	—	—

On September 15, 2010, the Company's Board of Directors (the "Board of Directors" or "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 Contango ORE, Inc. Amended Equity Plan (as amended, the "Equity Plan") which increases 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.

In November 2019, the Company granted 158,000 restricted shares of common stock to its executives and non-executive directors. The restricted stock granted vests in January 2022. As of June 30, 2021, there were 158,000 shares of such restricted stock that remained unvested.

In connection with the appointment of Rick Van Nieuwenhuysse 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 Nieuwenhuysse. The shares of restricted stock vest in two equal installments, half on the first anniversary of Mr. Van Nieuwenhuysse'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. Of the restricted stock issued, 37,500 shares vested on January 6, 2021, and as of June 30, 2021, 37,500 shares of such restricted stock remain unvested.

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 will vest in January 2022. As of June 30, 2021, all 205,833 shares of restricted stock granted in December 2020 remained unvested.

As of June 30, 2021, the total compensation cost related to unvested restricted stock awards not yet recognized was \$3,435,316. The remaining costs will be recognized over the remaining vesting period of the awards.

On September 23, 2020, the Company completed the issuance and sale of an aggregate of 247,172 shares of the Company's common stock, par value \$0.01 per share, in a private placement (the "2020 Private Placement") to certain purchasers who are accredited investors. 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 will use the net proceeds from the 2020 Private Placement for working capital purposes and for funding future obligations to the Joint Venture Company. 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 \$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 shares sold in the 2020 Private Placement were issued in reliance on an exemption from registration under the Securities Act of 1933, as amended, pursuant to Section 4(a)(2) thereof. The bases for the availability of this exemption include the facts that the issuance was a private transaction, which did not involve a public offering and the shares were offered and sold to a limited number of purchasers. 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. 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.

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 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. The shares sold in the 2021 Private Placement were issued in reliance on an exemption from registration under the Securities Act of 1933, as amended, pursuant to Section 4(a)(2) thereof. The bases for the availability of this exemption include the facts that the issuance was a private transaction which did not involve a public offering and the shares were offered and sold to a limited number of purchasers. 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 of the rights under the Registration Rights Agreement. The 2021 Private Placement to Mr. Nieuwenhuyse closed on June 18, 2021.

The table below lists the current options outstanding for the Company:

<b>Period Granted</b>	<b>Options Granted</b>	<b>Option Awards</b>		<b>Expiration Date</b>
		<b>Weighted Average Exercise Price</b>	<b>Vesting Period (2)</b>	
January 2020 (1)	100,000	\$ 14.50	Vests over two years	January 2025

(1) The Company granted 100,000 stock options to its President and CEO, upon hire, during the third quarter of fiscal year 2020. None of these options have been exercised as of June 30, 2021.

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

There were no stock option exercises during the fiscal years ended June 30, 2021 or June 30, 2020.

## Item 6. SELECTED FINANCIAL DATA

Not applicable.

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

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

### Overview

The Company was formed on September 1, 2010 as a Delaware corporation. The Company engages in exploration for gold, silver, and copper ores in Alaska. The Company's largest asset is a 30.0% membership interest in Peak Gold, LLC, which leases approximately 675,000 acres from the Tetlin Tribal Council and owns approximately 13,000 State of Alaska mining claims for exploration and development through its wholly-owned subsidiary, CORE Alaska, LLC. The Company's wholly-owned subsidiary, Contango Minerals Alaska, LLC, owns 100% interest in the mineral rights to approximately 200,000 acres of State of Alaska mining claims located north and northwest of the Manh Choh Joint Venture Property. As of June 30, 2021 the Company had approximately \$35.2 million in cash and is actively working to acquire additional properties in Alaska for exploration. 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.

Neither the Company nor the Joint Venture Company has commenced mining or producing commercially marketable minerals. To date, neither the Company nor the Joint Venture Company has generated any revenue from mineral sales or operations. Neither the Company nor the Joint Venture Company has any recurring source of revenue other than the Company and Royal Gold's contributions to the Joint Venture Company. The Company's ability to continue as a going concern is dependent on the Company's ability to raise capital to fund future exploration and working capital requirements. In the future, the Joint Venture Company may generate revenue from a combination of mineral sales and other payments resulting from any commercially recoverable minerals from the Manh Choh Joint Venture Property. The Company does not expect the Joint Venture Company to generate revenue from mineral sales in the foreseeable future. If the Manh Choh Joint Venture Property fails to contain any proven reserves, the Company's ability to generate future revenue, and the Company's 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 the Company's 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 the Company may never do so.

*General and Administrative Expense.* General and administrative expense for the fiscal year ended June 30, 2021 and 2020 were \$10,362,281 and \$5,594,995, respectively. Current year 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 non-recurring legal and transaction related fees associated with the CORE Transactions, 2020 Private Placement, the 2021 Private Placement, and other strategic corporate activities of approximately \$3.2 million and payroll and benefit related fees of \$1.2 million. Payroll and benefit related fees increased because in December 2020, the Company added two new employees, and the Company's executives that previously provided services to the Company via the Management Services Agreement with JEX, began receiving compensation and benefits directly from the Company, and the management fee under the Management Services Agreement with JEX was reduced. The Company also paid its executives bonuses totaling \$0.5 million in December 2020. We recognized \$3.9 million and \$3.4 million of non-cash stock-based compensation expense for the fiscal years ended June 30, 2021 and 2020, respectively, related to restricted stock and options granted to our officers and directors in December 2020, January 2020, November 2019, November 2018, November 2017, November 2016, August 2016, September 2015, and November 2014 all pursuant to either the Amended Equity Plan or the 2010 Plan.

*Loss from Equity Investment in the Joint Venture Company.* The loss from the Company's equity investment in the Joint Venture Company for the fiscal year ended June 30, 2021 and 2020 was \$3,861,252 and \$3,720,000, 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 Joint Venture Company to avoid dilution. The Company invested \$3,861,252 in the Joint Venture Company during the year ended June 30, 2021, and \$3,720,000 during the year ended June 30, 2020. 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 Joint Venture Company in future periods. The suspended losses for the period from inception to June 30, 2021 are \$23.0 million.

*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. 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 Joint Venture Company, post the 30.0% membership interest transferred to KG Mining. As of the date of the CORE Transaction, the Company's investment in the Joint Venture Company 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.

*Income Tax Benefit/(Expense).* The Company recognized an income tax expense of \$1.3 million for the year ended June 30, 2021, compared to \$0 for the year ended June 30, 2020. The Company is forecasting 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 in the first quarter of fiscal year 2021. All subsequent quarters of fiscal year 2021 had a net loss. The Company had a net loss in all quarters of fiscal year June 30, 2020.

## **Liquidity and Capital Resources**

Prior to the formation of the Joint Venture Company, the Company's primary cash requirements were for exploration-related expenses. Since the formation of the Joint Venture Company, the Company's primary cash requirements have been for general and administrative expenses and capital calls from the Joint Venture Company 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 Joint Venture Company 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 Joint Venture Company.

As of June 30, 2021, the Company had approximately \$35.2 million of cash. On December 10, 2020, the Management Committee approved a total budget of \$18.0 million for the calendar year 2021 to undertake in-fill drilling, engineering and environmental studies necessary to complete a feasibility-level study, additional exploration, community relations, and to prepare the project for formal permitting. On June 22, 2021 the Management Committee voted to increase the exploration budget by \$0.2 million for interpretation of archive drilling, adopting oriented core and geological consulting. The Company's proportionate share of the approved budget is approximately \$5.5 million. As of June 30, 2021, the Company has funded approximately \$2.5 million to the Joint Venture Company during calendar year 2021. In addition, the Company plans to fund an approximately \$3.0 million exploration program to continue its exploration efforts on its earlier stage Eagle and Hona projects located immediately north of the Manh Choh project area, and to explore for additional resources on 100%-owned Triple Z prospect in late 2021, focused on the areas immediately adjacent to the known Joint Venture Company resources. Due to cash received in the Kinross Transaction and the capital raise completed in September 2020, 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 Joint Venture Company, exploration of the Contango Property, 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.

The Company entered into Stock Purchase Agreements dated as of June 14, and June 17, 2021 (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. The shares sold in the 2021 Private Placement were issued in reliance on an exemption from registration under the Securities Act of 1933, as amended, pursuant to Section 4(a)(2) thereof. The bases for the availability of this exemption include the facts that the issuance was a private transaction which did not involve a public offering and the shares were offered and sold to a limited number of purchasers. 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 of the rights under the Registration Rights Agreement. 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 the Company's Common Stock in a private placement (the "2020 Private Placement") to certain purchasers who are accredited investors. 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 will use the net proceeds from the 2020 Private Placement for working capital purposes and for funding future obligations to the Joint Venture Company 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 shares sold in the 2020 Private Placement were issued in reliance on an exemption from registration under the Securities Act of 1933, as amended, pursuant to Section 4(a)(2) thereof. The bases for the availability of this exemption include the facts that the issuance was a private transaction, which did not involve a public offering and the shares were offered and sold to a limited number of purchasers. 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. 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.

KG Mining became the Manager of the Joint Venture Company 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 Joint Venture Company. 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 Joint Venture Company may be limited. To date, neither the Company nor the Joint Venture Company has generated any revenue from mineral sales or operations. In the future, the Joint Venture Company may generate revenue from a combination of mineral sales and other payments resulting from any commercially recoverable minerals from the Manh Choh Joint Venture Property. The Company currently does not have any recurring source of revenue. The Joint Venture Company 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 Joint Venture Company 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 Manh Choh Joint Venture Property, as well as the market price of metals. The Company cannot be certain that financing will be available to the Company on acceptable terms, if at all. If the Company were unable to fund its contributions to the approved programs and budgets for the Joint Venture Company, its membership interest in the Joint Venture Company 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 raise capital through the issuance of additional equity securities in the next six months for purposes of funding its proportionate share of future Joint Venture Company 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.



## Off-Balance Sheet Arrangements

None

## Contractual Obligations

The Tetlin Lease had an initial ten year term beginning July 2008 which was extended for an additional ten years to July 15, 2028, or so long as the Joint Venture Company initiates and continues to conduct mining operations on the Tetlin Lease. The Joint Venture Company 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 Joint Venture Company will pay the Tetlin Tribal Council a production royalty ranging from 3.0% to 5.0% should the Joint Venture Company deliver to a purchaser on a commercial basis precious or non-precious metals derived from the properties under the Tetlin Lease. 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%. The Tetlin Tribal Council had the option to increase its production royalty by (i) 0.25% by payment to the Joint Venture Company of \$150,000, (ii) 0.50% by payment to the Joint Venture Company of \$300,000, or (iii) 0.75% by payment to the Joint Venture Company of \$450,000. The Tetlin Tribal Council exercised the option to increase its production royalty by 0.75% by payment to the Joint Venture Company of \$450,000 on December 30, 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 Joint Venture Company to the Tetlin Tribal Council under the lease once production begins.

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

Until such time as production royalties begin, the Joint Venture Company will pay the Tetlin Tribal Council an advance minimum royalty of approximately \$75,000 per year, plus an inflation adjustment. Additionally, the Joint Venture Company will pay Royal Gold an overriding royalty of 3.0% should it deliver to a purchaser on a commercial basis gold or associated minerals derived from the Tetlin Lease, 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 2020–2021 assessment year, claims rentals totaled \$349,955. 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 Joint Venture Company 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 Joint Venture Company. Pursuant to Article IV of the A&R JV LLCA, if the Joint Venture Company is dissolved, or the Company's membership interest in the Joint Venture Company 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.

## **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 the Company's 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, 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.

*Investment in the Joint Venture Company.* The Company's consolidated financial statements include the investment in the Joint Venture Company, which is accounted for under the equity method. The Company has designated one of the three members of the Management Committee and on June 30, 2021, held a 30.0% ownership interest in the Joint Venture Company. The Company recorded its investment at the historical cost of the assets contributed. The cumulative losses of the Joint Venture Company exceed the historical cost of the assets contributed to the Joint Venture Company, therefore the Company's investment in the Joint Venture Company as of 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 Joint Venture Company in future periods. The audited financial statements of the Joint Venture Company as of and for the six months ended December 31, 2020 are filed as an exhibit to this Form 10-K.

*Recently Issued Accounting Pronouncements.* See "Part II. Item 8. "Financial Statements and Supplementary Data - Note 3 - Summary of Significant Accounting Policies" of this Annual Report on Form 10-K.

## **Item 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

Not applicable.

## **Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**

The consolidated financial statements and supplemental information required to be filed under Item 8 of Form 10-K are presented on pages 40 through 58 of this Form 10-K.

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

None.

## **Item 9A. CONTROLS AND PROCEDURES**

*Evaluation of Disclosure Controls and Procedures.* As required by Rule 13a-15(b) of the Exchange Act, under the supervision and with the participation of our management, including our President and Chief Executive Officer and Chief Financial and Accounting Officer, we conducted an evaluation of 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 June 30, 2021. Our disclosure controls and procedures are designed to provide reasonable assurance that the information required to be disclosed by us in reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure and is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC. Based on that evaluation, management concluded that the Company's disclosure controls and procedures were effective as of June 30, 2021 at the reasonable assurance level.

*Management's Report on Internal Control Over Financial Reporting.* The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Our internal control system was designed to provide reasonable assurance to our management and the Board regarding the preparation and fair presentation of published financial statements. As of June 30, 2021, under the supervision and with the participation of the Company's management, including the President and Chief Executive Officer and Chief Financial and Accounting Officer, the Company conducted an evaluation of the effectiveness of its internal control over financial reporting based on the framework in *2013 Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on the Company's evaluation under the framework in *2013 Internal Control-Integrated Framework*, the Company's management concluded that its internal control over financial reporting was effective as of June 30, 2021.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

*Changes in Internal Control Over Financial Reporting.* There have been no changes in our internal control over financial reporting that occurred during the quarter ended June 30, 2021 that have materially affected or are reasonably likely to materially affect our internal control over financial reporting. We may make changes in our internal control procedures from time to time in the future.

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

## **Item 9B. OTHER INFORMATION**

None.

### **PART III**

#### **Item 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE**

The information regarding directors, executive officers, promoters and control persons required under Item 10 of Form 10-K will be contained in the Company's Definitive Proxy Statement for the 2021 Annual Meeting of Stockholders (the "Proxy Statement") under the headings "Election of Directors", "Executive Compensation", "Section 16(a) Beneficial Ownership Reporting Compliance" and "Corporate Governance" and is incorporated herein by reference. The Proxy Statement will be filed with the SEC pursuant to Regulation 14A of the Exchange Act, not later than 120 days after June 30, 2021.

#### **Item 11. EXECUTIVE COMPENSATION**

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

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

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

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

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

#### **Item 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES**

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

## PART IV

### Item 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

#### (a) Financial Statements and Schedules:

The consolidated financial statements of the Company are set forth in pages 38 to 58 of this Form 10-K. The financial statements of the Joint Venture Company, Peak Gold, LLC, are included as an exhibit to this Form 10-K. No other financial statement schedules have been filed since they are either not required, not applicable, or the information is otherwise included.

#### (b) Exhibits:

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

Exhibit Number	Description
2.1	<u>Purchase Agreement, dated as of September 29, 2020, by and among CORE Alaska, LLC, Contango ORE, Inc. and Skip Sub, Inc. (Filed as Exhibit 2.1 to the Company's current report on Form 8-K, as filed with the Securities and Exchange Commission on October 6, 2020).</u>
3.1	<u>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).</u>
3.2	<u>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).</u>
3.3	<u>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).</u>
4.1	<u>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 September 30, 2013, as filed with the Securities and Exchange Commission on November 14, 2013).</u>
4.2	<u>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).</u>
4.3	<u>Certificate of Elimination of Series A Junior Participating 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).</u>
4.4	<u>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).</u>
4.5	<u>Rights Agreement, dated as of December 20, 2012, 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 December 21, 2012).</u>
4.6	<u>Amendment No. 1 to Rights Agreement, dated as of March 21, 2013, between Contango ORE, Inc. and Computershare Trust Company, N.A. as Rights Agent (Filed as Exhibit 4.1 to the Company's current report on Form 8-K, as filed with the Securities and Exchange Commission on March 25, 2013).</u>
4.7	<u>Amendment No. 2 to Rights Agreement, dated as of September 29, 2014, between Contango ORE, Inc. and Computershare Trust Company, N.A. as Rights Agent (Filed as Exhibit 4.1 to the Company's current report on Form 8-K, as filed with the Securities and Exchange Commission on October 2, 2014).</u>
4.8	<u>Amendment No. 3 to Rights Agreement, dated as of December 18, 2014, between Contango ORE, Inc. and Computershare Trust Company, N.A. as Rights Agent (Filed as Exhibit 4.1 to the Company's current report on Form 8-K, as filed with the Securities and Exchange Commission on December 18, 2014).</u>
4.9	<u>Amendment No. 4 to Rights Agreement, dated as of November 11, 2015, between Contango ORE, Inc. and Computershare Trust Company, N.A. as Rights Agent (Filed as Exhibit 4.7 to the Company's quarterly report on Form 10-Q for the three months ended September 30, 2015, as filed with the Securities and Exchange Commission on November 12, 2015).</u>

- 4.10 Amendment No. 5 to Rights Agreement, dated as of April 22, 2018, 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 April 25, 2018).
- 4.11 Amendment No. 6 to Rights Agreement, dated as of November 21, 2019, 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 November 21, 2019).
- 4.12 Amendment No. 7 to 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).
- 4.13 Rights Agreement, dated 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).
- 4.14 Registration Rights Agreement dated October 23, 2017, among Contango ORE, Inc. and the several purchasers 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 October 26, 2017).
- 4.15 Registration Rights Agreement dated November 10, 2017, among Contango ORE, Inc. and the investors 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 November 16, 2017).
- 4.16 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).
- 4.17 Description of Securities.\*
- 10.1 Form of 2010 Equity Compensation Plan (Filed as Exhibit 10.3 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).
- 10.2 Contribution Agreement, dated as of November 1, 2010, between Contango Oil & Gas Company and Contango ORE, Inc. (Filed as Exhibit 10.4 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).
- 10.3 Separation and Distribution Agreement, dated as of September 29, 2020, by and among Peak Gold, LLC, Contango Minerals Alaska, LLC, Contango ORE, Inc., CORE Alaska, LLC, Royal Gold, Inc. and Royal Alaska, LLC (Filed as Exhibit 10.1 to the Company's current report on Form 8-K, as filed with the Securities and Exchange Commission on October 6, 2020).
- 10.4 Option to Purchase State Mining Claims, dated as of September 29, 2020, by and between Contango Minerals Alaska, LLC and Peak Gold, LLC (Filed as Exhibit 10.2 to the Company's current report on Form 8-K, as filed with the Securities and Exchange Commission on October 6, 2020).
- 10.5 Stock Purchase Agreement dated as of June 14, 2021, by and between Contango ORE, Inc. and the Purchaser named therein (Filed as Exhibit 10.1 to the Company's current report on Form 8-K, as filed with the Securities and Exchange Commission on June 21, 2021).
- 10.6 Stock Purchase Agreement dated as of June 17, 2021, by and between Contango ORE, Inc. and the Purchaser named therein (Filed as Exhibit 10.2 to the Company's current report on Form 8-K, as filed with the Securities and Exchange Commission on June 21, 2021).
- 10.7 Master Agreement, by and between Contango ORE, Inc. and Royal Gold, Inc., dated September 29, 2014 (Filed as Exhibit 10.1 to the Company's current report on Form 8-K, as filed with the Securities and Exchange Commission on October 2, 2014).
- 10.8 Management Services Agreement by and between Contango ORE, Inc. and Juneau Exploration effective October 1, 2016 (Filed as Exhibit 10.20 to the Company's quarterly report on Form 10-Q for the three months ended September 30, 2016, as filed with the Securities and Exchange Commission on November 10, 2016).
- 10.9 Amended and Restated Management Services Agreement by and between Contango ORE, Inc. and Juneau Exploration L.P., dated November 20, 2019 (Filed as Exhibit 10.1 to the Company's current report on Form 8-K, as filed with the Securities and Exchange Commission on November 21, 2019).
- 10.10 Second Amended and Restated Management Services Agreement, dated as of December 11, 2020, between Contango ORE, Inc. and Juneau Exploration, L.P. (Filed as Exhibit 10.1 to the Company's current report on Form 8-K, as filed with the Securities and Exchange Commission on December 17, 2020).
- 10.11 Contango ORE, Inc. Amended and Restated 2010 Equity Compensation Plan (Filed as Exhibit 10.1 to the Company's current report on Form 8-K, as filed with the Securities and Exchange Commission on November 16, 2017).
- 10.12 First Amendment to the Contango ORE, Inc. Amended and Restated 2010 Equity Compensation Plan.†(Filed as Exhibit 10.1 to the Company's current report on Form 8-K, as filed with the Securities and Exchange Commission on November 20, 2019).

- 10.13 Peak Gold, LLC Limited Liability Company Agreement, dated as of January 8, 2015, between CORE Alaska, LLC and RG Alaska, LLC (Filed as Exhibit 10.1 to the Company's current report on Form 8-K, as filed with the Securities and Exchange Commission on January 8, 2015).
- 10.14 Amended and Restated Limited Liability Company Agreement of Peak Gold, LLC, dated as of October 1, 2020, by and between CORE Alaska, LLC and Skip Sub, Inc. (Filed as Exhibit 10.3 to the Company's current report on Form 8-K, as filed with the Securities and Exchange Commission on October 6, 2020).
- 10.15 Amendment No. 1 to the Peak Gold, LLC Limited Liability Company Agreement, dated as of November 10, 2017 between CORE Alaska, LLC and Royal Alaska, LLC (Filed as Exhibit 10.4 to the Company's quarterly report on Form 10-Q for the three months ended December 31, 2017, as filed with the Securities and Exchange Commission on November 30, 2018).
- 10.16 Amendment No. 2 to the Peak Gold, LLC Limited Liability Company Agreement, dated as of January 18, 2019 between CORE Alaska, LLC and Royal Alaska, LLC (Filed as Exhibit 10.1 to the Company's current report on Form 8-K, as filed with the Securities and Exchange Commission on January 25, 2019).
- 10.17 Retention Agreement dated February 6, 2019 between Contango ORE, Inc. and Brad Juneau † (Filed as Exhibit 10.3 to the Company's quarterly report on Form 10-Q for the three months ended December 31, 2018, as filed with the Securities and Exchange Commission on February 7, 2019).
- 10.18 Retention Agreement dated February 6, 2019 between Contango ORE, Inc. and Leah Gaines † (Filed as Exhibit 10.4 to the Company's quarterly report on Form 10-Q for the three months ended December 31, 2018, as filed with the Securities and Exchange Commission on February 7, 2019).
- 10.19 Form of Amendment to Retention Agreement, between Contango ORE, Inc. and each officer or employee party thereto †  
(Filed as Exhibit 10.1 to the Company's current report on Form 8-K, as filed with the Securities and Exchange Commission on February 11, 2020).
- 10.20 Offer Letter to Rick Van Nieuwenhuyse, dated January 6, 2020.†  
(Filed as Exhibit 10.1 to the Company's current report on Form 8-K, as filed with the Securities and Exchange Commission on January 10, 2020).
- 10.21 First Amendment to Offer Letter to Rick Van Nieuwenhuyse, dated December 11, 2020. † (Filed as Exhibit 10.3 to the Company's current report on Form 8-K, as filed with the Securities and Exchange Commission on December 17, 2020).
- 10.22 Incentive Stock Option Agreement between Contango ORE, Inc. Rick Van Nieuwenhuyse, dated January 6, 2020 †  
(Filed as Exhibit 10.2 to the Company's current report on Form 8-K, as filed with the Securities and Exchange Commission on January 10, 2020).
- 10.23 Restricted Stock Option Award Agreement between Contango ORE, Inc. Rick Van Nieuwenhuyse, dated January 9, 2020 †  
(Filed as Exhibit 10.3 to the Company's current report on Form 8-K, as filed with the Securities and Exchange Commission on January 10, 2020).
- 10.24 Form of Restricted Stock Award Agreement † (Filed as Exhibit 10.4 to the Company's current report on Form 8-K, as filed with the Securities and Exchange Commission on December 17, 2020).
- 10.25 Retention Payment Agreement dated June 10, 2020, between Contango ORE, Inc. and Rick Van Nieuwenhuyse. †  
(Filed as Exhibit 10.1 to the Company's current report on Form 8-K, as filed with the Securities and Exchange Commission on June 12, 2020).
- 10.26 Contango ORE, Inc. Short Term Incentive Plan, for the benefit of Rick Van Nieuwenhuyse, dated June 10, 2020. †  
(Filed as Exhibit 10.2 to the Company's current report on Form 8-K/A, as filed with the Securities and Exchange Commission on June 22, 2020).
- 14.1 Code of Ethics  
(Filed as Exhibit 14.1 to the Company's annual report on Form 10-K for the fiscal year ended June 30, 2012, as filed with the Securities and Exchange Commission on September 11, 2012).
- 14.2 Corporate Code of Business Conduct and Ethics of Contango ORE, Inc. (Filed as Exhibit 14.1 to the Company's current report on Form 8-K, as filed with the Securities and Exchange Commission on December 17, 2020).
- 21.1 List of Subsidiaries.\*
- 23.1 Consent of Moss Adams LLP, Independent Registered Public Accounting Firm.\*
- 23.2 Consent of Moss Adams LLP, Independent Auditor for the Audited Financial Statements of Peak Gold, LLC as of December 31, 2020.\*
- 31.1 Section 302 CEO Certification. \*
- 31.2 Section 302 CFO Certification. \*
- 32.1 Section 906 CEO Certification. \*
- 32.2 Section 906 CFO Certification. \*

- 99.1 Original Schedule of Gold Properties (Excluding Tetlin Lease) (Filed as Exhibit 99.1 to the Company's annual report on Form 10-K for the fiscal year ended June 30, 2011, as filed with the Securities and Exchange Commission on September 19, 2011).
- 99.2 Original Schedule of REE Properties (Filed as Exhibit 99.2 to the Company's annual report on Form 10-K for the fiscal year ended June 30, 2011, as filed with the Securities and Exchange Commission on September 19, 2011).
- 99.3 Schedule of Revised TOK Claims  
(Filed as Exhibit 99.3 to the Company's quarterly report on Form 10-Q for the three months ended March 31, 2013, as filed with the Securities and Exchange Commission on May 15, 2013).
- 99.4 Schedule of Bush Claims  
(Filed as Exhibit 99.4 to the Company's quarterly report on Form 10-Q for the three months ended March 31, 2013, as filed with the Securities and Exchange Commission on May 15, 2013).
- 99.5 Schedule of Revised Eagle Claims.  
(Filed as Exhibit 99.6 to the Company's quarterly report on Form 10-Q for the three months ended March 31, 2013, as filed with the Securities and Exchange Commission on May 15, 2013).
- 99.6 Schedule of ADC 2 Claims  
(Filed as Exhibit 99.7 to the Company's quarterly report on Form 10-Q for the three months ended March 31, 2013, as filed with the Securities and Exchange Commission on May 15, 2013).
- 99.7 2011 Report of Behre Dolbear & Company (USA)  
(Filed as Exhibit 99.3 to the Company's quarterly report on Form 10-Q for the three months ended December 31, 2011, as filed with the Securities and Exchange Commission on February 6, 2012).
- 99.8 Schedule of Noah Claims (Filed as Exhibit 99.8 to the Company's annual report on Form 10-K for the fiscal year ended June 30, 2017, as filed with the Securities and Exchange Commission on September 15, 2017).
- 99.9 Schedule of Shamrock Claims.\*
- 99.10 Voting Agreement, dated as September 29, 2014, between Royal Gold, Inc. and the stockholders thereto  
(Filed as Exhibit 99.2 to the Company's current report on Form 8-K, as filed with the Securities and Exchange Commission on October 2, 2014).
- 99.11 Audited Financial Statements of Peak Gold, LLC as of December 31, 2020.\*
- 101 Interactive Data Files\*
- \* Filed herewith
- † Management contract or compensatory plan or agreement



## SIGNATURES

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

### CONTANGO ORE, INC.

/s/ RICK VAN NIEUWENHUYSE

/s/ LEAH GAINES

**Rick Van Nieuwenhuyse President, Chief Executive  
Officer, and Director  
(Principal Executive Officer)**

**Leah Gaines  
Vice President, Chief Financial Officer, Chief Accounting  
Officer, Treasurer and Secretary  
(Principal Financial and Accounting Officer)**

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

<u>Name</u>	<u>Title</u>	<u>Date</u>
<u>/s/RICK VAN NIEUWENHUYSE</u> <b>RICK VAN NIEUWENHUYSE</b>	President, Chief Executive Officer (Principal Executive Officer)	August 30, 2021
<u>/s/LEAH GAINES</u> <b>LEAH GAINES</b>	Vice President, Chief Financial Officer, Chief Accounting Officer , Treasurer and Secretary (Principal Financial and Accounting Officer)	August 30, 2021
<u>/s/ BRAD JUNEAU</u> <b>BRAD JUNEAU</b>	Executive Chairman and Director	August 30, 2021
<u>/s/ JOSEPH COMPOFELICE</u> <b>JOSEPH COMPOFELICE</b>	Director	August 30, 2021
<u>/s/ JOSEPH G. GREENBERG</u> <b>JOSEPH G. GREENBERG</b>	Director	August 30, 2021
<u>/s/ RICHARD SHORTZ</u> <b>RICHARD SHORTZ</b>	Director	August 30, 2021

**CONTANGO ORE, INC.**  
**INDEX TO FINANCIAL STATEMENTS**

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## **Report of Independent Registered Public Accounting Firm**

To the Shareholders and the Board of Directors of Contango Ore, Inc.

### ***Opinion on the Financial Statements***

We have audited the accompanying consolidated balance sheets of Contango Ore, Inc. and subsidiaries (the “Company”) as of June 30, 2021 and 2020, the related consolidated statements of operations, shareholders’ equity and cash flows for the years then ended, and the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of June 30, 2021 and 2020, and the consolidated results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures to respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

### ***Critical Audit Matter***

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

### ***Significant Unusual Transaction***

As described in note 7, on September 29, 2020, the Company and its subsidiary, CORE Alaska, LLC, and a wholly-owned subsidiary of Kinross Gold Corporation, entered into a purchase agreement in which CORE Alaska, LLC sold a 30.0% membership interest in the Peak Gold, LLC joint venture company to the subsidiary of Kinross Gold Corporation (the “CORE Transactions”). For the Peak Gold, LLC joint venture interest, the Company received \$32.4 million in cash and 809,744 shares of the Company’s own common stock. Of the \$32.4 million cash consideration received, \$1.2 million constituted a reimbursement prepayment for the Company’s portion of potential future royalty payment obligations. The Company recorded the \$32.4 million cash proceeds and the 809,744 shares of the Company’s common stock at fair value and recognized a gain on sale of \$39.6 million.

In conjunction with the CORE Transactions, through a series of legal transactions, the Company (through a subsidiary) obtained sole control of approximately 167,000 acres of Alaska State mining claims (collectively, the “Transactions”). These claims have been recorded at a book value of zero as that was the historical book value on the date which full control of the claims was obtained, and fair value could not be measured. In consideration for full control of these claims, the Company granted Royal Gold Corporation new royalties from certain production that may be generated from these claims.

We identified management’s accounting and reporting of the Transactions as a critical audit matter. Auditing the Company’s accounting for the Transactions was complex due to the significant judgment used by management in determining the proper accounting treatment for the unique terms and conditions of the agreements, including the valuation of the consideration received and the estimated income tax impact. This in turn required a high degree of auditor judgment and an increased effort when performing audit procedures to evaluate the reasonableness of management’s accounting conclusions, valuation of the consideration received, the income tax impact and the related presentation and disclosure of the Transactions in the consolidated financial statements.

The primary procedures we performed to address this critical audit matter included:

- Assessing the significant terms and provisions of the Transactions for the appropriate accounting treatment to evaluate management’s conclusion of the appropriate accounting treatment.
- Testing the appropriateness of the methodology and assumptions used in the calculation of the fair value of the consideration transferred. This included using our internal valuation specialist to evaluate the reasonableness of the fair value calculated by management as well as evaluating key inputs, data and assumptions used in the calculation.
- Recalculating the gain on the Transactions, including assessing the completeness and accuracy of the data used in the calculation.
- Utilizing our internal tax specialist in evaluating the appropriateness of the income tax accounting impact from the Transactions.
- Evaluating the completeness and accuracy of the presentation and disclosures of the Transactions.

/s/ Moss Adams LLP  
Houston, Texas  
August 30, 2021

We have served as the Company’s auditor since 2017.

**CONTANGO ORE, INC.**  
**CONSOLIDATED BALANCE SHEETS**

	<b>June 30,</b>	
	<b>2021</b>	<b>2020</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash	\$ 35,220,588	\$ 3,011,918
Prepaid expenses and other	515,635	72,244
Income tax receivable	198,126	—
Total current assets	<u>35,934,349</u>	<u>3,084,162</u>
<b>LONG-TERM ASSETS:</b>		
Investment in Peak Gold, LLC (NOTE 8)	—	—
Property, plant, & equipment	36,531	—
Total long-term assets	<u>36,531</u>	<u>—</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 35,970,880</u></u>	<u><u>\$ 3,084,162</u></u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 26,268	\$ 83,158
Accrued liabilities	195,837	1,006,237
Total current liabilities	<u>222,105</u>	<u>1,089,395</u>
<b>NON-CURRENT LIABILITIES:</b>		
Advance royalty reimbursement	1,200,000	—
Total non-current liabilities	<u>1,200,000</u>	<u>—</u>
<b>TOTAL LIABILITIES</b>	<u><u>1,422,105</u></u>	<u><u>1,089,395</u></u>
<b>COMMITMENTS AND CONTINGENCIES (NOTE 10)</b>		
<b>SHAREHOLDERS' EQUITY:</b>		
Preferred Stock, 15,000,000 shares authorized	—	—
Common Stock, \$0.01 par value, 45,000,000 shares authorized; 6,675,746 shares issued and outstanding as of June 30, 2021; 6,590,113 shares issued and 6,557,239 outstanding at June 30, 2020	66,757	65,901
Additional paid-in capital	69,509,606	61,302,249
Treasury stock at cost (0 at June 30, 2021; and 32,874 shares at June 30, 2020)	—	(476,672)
Accumulated deficit	(35,027,588)	(58,896,711)
<b>SHAREHOLDERS' EQUITY</b>	<u>34,548,775</u>	<u>1,994,767</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<u><u>\$ 35,970,880</u></u>	<u><u>\$ 3,084,162</u></u>

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

**CONTANGO ORE, INC.**

**CONSOLIDATED STATEMENTS OF OPERATIONS**

	<b>Year Ended June 30,</b>	
	<b>2021</b>	<b>2020</b>
<b>EXPENSES:</b>		
Exploration expense	\$ (299,897)	\$ —
General and administrative expense	(10,362,281)	(5,594,995)
Total expenses	<u>(10,662,178)</u>	<u>(5,594,995)</u>
<b>OTHER INCOME/(EXPENSE):</b>		
Interest income	1,570	74,954
Loss from equity investment in Peak Gold, LLC	(3,861,252)	(3,720,000)
Gain on sale of a portion of the equity investment in Peak Gold, LLC	39,692,857	—
Total other income/(expense)	<u>35,833,175</u>	<u>(3,645,046)</u>
<b>INCOME/(LOSS) BEFORE INCOME TAXES</b>	25,170,997	(9,240,041)
Income tax expense	(1,301,874)	—
<b>NET INCOME/(LOSS)</b>	<u>\$ 23,869,123</u>	<u>\$ (9,240,041)</u>
<b>NET INCOME/(LOSS) PER SHARE</b>		
Basic	\$ 3.82	\$ (1.43)
Diluted	\$ 3.82	\$ (1.43)
<b>WEIGHTED AVERAGE COMMON SHARES OUTSTANDING</b>		
Basic	6,250,894	6,475,795
Diluted	6,253,661	6,475,795

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

**CONTANGO ORE, INC.**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	<b>Year Ended June 30,</b>	
	<b>2021</b>	<b>2020</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income/(loss)	\$ 23,869,123	\$ (9,240,041)
Adjustments to reconcile net income/(loss) to net cash used in operating activities:		
Stock-based compensation	3,892,883	3,368,916
Loss from equity investment in Peak Gold, LLC	3,861,252	3,720,000
Gain on sale of a portion of the equity investment in Peak Gold, LLC	(39,692,857)	—
Changes in operating assets and liabilities:		
Decrease/(increase) in prepaid expenses and other	(443,391)	88,951
Increase/(decrease) in accounts payable and other accrued liabilities	(867,290)	670,106
Increase in income tax receivable	(198,126)	—
Increase in advance royalty reimbursement	1,200,000	—
Net cash used in operating activities	<u>(8,378,406)</u>	<u>(1,392,068)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Cash invested in Peak Gold, LLC	(3,861,252)	(3,720,000)
Acquisition of property, plant, & equipment	(36,531)	—
Cash proceeds from the sale of a portion of the equity investment in Peak Gold, LLC	31,250,000	—
Net cash provided/(used) by investing activities	<u>27,352,217</u>	<u>(3,720,000)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Cash paid for shares withheld from employees for payroll tax withholding	(876,551)	(476,672)
Cash proceeds from capital raises, net	14,111,410	—
Net cash provided/(used) in financing activities	<u>13,234,859</u>	<u>(476,672)</u>
<b>NET INCREASE/(DECREASE) IN CASH</b>	<b>32,208,670</b>	<b>(5,588,740)</b>
<b>CASH, BEGINNING OF PERIOD</b>	<b>3,011,918</b>	<b>8,600,658</b>
<b>CASH, END OF PERIOD</b>	<b><u>\$ 35,220,588</u></b>	<b><u>\$ 3,011,918</u></b>
<u><b>Supplemental disclosure of cash flow information</b></u>		
Cash paid for:		
Income taxes	<u>\$ 1,500,000</u>	<u>\$ —</u>
Non-cash investing activities:		
Shares received from partial sale of the investment in Peak Gold, LLC and retired	<u>\$ 8,442,857</u>	<u>\$ —</u>

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

**CONTANGO ORE, INC.**

**CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY**

	<b>Common Stock</b>		<b>Additional</b>	<b>Treasury</b>	<b>Accumulated</b>	<b>Total</b>
	<b>Shares</b>	<b>Amount</b>	<b>Paid-in Capital</b>	<b>Stock</b>	<b>Deficit</b>	<b>Shareholders' Equity</b>
<b>Balance at June 30, 2019</b>	<u>6,357,113</u>	<u>\$ 63,571</u>	<u>\$ 57,935,663</u>	<u>\$ —</u>	<u>\$ (49,656,670)</u>	<u>\$ 8,342,562</u>
Stock-based compensation	—	—	3,368,916	—	—	3,368,916
Restricted shares activity	233,000	2,330	(2,330)	—	—	—
Treasury shares withheld for employee taxes	—	—	—	(476,672)	—	(476,672)
Net loss	—	—	—	—	(9,240,041)	(9,240,041)
<b>Balance at June 30, 2020</b>	<u>6,590,113</u>	<u>\$ 65,901</u>	<u>\$ 61,302,249</u>	<u>\$ (476,672)</u>	<u>\$ (58,896,711)</u>	<u>\$ 1,994,767</u>
Stock-based compensation	—	—	3,892,883	—	—	3,892,883
Restricted shares activity	205,833	2,058	(2,058)	—	—	—
Issuance of common stock	689,544	6,895	12,914,886	1,353,223	—	14,275,004
Cost of common stock issuance	—	—	(163,594)	—	—	(163,594)
Shares received from partial sale of the investment in Peak Gold, LLC and retired	(809,744)	(8,097)	(8,434,760)	—	—	(8,442,857)
Treasury shares withheld for employee taxes	—	—	—	(876,551)	—	(876,551)
Net income	—	—	—	—	23,869,123	23,869,123
<b>Balance at June 30, 2021</b>	<u>6,675,746</u>	<u>\$ 66,757</u>	<u>\$ 69,509,606</u>	<u>\$ —</u>	<u>\$ (35,027,588)</u>	<u>\$ 34,548,775</u>

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



**CONTANGO ORE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**1. Organization and Business**

Contango ORE, Inc. (“CORE” or the “Company”) engages in exploration for gold, silver and copper ores in Alaska. The Company’s wholly-owned subsidiary, CORE Alaska, LLC (“CORE Alaska”) has a 30.0% membership interest in Peak Gold, LLC (the “Joint Venture Company”), which leases approximately 675,000 acres from the Tetlin Tribal Council (the “Tetlin Lease”) and approximately 13,000 State of Alaska mining claims for exploration and development. The Company’s wholly-owned subsidiary, Contango Minerals, LLC (“Contango Minerals”) also owns 100% interest in the mineral rights to approximately 200,000 acres of State of Alaska mining claims located north and northwest of the Tetlin Lease. During the first calendar quarter of 2021, the Company staked a new property called Shamrock in the Richardson Mining District located in central Alaska, along the Alaska Hwy corridor approximately 70 miles from Fairbanks, Alaska. The property includes a total of 361 Alaska state mining claims covering approximately 52,640 acres.

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

On January 8, 2015, the Company and a subsidiary of Royal Gold, Inc. (“Royal Gold”) formed the Joint Venture Company. 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, the “Peak Gold Joint Venture Property”), and Royal Gold made an initial investment into the Joint Venture Company of \$5.0 million. By September 29, 2020, Royal Gold had contributed approximately \$37.1 million to the Joint Venture Company 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 Joint Venture Company and managed, directed, and controlled operations of the Joint Venture Company until the Kinross Transactions (described below).

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 Joint Venture Company, to KG Mining (the “CORE Transactions”). Kinross is a large gold producer with a diverse global portfolio and has extensive operating experience in Alaska. 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 Joint Venture Company may be obligated to pay to Royal Gold, with the understanding that because of such reimbursements, KG Mining would bear the entire economic impact of those silver royalty payments due from the Joint Venture Company.

Concurrently with the closing of the CORE Transactions, 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 Joint Venture Company and (ii) 809,744 shares of Common Stock held by Royal Gold (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 Joint Venture Company, and KG Mining obtained a 70.0% membership interest in the Joint Venture Company (though the joint venture partners changed after the consummation of the Kinross Transactions, the legal entity remains Peak Gold, LLC, thus it will continue to be referred to as the “Joint Venture Company” throughout the document). KG Mining serves as the manager and operator of the Joint Venture Company. KG Mining and CORE Alaska entered into the Amended and Restated Limited Liability Company Agreement of the Joint Venture Company (the “A&R JV LLCA”) on October 1, 2020 to address the new ownership arrangements and to incorporate additional terms that will permit the Joint Venture Company to further develop and produce from its properties.

Prior to the Kinross Transactions, the Joint Venture Company, the Company, Contango Minerals, 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 Joint Venture Company completed the formation of Contango Minerals and contributed approximately 167,000 acres of Alaska state mining claims to it and a 1.0% net smelter returns royalty interest on certain of the contributed Alaska state mining claims. After the formation and contribution to Contango Minerals, the Joint Venture Company 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 on the contributed Alaska state mining claims to Royal Gold and (ii) assigning 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.

In connection with the Separation Agreement, the Joint Venture Company 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 Joint Venture Company 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 Joint Venture Company 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 Joint Venture Company exercised this option in whole in June 2021 and paid the Company, \$50,000.

In February 2021, the Village of Tetlin Tribal Council approved a new name, “The Manh Choh Project,” for the Peak Gold Joint Venture. The renaming was a result of close consultation with the local Upper Tanana Athabascan Village of Tetlin on whose land the project is situated. The name ‘Manh Choh’ (“mon-CHO”) can be translated from the Upper Tanana Athabascan language to “Big Lake,” referring to the nearby Tetlin Lake, a site of high cultural and subsistence significance for the community.

The Company has been involved in the exploration on the Manh Choh Joint Venture Property, formerly the “Peak Gold Joint Venture Property,” for eleven years, which has resulted in identifying two mineral deposits (Peak and North Peak) and several other gold, silver, and copper prospects. The Joint Venture Company 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 mill is expected to accelerate the development of the Manh Choh Joint Venture 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 Joint Venture Company to advance the Peak and North Peak deposits to a production decision.

On December 10, 2020, the Management Committee approved a total budget of \$18.0 million for the calendar year 2021 to undertake in-fill drilling, engineering and environmental studies necessary to complete a feasibility-level study, additional exploration, community relations, and to prepare the project for formal permitting. On June 22, 2021 the Management Committee voted to increase the exploration budget by \$0.2 million for interpretation of archive drilling, adopting oriented core and geological consulting. The Company’s proportionate share of the approved budget is approximately \$5.5 million. As of June 30, 2021, the Company had funded approximately \$2.5 million to the Joint Venture Company during calendar year 2021. In addition, the Company plans to fund an approximately \$3.0 million exploration program to continue its exploration efforts on its earlier stage Eagle and Hona projects located immediately north of the Manh Choh project area, and to explore for additional resources on 100%-owned Triple Z prospect in late 2021, focused on the areas immediately adjacent to the known Joint Venture Company resources. Field activities began on the Eagle/Hona prospect in July 2021.

The Company’s 30.0% membership interest in the Joint Venture Company, its ownership of Contango Minerals, and cash on hand constitute substantially all of the Company’s assets. The Company has no debt.

## **2. Basis of Presentation**

The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America. These consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the discharge of liabilities in the normal course of business for the foreseeable future. The Company expects that its ongoing cash requirements will be related to exploration expenses on its 100% owned State Mining claims, general and administration expenses, and funding cash calls from the Joint Venture Company. The Company’s sources of cash have historically been from common stock offerings. The Company believes that its current cash balances will be sufficient to meet its working capital requirements for the next twelve months from the date of this report.

### 3. Summary of Significant Accounting Policies

The Company's significant accounting policies are described below.

*Cash.* Cash consist 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 June 30, 2021, and 2020.

*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 Joint Venture Company.* The Company's consolidated financial statements include the investment in the Joint Venture Company, which is accounted for under the equity method. The Company held a 30.0% membership interest in the Joint Venture Company on June 30, 2021 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 Joint Venture Company exceed the historical cost of the assets contributed to the Joint Venture Company; therefore, the Company's investment in the Joint Venture Company as of June 30, 2021 and June 30, 2020 is zero. The portion of the cumulative loss that exceeds the Company's investment will be suspended and recognized against earnings, if any, from the investment in the Joint Venture Company in future periods.

*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.

The Company received 809,744 shares of its Common Stock as part of the consideration received for the sale of a portion of its membership interest in the Joint Venture Company (See Note 8 for further discussion of the sale transaction with KG Mining). The value assigned to the Company's remaining 30.0% membership interest in the Joint Venture Company was determined using unobservable data and was a significant component used to determine the value of the shares. Due to the significance of the unobservable data used, the valuation of the shares were classified as a Level 3 valuation.

*Recently Issued Accounting Pronouncements.* In February 2016, the Financial Accounting Standards Board “FASB” issued Accounting Standards Update “ASU” 2016-02, *Leases (Topic 842)*, which requires recognition of right-of-use assets and lease payment liabilities on the balance sheet by lessees for all leases with terms greater than twelve months. Classification of leases as either a finance or operating lease will determine the recognition, measurement and presentation of expenses. ASU 2016-02 also requires certain quantitative and qualitative disclosures about leasing arrangements. The Joint Venture Company owns the Tetlin Lease and any impact of the new standard related to that lease will be evaluated at the Joint Venture Company level. The new standard was adopted in July 2019. Adopting this standard did not have an impact on the Company's financials.

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 Joint Venture Company under the equity method of accounting. The Company does not anticipate that this update will have a material impact on its 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. Prepaid Expenses and Other

The Company had prepaid expenses and other assets of \$515,635 and \$72,244 as of June 30, 2021 and 2020, respectively. Current year prepaids and other assets primarily relate to prepaid claim rentals, prepaid insurance, and capitalized legal fees. Prepaid expenses during the year ended June 30, 2020 related primarily to prepaid management fees and insurance costs.

#### 5. Loss Per Share

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

	Fiscal Year Ended	
	June 30, 2021	June 30, 2020
Net income/(loss) attributable to common stock	\$ 23,869,123	\$ (9,240,041)
Weighted average shares for basic EPS	6,250,894	6,475,795
Effect of dilutive securities	2,767	—
Weighted average shares for diluted EPS	6,253,661	6,475,795
Basic EPS	\$ 3.82	\$ (1.43)
Diluted EPS	\$ 3.82	\$ (1.43)

There were 100,000 options and no warrants outstanding as of June 30, 2021 and June 30, 2020, respectively. The 100,000 options were not included in the computation of diluted earnings per share for the fiscal year ended June 30, 2020, due to being anti-dilutive.

#### 6. Shareholders’ Equity

On December 11, 2020, at the Annual Meeting, the Company’s stockholders approved the proposal to amend the Company’s Certificate of Incorporation to increase the number of authorized shares of its Common Stock from 30,000,000 shares to 45,000,000 shares. The Company has 15,000,000 authorized shares of preferred stock. As of June 30, 2021, the Company had 6,675,746 shares of Common Stock outstanding, including 401,333 shares of unvested restricted stock, which takes into account the issuance of shares of Common Stock in the 2020 Private Placement as described below and the redemption of 809,744 shares of Common Stock from KG Mining in the Kinross Transactions. As of June 30, 2021, the Company also had outstanding options to purchase 100,000 shares of Common Stock of the Company. No shares of preferred stock have been issued. The remaining restricted stock outstanding will vest between December 2021 and December 2023.

The Company entered into Stock Purchase Agreements dated as of June 14, and June 17, 2021 (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. The shares sold in the 2021 Private Placement were issued in reliance on an exemption from registration under the Securities Act of 1933, as amended, pursuant to Section 4(a)(2) thereof. The bases for the availability of this exemption include the facts that the issuance was a private transaction which did not involve a public offering and the shares were offered and sold to a limited number of purchasers. 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 of the rights under the Registration Rights Agreement. 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 will use the net proceeds from the 2020 Private Placement for working capital purposes and for funding the Joint Venture Company 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 shares sold in the 2020 Private Placement were issued in reliance on an exemption from registration under the Securities Act of 1933, as amended, pursuant to Section 4(a)(2) thereof. The bases for the availability of this exemption include the facts that the issuance was a private transaction, which did not involve a public offering and the shares were offered and sold to a limited number of purchasers. 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.

#### *Rights Plan Termination and Rights Agreement*

On December 19, 2012, the Company adopted a Rights Plan, which was amended on March 21, 2013, September 29, 2014, December 18, 2014, November 11, 2015, April 22, 2018, and November 20, 2019. The Board adopted an amendment to accelerate the expiration date of its prior stockholder rights agreement to September 23, 2020, such that, at the close of business on September 23, 2020, the purchase rights thereunder expired and the prior stockholder rights agreement was no longer in force and effect. 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 has been terminated.

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, par value \$0.01 per share, of the Company, held of record as of October 5, 2020. The Rights Agreement has a one-year duration, expiring on September 22, 2021. 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.

## 7. 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 Joint Venture Company 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 Joint Venture Company 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 Joint Venture Company.

Concurrently with the CORE Purchase Agreement, KG Mining acquired from Royal Gold (i) 100% of the equity of Royal Alaska, LLC, which held a 40.0% membership interest in the Joint Venture Company 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 Joint Venture Company. KG Mining now holds a 70.0% membership interest in the Joint Venture Company and serves as the manager and operator of the Joint Venture Company. KG Mining and CORE Alaska entered into the A&R JV LLCA on October 1, 2020 to address the new ownership arrangements and to incorporate additional terms that will permit the Joint Venture Company 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 Joint Venture Company, 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 Joint Venture Company 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 Joint Venture Company may be obligated to pay Royal Gold. The liability arises, because pursuant to Article IV of the A&R JV LLCA, if the Joint Venture Company is dissolved, or the Company's membership interest in the Joint Venture Company 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.

Immediately prior to the Kinross Transactions, the Joint Venture Company, Contango Minerals, the Company, CORE Alaska, Royal Gold and Royal Alaska entered into the Separation Agreement. Pursuant to the Separation Agreement, the Joint Venture Company completed the formation of Contango Minerals, and contributed approximately 167,000 acres of Alaska state mining claims to it, 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 Joint Venture Company 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 Joint Venture Company's gold exploration has concentrated on the Tetlin Lease (which was retained by the Joint Venture Company), 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 Joint Venture Company'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 Joint Venture Company and Contango Minerals entered into the Option Agreement. Under the Option Agreement, Contango Minerals granted the Joint Venture Company 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. The Joint Venture Company exercised the option in whole in June 2021, and paid the Company \$50,000. The \$50,000 payment was recorded to income.

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 Limited Liability Company Agreement of the Joint Venture Company, dated as of January 8, 2015, as amended. The A&R JV LLCA is the operating agreement for the Joint Venture Company 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 Joint Venture Company 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 Joint Venture Company. After consummation of the Kinross Transactions, CORE Alaska holds a 30.0% membership interest in the Joint Venture Company and KG Mining holds a 70.0% membership interest in the Joint Venture Company. The A&R JV LLCA established the Management Committee to determine the overall policies, objectives, procedures, methods and actions of the Joint Venture Company. 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 Joint Venture Company vote as a group, and in accordance with their respective membership interests in the Joint Venture Company. 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 Joint Venture Company constitutes the action of the Management Committee.

Prior to the CORE Transactions, the Joint Venture Company 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 Joint Venture Company. The Company's ownership interest in the Joint Venture Company 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 Joint Venture Company. The Company continues to have significant influence in the Joint Venture Company 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 Joint Venture Company under the equity method.

## 8. Investment in Peak Gold, LLC

The Company recorded its investment at the historical book value of the assets contributed to the Joint Venture Company which was approximately \$1.4 million. As of June 30, 2021, the Company has contributed approximately \$15.7 million to the Joint Venture Company. KG Mining acquired 70% of the Joint Venture Company on September 30, 2020 in connection with the Kinross Transactions. As of June 30, 2021, the Company held a 30.0% membership interest in the Joint Venture Company.

The following table is a roll-forward of our investment in the Joint Venture Company from January 8, 2015 (inception) to June 30, 2021:

	<b>Investment in Peak Gold, LLC</b>
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 at 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	\$ —



In conjunction with the CORE Transactions, and Kinross assuming the role of manager of the Joint Venture Company, the Joint Venture Company 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 financial statements presented below have been converted from IFRS to US GAAP for presentation purposes for the fiscal year ended 2021.

The following table presents the condensed balance sheets for the Joint Venture Company as of June 30, 2021 and 2020 in accordance with US GAAP:

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
<b>ASSETS</b>		
Current assets	\$ 2,836,411	\$ 495,766
Non-current assets	2,127,343	1,612,625
<b>TOTAL ASSETS</b>	<u>\$ 4,963,754</u>	<u>\$ 2,108,391</u>
<b>LIABILITIES AND MEMBERS’ EQUITY</b>		
Current liabilities	\$ 3,138,804	\$ 320,091
Non-current liabilities	387,102	—
<b>TOTAL LIABILITIES</b>	<u>\$ 3,525,906</u>	<u>\$ 320,091</u>
<b>MEMBERS’ EQUITY</b>	1,437,848	1,788,300
<b>TOTAL LIABILITIES AND MEMBERS’ EQUITY</b>	<u>\$ 4,963,754</u>	<u>\$ 2,108,391</u>

The following table presents the condensed results of operations for the Joint Venture Company for the year ended June 30, 2021 and 2020, and for the period from inception through June 30, 2021 in accordance with US GAAP:

	<b>Year Ended June 30, 2021</b>	<b>Year Ended June 30, 2020</b>	<b>Period from Inception January 8, 2015 to June 30, 2021</b>
<b>EXPENSES:</b>			
Exploration expense	\$ 11,190,248	\$ 3,462,091	\$ 48,876,763
General and administrative	1,618,045	1,986,665	10,991,006
Total expenses	<u>12,808,293</u>	<u>5,448,756</u>	<u>59,867,769</u>
<b>NET LOSS</b>	<u>\$ 12,808,293</u>	<u>\$ 5,448,756</u>	<u>\$ 59,867,769</u>

The Company’s share of the Joint Venture Company’s results of operations for the year ended June 30, 2021 was a loss of \$4.0 million. The Company’s share in the results of operations for the year ended June 30, 2020 was a loss of \$3.2 million. The Peak Gold, LLC loss does not include any provisions related to income taxes as Peak Gold, LLC is treated as a partnership for income tax purposes. As of June 30, 2021 and June 30, 2020, the Company’s share of the Joint Venture Company’s inception-to-date cumulative loss of \$38.7 million and \$34.7 million, respectively, exceeds the sum of the historical book value of our initial investment in Peak Gold, LLC, of \$1.4 million and our subsequent contributions of \$14.3 million. Therefore, the investment in Peak Gold, LLC had a balance of zero as of June 30, 2021. The investment also had a balance of zero at June 30, 2020. The Company is currently not obligated to make additional capital contributions to the Joint Venture Company and therefore only records losses up to the point of its cumulative investment which is \$15.7 million. The portion of the cumulative loss that exceeds the Company’s investment will be suspended and recognized against earnings, if any, from the Company’s investment in the Joint Venture Company in future periods. The suspended losses for the period from inception to June 30, 2021 are \$23.0 million.

## 9. Stock Based Compensation

On September 15, 2010, the Company's Board of Directors (the "Board") adopted the Contango ORE, Inc. Equity Compensation Plan (the "2010 Plan"). On November 14, 2017, the Stockholders of the Company approved and adopted the Contango ORE, Inc. Amended and Restated 2010 Equity Compensation Plan (the "Amended Equity Plan"). The amendments to the 2010 Plan included (a) increasing the number of shares of common stock that the Company may issue under the plan by 500,000 shares; (b) extending the term of the plan until September 15, 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 Contango ORE, Inc. Amended and Restated 2010 Equity Compensation Plan (as amended, the "Equity Plan") which increases 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. As of June 30, 2021, there were 401,333 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 years ended June 30, 2021 and 2020 was \$3,892,883 and \$3,368,916, respectively. The amount of compensation expense recognized does not reflect cash compensation actually received by the individuals during the current period, but rather represents the amount of expense recognized by the Company in accordance with GAAP. All restricted stock grants are expensed over the applicable vesting period based on the fair value at the date the stock is granted. The grant date fair value may differ from the fair value on the date the individual's restricted stock actually vests.

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

The Company applies the fair value method to account for stock option expense. Under this method, cash flows from the exercise of stock options resulting from tax benefits in excess of recognized cumulative compensation cost (excess tax benefits) are classified as financing cash flows. See Note 3 - Summary of Significant Accounting Policies. All employee stock option grants are expensed over the stock option's vesting period based on the fair value at the date the options are granted. The fair value of each option is estimated as of the date of grant using the Black-Scholes options-pricing model. Expected volatilities are based on the historical weekly volatility of the Company's stock with a look back period equal to the expected term of the options. The expected dividend yield is zero as the Company has never declared and to does not anticipate declaring dividends on its common stock. The expected term of the options granted represent the period of time that the options are expected to be outstanding. The simplified method is used for estimating the expected term, due to the lack of historical stock option exercise activity. The risk-free interest rate is based on U.S. Treasury bills with a duration equal to or close to the expected term of the options at the time of grant. The fair value of stock options vested in fiscal year 2021 and 2020 was approximately \$7.42 and \$0, respectively. As of June 30, 2021, the total unrecognized compensation cost related to nonvested stock options was \$192,089. As of June 30, 2021 the stock options had a weighted average remaining life of 3.5 years.

In connection with the appointment of Rick 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 vest in two equal installments, half vested on the first anniversary of Mr. Van Nieuwenhuyse's employment with the Company and half will vest on the second anniversary of his employment with the Company, subject to acceleration upon a change of control of the Company.

A summary of the status of stock options granted under the 2010 Plan as of June 30, 2021 and 2020, and changes during the fiscal years then ended, is presented in the table below:

	Year Ended June 30,			
	2021		2020	
	Shares Under Options	Weighted Average Exercise Price	Shares Under Options	Weighted Average Exercise Price
<b>Outstanding, beginning of year</b>	100,000	\$ 14.50	—	\$ —
Granted	—	\$ —	100,000	\$ 14.50
Exercised	—	\$ —	—	\$ —
Forfeited	—	\$ —	—	\$ —
Cancelled	—	\$ —	—	\$ —
Outstanding, end of year	100,000	\$ 14.50	100,000	\$ 14.50
Aggregate intrinsic value	\$ 595,468		\$ —	
<b>Exercisable, end of year</b>	50,000	\$ —	—	\$ —
Aggregate intrinsic value	\$ 297,734		\$ —	
<b>Available for grant, end of year</b>	260,927		466,760	
<b>Weighted average fair value of options granted during the year (1)</b>	\$ —		\$ 7.42	

(1) The fair value of each option is estimated as of the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions used for grant during the year ended June 30, 2020 respectively: (i) risk-free interest rate of 1.56 percent (ii) expected life of 3.3 (iii) expected volatility of 74.0 percent and (iv) expected dividend yield of zero percent. There were no options granted during the fiscal year ended June 30, 2021.

**Restricted Stock.** Under the Equity Plan, the Compensation Committee of the Board of Directors of the Company (the “Compensation Committee”) shall determine to what extent, and under what conditions, the Participant shall have the right to vote shares of Stock Awards and to receive any dividends or other distributions paid on such shares during the restriction period. The terms and applicable voting and dividend rights are outlined in the individual restricted stock agreements. 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. The total grant date fair value of the restricted stock granted in the fiscal years ended June 30, 2021 and 2020 was \$3.7 million and \$3.5 million, respectively.

In November 2019, the Company granted 158,000 restricted shares of Common Stock to its executives and non-executive directors. The restricted stock granted vests in January 2022. As of June 30, 2021, there were 158,000 shares of such restricted stock that remained unvested.

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 will vest 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. As of June 30, 2021, there were 37,500 shares of restricted stock from this grant that remained unvested.

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 will vest in January 2022. As of June 30, 2021, all 205,833 shares of restricted stock granted in December 2020 remained unvested.

As of June 30, 2021, there were 401,333 shares of such restricted stock that remained unvested.

A summary of the Company's restricted stock as of June 30, 2021 and 2020 and the change during the years then ended, is as follows:

	Number of Shares	Weighted Average Fair Value Per Share
Nonvested balance at June 30, 2019	456,666	\$ 18.34
Granted	233,000	\$ 14.81
Vested	(155,000)	\$ 19.50
Forfeited	—	\$ —
Nonvested balance at June 30, 2020	534,666	\$ 16.47
Granted	205,833	\$ 17.89
Vested	(339,166)	\$ 17.58
Nonvested balance at June 30, 2021	401,333	\$ 16.28

As of June 30, 2021, the total compensation cost related to nonvested restricted share awards not yet recognized was \$3,435,316. The remaining costs are expected to be recognized over the remaining vesting period of the awards.

## 10. Commitments and Contingencies

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

Pursuant to the terms of the Tetlin Lease, the Joint Venture Company 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 Joint Venture Company derive revenues from the properties covered under the Tetlin Lease, the Joint Venture Company is required to pay the Tetlin Tribal Council a production royalty ranging from 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 Joint Venture Company of \$150,000, (ii) 0.50% by payment to the Joint Venture Company of \$300,000, or (iii) 0.75% by payment to the Joint Venture Company of \$450,000. The Tetlin Tribal Council exercised the option to increase its production royalty by 0.75% by payment to the Joint Venture Company of \$450,000 on December 30, 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 Joint Venture Company 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 Joint Venture Company must pay the Tetlin Tribal Council an advance minimum royalty of \$50,000 per year. On July 15, 2012, the advance minimum royalty increased to \$75,000 per year, and subsequent years are escalated by an inflation adjustment.

*Gold Exploration.* The Company's Triple Z, Tok/Tetlin, Eagle, Bush, West Fork, Shamrock and Noah claims are all located on state of Alaska lands. The Company released the 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 2020-2021 assessment year totaled \$349,955. The Company paid the current year claim rentals in November 2020 and recorded the payment within prepaid assets. The associated rental expense is amortized over the rental claim period, September 1 - August 31 of each year. As of June 30, 2021, the Joint Venture Company had met the annual labor requirements for the state of Alaska acreage for the next four years, which is the maximum time allowable by Alaska law. The Company obtained 100% ownership of these claims in conjunction with the Separation Agreement (described in Note 1).

*Royal Gold Royalties.* Initially, the Joint Venture Company was obligated to pay Royal Gold (i) an overriding royalty of 3.0% should the Joint Venture Company derive revenues from the Tetlin Lease, the Additional Properties and certain other properties and (ii) an overriding royalty of 2.0% should the Joint Venture Company derive revenues from certain other properties. In conjunction with the Separation Agreement, the Joint Venture Company 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 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 vest on January 1, 2022.

## 11. Income Taxes

	Year Ended June 30,	
	2021	2020
Income tax benefit at statutory tax rate	\$ 5,285,909	\$ (1,940,409)
State tax benefit	2,829,625	(616,995)
Return to provision	(161,474)	—
Permanent differences	472	(6,811)
Transaction costs	73,182	—
Stock based compensation	77,910	(202,421)
Restricted stock shortfall	162,750	—
Other valuation allowance	(6,966,500)	2,361,794
Income tax provision/(benefit)	<u>\$ 1,301,874</u>	<u>\$ —</u>

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

	Year Ended June 30,	
	2021	2020
Current:		
Federal	\$ 915,234	\$ —
State	386,640	—
Total current income tax expense	<u>\$ 1,301,874</u>	<u>\$ —</u>
Deferred:		
Federal	\$ —	\$ —
State	—	—
Total deferred income tax expense	<u>\$ —</u>	<u>\$ —</u>

The net deferred tax asset is comprised of the following:

	<b>Year Ended June 30,</b>	
	<b>2021</b>	<b>2020</b>
Deferred tax asset:		
Investment in the Joint Venture Company	\$ 6,016,386	\$ 7,143,550
State deferred tax assets	1,846,393	4,370,574
Stock option expenses	1,900,850	1,161,254
Net operating losses	—	4,054,750
Valuation allowance	(9,763,629)	(16,730,128)
Net deferred tax assets	<u>\$ —</u>	<u>\$ —</u>

On December 22, 2017, the Tax Cuts and Jobs Act (the “Act”) was enacted. Further guidance and clarifications continue to be issued regarding the regulations and provisions of the Act. The Company will continue to monitor these new regulations and analyze their applicability and impact on the Company.

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 provisions related to refundable payroll tax credits, deferment of employer side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations and technical corrections to tax depreciation methods for qualified improvement property. The Company does not expect to be materially impacted by the CARES Act and does not anticipate the CARES Act to have a material effect on its ability to realize deferred tax assets with the exception of the relief from the 80% limitation on some of its NOLs available to be utilized this year.

At each reporting period, we weigh all positive and negative evidence to determine whether our deferred tax assets are more likely than not to be realized. As a result of this analysis at June 30, 2021, we have determined a valuation allowance is necessary as we have a history of book and tax losses with the exception of June 30, 2021, we have not generated any revenue from mineral sales or operations and do not have any recurring sources of revenue. During fiscal year 2021, we had a decrease in our valuation allowance of approximately \$7 million due to utilization of federal and Alaskan NOLs.

At the beginning of the tax year ending June 30, 2021 we had U.S. federal NOLs of \$16.8 million and Alaskan NOLs of \$10.1 million. We estimate we will fully utilize all U.S. federal and Alaskan tax loss carry-forwards for the tax 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.

Use of future NOLs may be limited if we undergo an ownership change. Generally, an ownership change occurs if certain persons or groups, increase their aggregate ownership in us by more than 50 percentage points looking back over a rolling three-year period. If an ownership change occurs, our ability to use our NOLs to reduce income taxes is limited to an annual amount, or the Section 382 limitation, equal to the fair market value of our common stock immediately prior to the ownership change multiplied by the long term tax-exempt interest rate, which is published monthly by the Internal Revenue Service. In the event of an ownership change, NOLs can be used to offset taxable income for years within a carry-forward period subject to the Section 382 limitation. The Company performed an evaluation as of June 30, 2021. From June 30, 2020 to June 30, 2021 there were no ownership changes under the meaning of Section 382. The Company experienced an ownership change on March 22, 2013. Based upon the Company’s determination of its annual limitation related to this ownership change, management believes that Section 382 should not otherwise limit the Company’s ability to utilize its federal or state NOLs during their applicable carryforward periods.

We did not have any unrecognized tax benefits as of June 30, 2021. The amount of unrecognized tax benefits may change in the next twelve months; however we do not expect the change to have a significant impact on our results of operations or our financial position. The Company’s tax returns are subject to periodic audits by the various jurisdictions in which the Company operates. These audits can result in adjustments of taxes due or adjustments of the NOL carryforwards that are available to offset future taxable income. The Company’s policy is to recognize estimated interest and penalties related to potential underpayment on any unrecognized tax benefits as a component of income tax expense in the Consolidated Statement of Operations. The Company does not anticipate that the total unrecognized benefits will significantly change due to the settlement of audits and the expiration of the statute of limitations before June 30, 2021.

## 12. Related Party Transactions

Mr. Brad Juneau, who served as the Company's Chairman, President and Chief Executive Officer until January 6, 2020, and serves as the Company's Executive Chairman effective January 6, 2020, 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 Joint Venture Company. 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. For the years ended 2021 and 2020, the management fees paid to JEX totaled \$305,000 and \$504,000, respectively. Management fees are reflected on the statement of operations within general and administrative expenses.

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. The shares sold in the 2021 Private Placement were issued in reliance on an exemption from registration under the Securities Act of 1933, as amended, pursuant to Section 4(a)(2) thereof. The bases for the availability of this exemption include the facts that the issuance was a private transaction which did not involve a public offering and the shares were offered and sold to a limited number of purchasers. 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 of the rights under the Registration Rights Agreement. 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 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'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 Joint Venture Company held by Royal Gold and an additional 30.0% membership interest in the Joint Venture Company held by the Company. The Company, through its wholly owned subsidiary, retained a 30.0% membership interest in the Joint Venture Company, with Kinross acquiring a 70.0% membership interest in the Joint Venture Company and becoming the manager and operator of the Joint Venture Company. 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 Joint Venture Company 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 Joint Venture Company (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 Joint Venture Company is obligated to make to Royal Gold under the JV Royalty Agreement in proportion to its membership interests in the Joint Venture Company. 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 Joint Venture Company after the consummation of the transactions described above.

On April 16, 2018, Royal Gold filed a Schedule 13D with the Securities and Exchange Commission to reflect Royal Gold's acquisition from an existing stockholder of 13.6% of the Company's outstanding Common Stock at a price of \$26 per share, subject to certain adjustments. Royal Gold also filed amendments to its Schedule 13D on June 29, 2018, October 4, 2018, January 22, 2019, August 2, 2019, and September 30, 2020. Immediately prior to the consummation of the Kinross Transactions, Royal Gold held 809,744 shares of Common Stock, representing approximately 11.9% of the issued and outstanding shares of Common Stock immediately prior to the Kinross Transactions. On September 30, 2020, Royal Gold reported beneficial ownership of approximately 0.0% of the Company's outstanding Common Stock. Royal Gold sold all of the Common Stock it owned to KG Mining as a part of the Royal Gold Transactions described in Note 1. Royal Gold is the parent company of Royal Alaska, CORE's former joint venture partner in the Joint Venture Company.

### **13. Subsequent Events**

On August 16, 2021, the Company granted 10,000 shares of Common Stock to a new employee. The shares will vest in three equal annual installments.

On August 24, 2021 the Company completed the purchase of 100% of the 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"). AGT holds rights to the Lucky Shot Mine and related mining claims (the "Lucky Shot Prospect") about 75 miles north of near Anchorage, Alaska. CORE 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 secured promissory note payable by CORE (the "Promissory Note") in the original principal amount of \$6.25 million, with a maturity date of February 28, 2022 (the "Maturity Date"). The Promissory Note is secured by the Interests. If, prior to the Maturity Date, CORE completes a public offering of newly issued shares of CORE and obtains a listing of its shares on the NYSE American, CORE will pay the Promissory Note through the issuance to CRH of shares of CORE Common Stock, valued at (x) if available, the per share price in the public offering, or (y) the per share price representing a 10% discount to the 30-day volume-weighted average share price as of the Maturity Date. If the public offering is not completed or the CORE Common Stock is not listed on the NYSE American on or before the Maturity Date, CORE will pay the Promissory Note in cash. On the date of closing, the Company paid CRH \$3.8 million in cash (equal to \$5 million, net of \$1.3 tax withholding, and increased by approximately \$01. million in working capital purchase price adjustments). The purchase price will be also be adjusted for any necessary post-closing adjustments within 60 days of closing.



In addition to the cash at closing and the Promissory Note, if production on the Lucky Shot Prospect meets two separate production thresholds, then CORE will pay CRH additional consideration. If the first production threshold of (1) an aggregate “mineral resource” equals 500,000 ounces of gold or (2) CORE produces and receives an aggregate of 30,000 ounces of gold (which includes any silver based on a 1:65 gold:silver ratio) is met, CORE will pay CRH \$5 million in cash and \$3.75 million in newly issued shares of common stock of CORE. If the second production threshold of (1) an aggregate “mineral resource” equals 1,000,000 ounces of gold or (2) CORE produces and receives an aggregate of 30,000 ounces of gold (which includes any silver based on a 1:65 gold:silver ratio) is met, CORE will pay CRH \$5 million in cash and \$5 million in newly issued shares of common stock of CORE. The shares of CORE common stock 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.

Pursuant to the transaction, during the 18-month period following the closing, CORE shall spend at least \$5 million toward the existence, location, quantity, quality or commercial value of mineral deposits in, under and upon the Lucky Shot Prospect (“Exploration Expenditures”), and prior to the 36-month anniversary of the closing date, CORE shall have spent at least \$10 million on Exploration Expenditures. After CORE has complied with such Exploration Expenditure requirements and additional exploration, mining and development expenditures on the Lucky Shot Prospect equal at least \$5 million (for an aggregate of at least \$15 million when added to the required Exploration Expenditures described above), CORE is permitted to assign and be relieved of, its additional consideration payment obligations under the purchase agreement.

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