

# 2018

## **ANNUAL REPORT** Prodigy Gold NL



ABN 58 009 127 020 ACN 009 127 020

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Dear Shareholder,



2018 was a transformational year for Prodigy Gold. We have executed our strategy of prioritising the portfolio and systematically expanding the exploration program.

“ **The Company is well funded and together with our joint venture partners is well positioned to make a significant discovery and deliver value for our shareholders.**

Our name change to Prodigy Gold NL is symbolic of our renewed strategy. There is a real sense of urgency to execute the strategy and unlock the potential of our portfolio.

Matt Briggs and team has had a busy and successful year with the following highlights:

- o An equity raising of \$6 million which included St Barbara (ASX:SBM) entering the register with a 10% stake;
- o A \$12 million farm-in agreement with Newcrest Mining (ASX: NCM) over the very prospective Euro tenements;
- o A \$6.5 million joint venture agreement over the North Arunta Project area with Gladiator Resources (ASX: GLA);
- o Exploration agreements with the Central Land Council for the Lake Mackay JV Project leading to the granting of 12 tenement applications and expanding the area that can be actively explored from 517km<sup>2</sup> to 7,612km<sup>2</sup>; and
- o Significant bedrock gold targets identified at the Capstan Prospect within the Company’s 100% owned Bluebush Gold Project.

We have reviewed all of our Mineral Resource estimates and the Company’s value is now solidly underpinned by 15.7 Mt at 2 g/t gold for just over 1.0 Moz of high quality shallow Resources.

Exploration at Suplejack has demonstrated that the geology is similar to the geology that hosts the Groundrush and Central Tanami deposits located immediately to the south. Suplejack is an emerging camp-scale exploration project, with work focused on discovering mineralised structures that can, individually and collectively, support a standalone mining operation.

The team is developing a pipeline of quality drill targets in areas that were underexplored on the large areas in our tenement portfolio that have no prior bedrock testing. We are targeting areas that contain large-scale anomalies or highly ranked conceptual targets with exploration activities now underway at our Bluebush Project. We started aircore drill testing target areas at the Capstan Prospect with first results being highly encouraging. Further aircore drilling, a co-funded diamond drilling program and RC drilling will be undertaken during this exploration season.

Our partner at the Lake Mackay Project, Independence Group NL, is undertaking a project scale airborne EM survey, soil sampling and is planning an RC drilling program. Rock chip samples from the Grimlock Prospect confirmed high Manganese-Nickel-Cobalt in outcrops with results up to 2.5% Cobalt, 1.1% Nickel and 46.4% Manganese.

Our partner at the North Arunta Project, Gladiator Resources Ltd has undertaken an IP survey identifying major gold drill targets at the Kroda Prospect. Drill planning is underway.

Prodigy Gold is committed to environmentally responsible exploration and rehabilitates on an ongoing basis.

On behalf of the Board I would like to thank the team for their hard work, innovation and loyalty and look forward to supporting them progress our discovery strategy with energy and focus. I would also like to thank my fellow directors for their support and strategic guidance over the last year.

And lastly I would like to thank Prodigy Gold’s shareholders for your support and hopefully we will be able to reward your patience.

Again, on behalf of the Board I am pleased to present you with the Company’s 2018 Annual Report and look forward to an exciting year exploring and unlocking the discovery potential of our extensive exploration tenure.



THOMAS MCKEITH

## EXPLORATION

### Environment and Safety

The Company successfully completed all activities with no reportable injuries to its employees and contractors. Prodigy Gold continues to improve the safety management system undertaking risk based revisions to procedures and policies.

The Company is subject to significant environmental regulation in respect to its exploration activities. Prodigy Gold ensures rehabilitation of exploration activities is completed upon the finalisation of each program. No reportable environmental incidents occurred during the reporting period.

### Strategy

Prodigy Gold is focussed on exploration in the Tanami region in the Northern Territory. This prospective terrain had limited previous work completed. The Company is systematically working through its tenement holding and rapidly advancing the high priority opportunities in the portfolio.

Prodigy Gold's strategy to unlock the discovery potential of the Company's vast and prospective tenure was put into action by the team implementing an aggressive exploration program to expedite discovery. The highly experienced exploration team reviewed and ranked the projects in Prodigy Gold's extensive portfolio. The year started with the completion of an aircore and RC drilling program at the Suplejack Project with aircore drilling expanding to the highly prospective Bluebush Project area located to the west of the world class Callie deposit.

Exploration at the Bluebush Project, a large project areas with no prior bedrock testing, prioritised areas that contain large-scale anomalies or highly ranked conceptual targets for testing with RAB or aircore drilling. Existing bedrock anomalies will be opportunistically tested where they have scale potential.

Prodigy Gold actively sought out joint-venture partners for areas outside the Company's current focus area and will continue to do so.

## 100% PRODIGY GOLD PROJECTS

### Suplejack Project

The Suplejack Project is situated on exploration licence EL9250 and located 19km north of the 1.6Moz Groundrush Pit and 58km to the northeast of the Central Tanami Processing Plant site. Suplejack, including Hyperion, Tethys and Suess, contains a Mineral Resource Estimate of 4.9Mt at 1.9g/t for 309.5koz gold (ASX Announcement 31 July 2018). In 2018 the team continued to increase confidence around the Suplejack Resource and test targets within a prospective trend that extends for over 50km in a north-south direction and hosts numerous areas of gold anomalism that appear to be associated with east-west striking structures. Ongoing work is aimed at growing resources at Suplejack and progressing the discovery of new standalone targets.

### Exploration

As part of the strategy to demonstrate this project has the potential to support a standalone mining operation, the aircore drilling program expanded to test 6 targets in the southern Suplejack area – Suess North, Hyperion South, Suess South/Stoney Ridge, Suplejack EW, Pandora/Brokenwood and Dry River. Drilling totalled 179 holes for 8,490m (ASX Announcement 13 September 2017). Suplejack-style deposits have a very limited geochemical halo. Gold is typically constrained to the mineralised structure so geochemical vectors are used to map the mineralised system. Intersections of >100ppb arsenic or >50ppb gold typically define the extents of the systems. Intersections of >200ppb gold often indicate a mineralised structure has been intersected or is nearby. From this program 35 holes intersected >50ppb gold and 11 holes intersected 150ppb gold or above with the best intersection of 1m @ 1,830ppb (1.83g/t) gold.

Results confirmed and extended the known mineralisation within many of the target areas. Drilling indicated strike extensions to Seuss of 500m to the north, Hyperion South extending 200m to the east, and Stoney Ridge defined over a total of 1,500m.

**Resource Drilling – Hyperion-Tethys-Seuss Trend and Hyperion South**

Targeted resource drilling continued at Suplejack (10 holes for 1,608m) with the aim of growing shallow resources by extending known structures and identifying high grade shoots. Drilling successfully intersected higher grade shoots on the Seuss Fault, the Tethys Structure and the Tethys-Seuss Fault intersection (ASX Announcements 19 December 2017 and 15 January 2018) including:

- Seuss Fault
  - 2.5m<sup>1</sup> @ 11.7g/t gold and 4m<sup>1</sup> @ 26.6g/t gold (SSRC100044)
  - 13m @ 7.3g/t gold including 7m @ 12.7g/t gold (SSRC100047)
- Tethys – Seuss Intersection
  - 5m @ 8.5g/t gold (SSRC100045)
  - 12m @ 2.6g/t gold including 5m @ 4.7g/t gold (SSRC100046)

East of Hyperion South, drilling increased the strike length of mineralisation to over 600m. It is notable that the contact between the Killi Killi and Mt Charles Formation had previously been interpreted to limit the eastern extent of mineralisation. Drill hole HYRC100050 intersected 15m @ 1.1g/t gold to the east of the the Killi Killi and Mt Charles Formation contact opening the potential for substantial strike extensions on Hyperion South and Hyperion.



Figure 1. Seuss Fault Long Section (ASX Announcement 31 July 2018)

**Other Suplejack targets**

Following successfully extending mineralisation at Hyperion and positive results from the aircore program, the Company is expanding activities to Tregony, Boco, and Old 8 Mile Fault (Figure 2). A review of the existing data requires inspection of historic diamond core from a program at Tregony completed prior to reporting to a JORC 2012 standard.

<sup>1</sup> Estimated true width



Future planned work is summarised in Figure 2 and Figure 3. Permitting for an aircore drilling program is underway, which will commence following the completion of drilling at Bluebush. RC drilling, aimed at growing the Seuss Fault along strike, is being considered as part of a potential campaign of RC drilling at Capstan (ASX Announcement 31 July 2018).

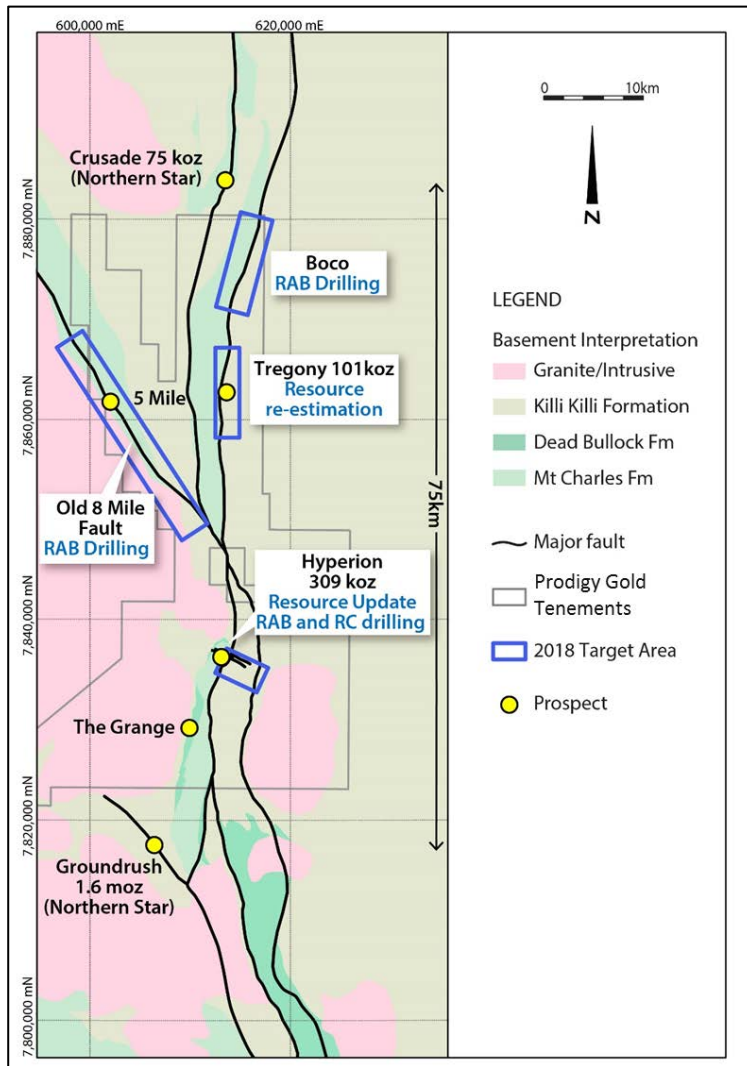


Figure 2: Suplejack Project area and structures being targeted in 2018/2019

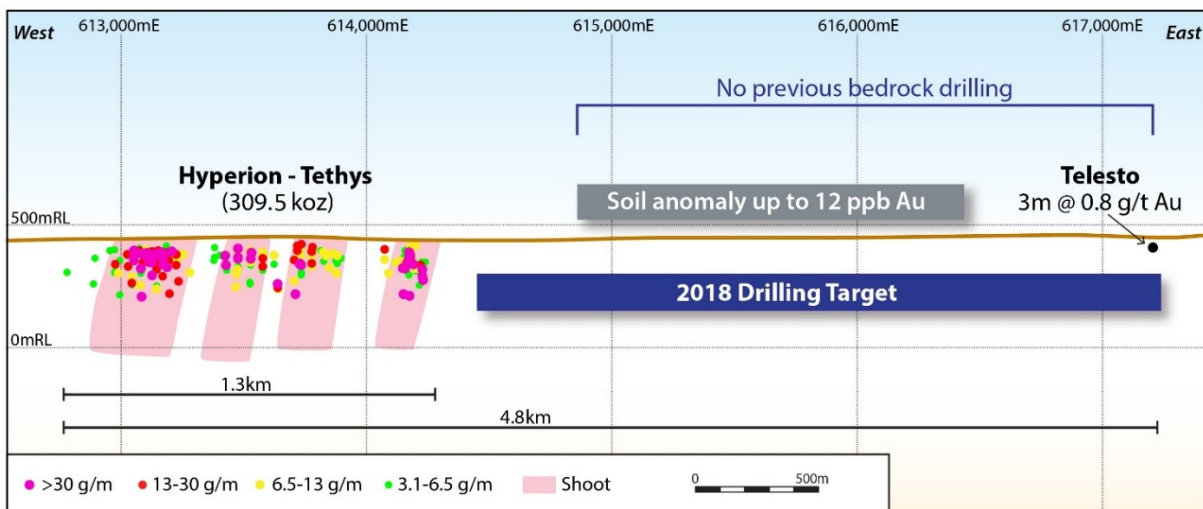


Figure 3. Potential strike extensions to the east of Hyperion Tethys

## Bluebush Project

Bluebush is considered prime exploration ground with potential for the discovery of another Callie deposit (14.2Moz). It is a large-scale target area falling within the Trans-Tanami Fault Zone located 50km to the northwest of the world-class Callie Gold Mine owned by Newmont Mining. The prospective Dead Bullock Formation – host rocks for the Callie deposit – extends into the project area with structural similarities of folding and faulting complexity and geochemical anomalism associated with Callie. Exploration at Bluebush comprised staged aircore drilling programs, litho-geochemistry mapping and structural interpretation. Activities for 2018 focused on the Capstan Prospect where aircore drilling has outlined large scale gold anomalism.

### Exploration

The initial first pass aircore drilling program was aimed at testing anomalous geochemical and structural targets at the Capstan, Indefatigable, Hornblower and Wild Turkey Prospects. This program totaled 159 holes for 8,474m with the bulk of the drilling completed over Capstan, where 95 holes were drilled for 5,488m (ASX Announcements 21 November 2017 and 14 December 2017). Drilling results were highlighted by bedrock gold anomalism extending over a 8km long area at the Capstan Prospect. A follow-up, second aircore program covering 5 targets over the Capstan Prospect was completed in May 2018. The program totaled 202 holes for 14,207m. Significant anomalism was intersected in the drilling, supporting the potential for mineralised zones to be present in fresh rock. Drilling results were highlighted by an intersection of 21m @ 0.65g/t Au, including 9m @ 1.2g/t Au, and continued to enhance the prospectivity of the project by defining extensive (+50ppb Au) continuous trends of gold anomalism up to 4.5km long and 750m wide (Figure 4) associated with Dead Bullock Formation. This is encouraging considering the Callie deposit was identified as a 50ppb (0.05g/t) Au bedrock anomaly of a few hundred metres long in a 200m x 25m bedrock drill program.

The best results from both programs include (ASX Announcements 5 June 2018, 12 June 2018 and 9 July 2018):

- Capstan
  - 21m @ 0.14g/t Au from 15m (BL0042) including 6m @ 0.35g/t Au from 15m
  - 3m @ 0.20g/t Au from 45m & 6m @ 0.30g/t Au from 60m (BL0047)
  - 6m @ 0.25g/t Au from 39m (BL0003)
  - 3m @ 0.88g/t Au from 51m (BL0245) Capstan North
  - 1m @ 0.67g/t Au from 41m (BL0233A) Capstan North
  - 3m @ 0.62g/t Au from 33m & 3m @ 0.59g/t Au from 51m (BL0198) Capstan North
  - 3m @ 0.48g/t Au from 33m & 3m @ 0.35g/t Au from 42m (BL0195) Capstan North
  - 3m @ 0.42g/t Au from 39m (BL0169B) Capstan Anticline
  - 21m @ 0.65g/t Au from 48m (BL0316) Top Hat including 9m @ 1.2g/t Au from 54m
  - 6m @ 0.31g/t Au from 54m (BL0312) Top Hat
  - 6m @ 0.24g/t Au from 48m (BL0329) Hat
  - 3m @ 0.31g/t Au from 69m (BL0330) Hat
- Other prospects
  - 3m @ 0.07g/t Au from 6m (BL0144) - Indefatigable
  - 3m @ 0.1g/t Au from 21m (BL0122) - Wild Turkey
  - 2m @ 0.05g/t Au from 57m (BL0072) - Hornblower

An infill program of 250 aircore holes commenced in June 2018 to test seven target areas. Results were received for 102 holes (ASX Announcement 2 August 2018) from the Capstan Anticline and Capstan North target areas and include the highest grade intersections recorded to date at Capstan – 1m @ 4.0g/t Au and 3m @ 2.8g/t Au. Highlights above 0.4g/t Au include:

- 9m @ 1.4g/t Au from 36m including 3m @ 2.8g/t Au from 36m - BL0412 Capstan Anticline
- 1m @ 4.0g/t Au from 89m (EOH) - BL440 Capstan North
- 3m @ 0.6g/t Au from 48m - BL0415 Capstan Anticline
- 6m @ 0.5g/t Au from 48m - BL0445 Capstan North
- 3m @ 0.5g/t Au from 69m - BL395 Capstan Anticline
- 3m @ 0.4g/t Au from 21m - BL379 Capstan Anticline



The Infill drilling has delineated two continuous gold trends. One west-southwest striking of ~4.5km long (Capstan Anticline) and a north-northwest trend ~3.5km long (Capstan North). Within the 4.5km gold trend at Capstan Anticline two zones each 1.5km long, of 0.3 – 2.8g/t Au were defined. Each of these zones have a single diamond hole planned to confirm the lithology, and orientation of mineralised structures in bedrock.

At Capstan North, hole BL440 intersected 1m @ 4.0g/t Au at the end of the hole. This result is within a 3.5km long gold trend in the eastern part of the system. This second major trend includes BLO415 with 3m @ 0.6g/t Au and also previous results of 3m @ 0.67g/t Au and 1m @ 0.45g/t Au.

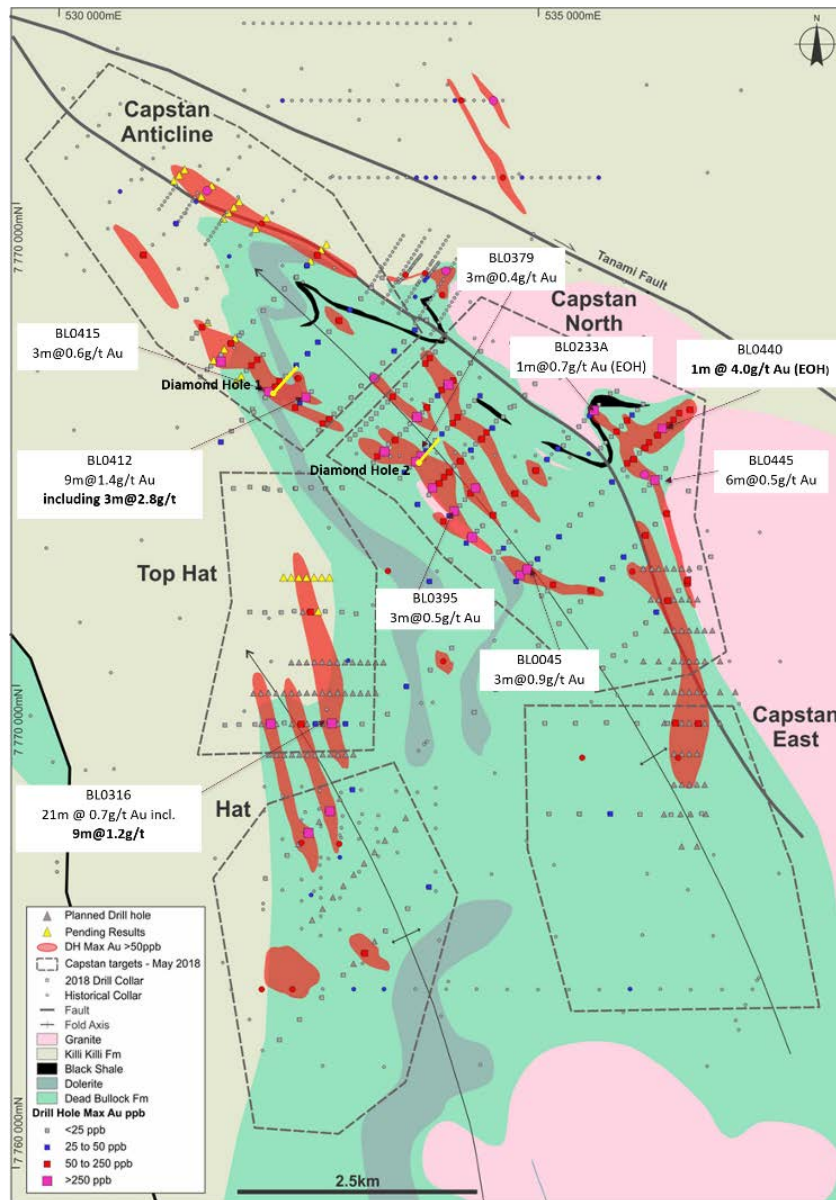


Figure 4: Capstan Prospect - Bedrock gold geochemistry anomalies with selected aircore drill intersections. Northern Territory Govt co-funded diamond drilling collars (preliminary) shown in yellow.

**Future Work**

Significant drilling is planned for the remainder of 2018. This will comprise the completion of the Capstan infill aircore program, reconnaissance aircore drilling over the Galaxy Prospect area located on the eastern margin of the project area, and along strike of Jims Pit (120kozs). Two diamond holes and follow-up RC are also planned at Capstan targeting mineralised positions interpreted from both the infill aircore and diamond drilling. The two diamond holes are co-funded

by the NT Geological Survey and represent the first diamond core generated from Capstan and will provide an early opportunity to test for primary mineralisation.

In addition to drilling, an airborne magnetics and radiometric survey on a 100m line spacing is underway over the Capstan Prospect. The survey, completed in conjunction with the NT Geological Survey, is approximately 2,100 line kilometres. This survey will provide more data to allow detailed structural and lithological interpretation to optimise planning of bedrock RC and diamond drilling.

### Litho geochemistry Project – Suplejack and Capstan

In parallel to aircore drilling, historical drill spoils from 560 RAB holes covering Suplejack and 206 RAB holes at Capstan were collected for multi-element analysis. Results were assessed in partnership with the CSIRO to geochemically fingerprint the geological sequence to assist future targeting. The compilation of the work to date has already resulted in a revision of the geological interpretation of both areas. The rocks at Suplejack were previously interpreted to be Ware Group on the basis of the inferred stratigraphic position. Comprehensive sampling and analysis has now confirmed these rocks to be within the Mt Charles Formation, which is the host rock of the previously mined Tanami pits and further enhances the prospectivity of Suplejack for this style of gold mineralisation. At Capstan, litho geochemical analysis of historic spoils confirmed the underlying geology to contain Dead Bullock Formation, the host rock of the world class Callie gold deposit, 75km to the east (ASX Announcement 31 October 2017) (Figure 5).

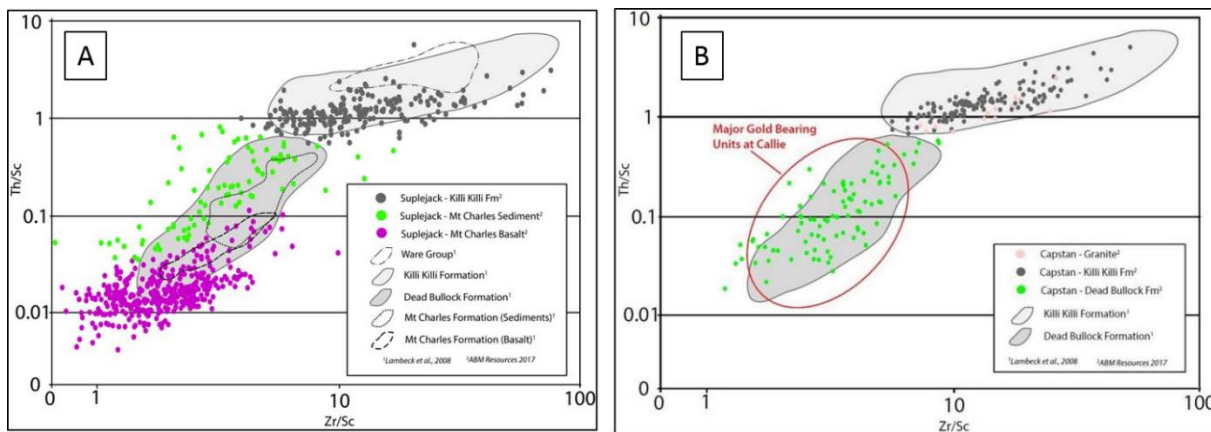


Figure 5. (A) Whole rock geochemistry samples (points) demonstrate South Suplejack is predominantly Mt Charles Formation; (B) Whole rock geochemistry samples for the Capstan Prospect confirm the rocks are Dead Bullock.

## JOINT VENTURE PROJECTS

### Lake Mackay JV Project

Independence Group NL (IGO) conducted exploration on Prodigy Gold’s Lake Mackay tenements under an exploration agreement executed in August 2013 in which IGO had the right to enter into a farm-in and joint venture agreement over the tenements. In May 2016 IGO exercised its right to commence earning a 70% joint venture interest in the Lake Mackay tenements by sole funding \$6 million of exploration expenditure and the JV partners now operate under a farm-in and exploration joint venture agreement executed in November 2017.

#### Project Background

The Lake Mackay Project is 400km northwest of Alice Springs, adjacent to the Western Australian border, and comprises approximately 13,000km<sup>2</sup> of exploration licences and applications (12,100km<sup>2</sup> IGO/Prodigy Gold JV, 900km<sup>2</sup> IGO/Prodigy Gold/Castile JV). The emerging mineralised belt at Lake Mackay is at a very early stage of exploration. The Project has consolidated tenure over the favourable Proterozoic margin between the Aileron and Warumpi Provinces and is characterised by a continent-scale geophysical gravity ridge and the Central Australian Suture. The JV partners consider

that exploration has the potential to unlock a new metallogenic province hosting multiple styles of precious and base metals mineralisation.

Exploration activities managed by IGO in the past year focused on following up previously reported promising RC results (ASX Announcements 14 November 2016 and 20 December 2016) at the Grapple Prospect on EL24915, and expanding regional activities in the form of mapping and infill/reconnaissance soil sampling programs and an airborne EM survey. The area under JV was increased by over 60% to approximately 13,000km<sup>2</sup> with additional EL applications aimed at increasing coverage over the extension of the prospective geology along the Central Australian Suture.

**Drilling**

At Grapple a 6 hole 2,917m diamond drilling program was completed to further define the size and grade of mineralisation. The mineralisation consists of massive to semi-massive pyrrhotite-chalcopryrite-sphalerite-galena-arsenopyrite breccia sulphides and pyrrhotite and chalcopryrite stringers. The sulphide zones can be targeted with down hole electromagnetic (DHEM) surveys due to the high conductance of pyrrhotite. Drilling has confirmed that the mineralisation has an extensive plunge component that is presently confirmed over 800m and is still open to the west (Figure 6). Best results from the program were from drill hole 17GRDD001 (ASX Announcement 15 November 2017):

- 11.4m @ 7.9g/t gold, 20.7g/t silver, 0.8% copper, 1.1% zinc, 0.5% lead and 0.1% cobalt
  - Including 3.5m @ 18.3g/t gold, 13.8 g/t silver, 1.1% copper, 0.3% zinc and 0.2% lead
- 14.4m @ 1.8g/t gold, 6.0g/t silver, 1.1% copper, 0.3% zinc and 0.1% lead
  - Including 2m @ 7.2g/t gold, 1.0g/t silver, 0.2% copper and 0.1% zinc

The remaining holes intersected narrow zones of mineralisation (Table 1) that generated off-hole conductors from DHEM. Modelling of this data suggests holes 17GRDD002 to 17GRDD006 clipped the (mostly) upper edge of mineralisation and additional drilling downdip would be required to intersect the position of the DHEM modelled conductor interpreted to be the thicker zones of mineralisation.

*Table 1: Significant intercepts from the Grapple Prospect 2017 Diamond Drilling*

Hole Name	From (m)	To (m)	Interval (m) <sup>1</sup>	Au (g/t) <sup>2</sup>	Ag (g/t)	Cu (%) <sup>2</sup>	Zn (%)	Pb (%)	Co (ppm)
17GRDD001	284.9	296.3	11.4	7.9	20.7	0.77	1.05	0.45	761
including	288.8	292.25	3.45	18.3	13.8	1.06	0.29	0.21	142
17GRDD001	348	362.4	14.4	1.8	6.0	1.05	0.32	0.13	268
including	348.0	350.0	2.00	7.2	1.0	0.17	0.05	0.02	48
17GRDD002	342.6	343.6	1	1.4	25.8	0.81	0.32	0.66	326
17GRDD002	346	346.5	0.5	1.3	8.5	0.05	0.63	0.20	368
17GRDD003	149.5	151	1.5	4.1	0.8	0.41	0.10	0.00	150
17GRDD003	214	215	1	1.2	5.6	0.84	1.64	0.11	200
17GRDD003	220.4	220.9	0.5	0.1	9.0	4.95	0.39	0.01	1420
17GRDD003	364.9	365.9	1	1.1	0.0	0.00	0.00	0.01	1
17GRDD004	382	382.8	0.8	2.8	10.7	3.08	0.50	0.18	589
17GRDD005	289.4	291	1.6	1.4	0.9	0.65	0.05	0.00	430
17GRDD005	377.7	378.3	0.6	2.3	0.5	0.47	0.00	0.00	1256
17GRDD006	337.4	338	0.6	Interval is below intersection reporting cut-off grade					

<sup>1</sup>Intervals are reported downhole. True widths are currently uncertain.

<sup>2</sup>Reporting cut-offs at >1.0 g/t Au or >1.0% Cu with maximum internal dilution of 2m.



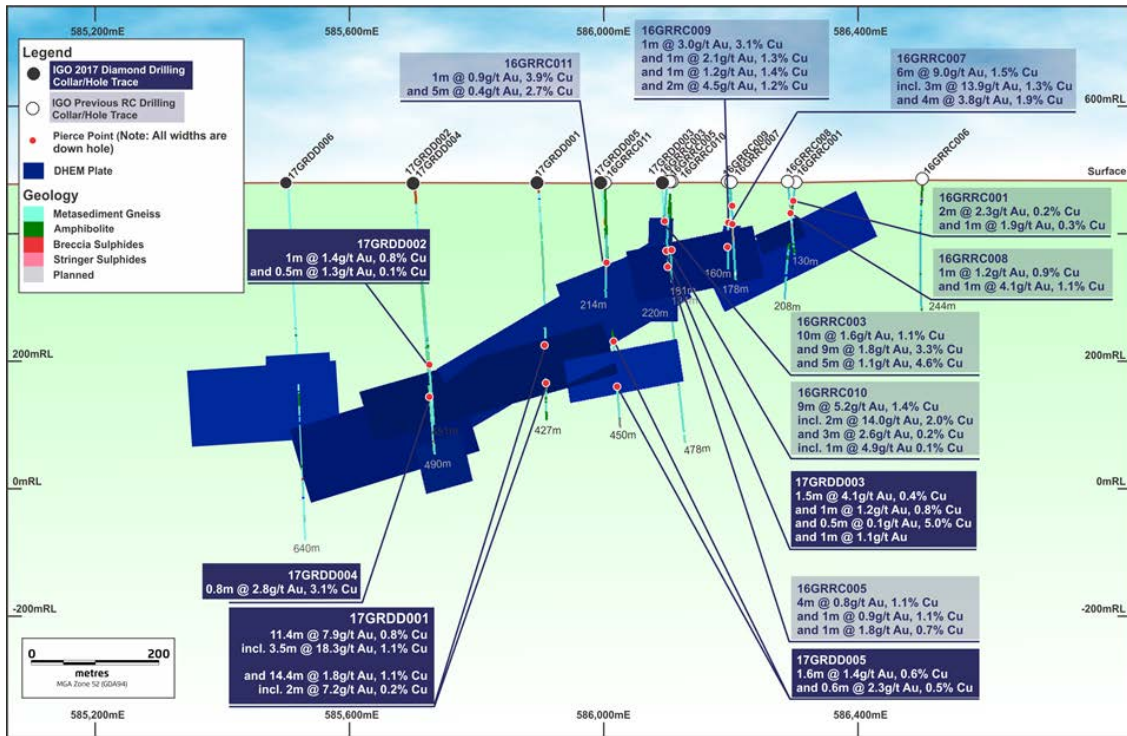


Figure 6. Long section projection of Grapple Prospect looking north showing drilling and EM plates. Mineralisation has been identified over 800m down-plunge.

### Soil and Rock Chip Programs

Reconnaissance and infill sampling campaigns were conducted during the year. Sampling was conducted over areas adjacent to and surrounding EL24915, including EL29748. Several significant gold anomalies were identified in the areas north and northeast of the Grapple and Bumblebee Prospects. The largest of the anomalies is called Blaze. Results received subsequent to year end confirm multi-element (Au-Bi-As-Cu (Pb-Zn)) anomalism suggesting “Grapple Style” mineralisation is associated with these new prospects. Regional reconnaissance soil sampling on a 400m x 800m grid over poorly explored areas of the project commenced in June 2018, and a 200m x 200m spaced +3.15mm lag sampling program was completed over the Grimlock Mn-Ni-Co Prospect. Results are pending (ASX Announcement 26 July 2018).

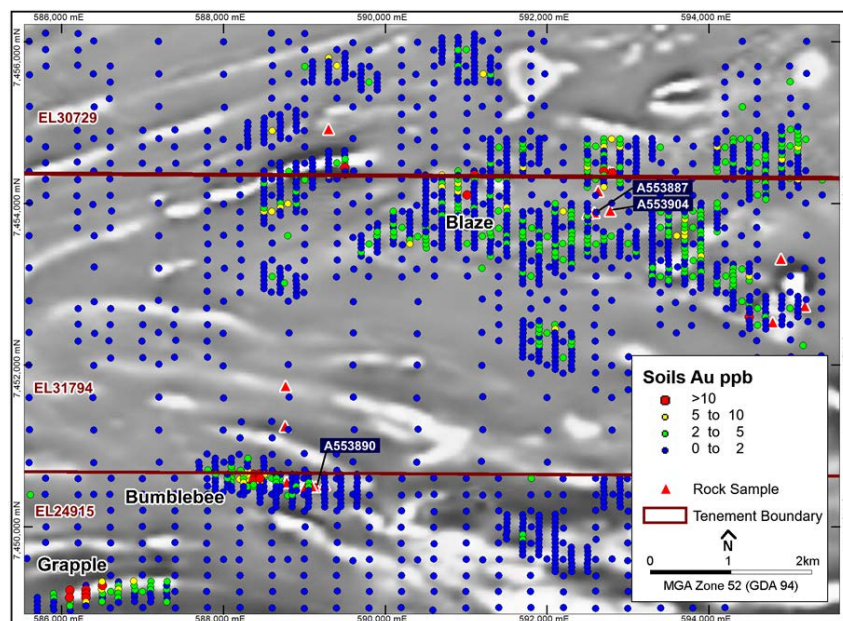


Figure 7: Blaze, Grapple and Bumblebee gold soil anomalies. Rock samples shown as red triangles with anomalous samples labelled.

A total of thirty rock chip samples were collected for assaying as part of the mapping program. Three samples returned anomalous results from the Blaze and Bumblebee Prospects, including a maximum assay result of 0.25g/t Au (ASX Announcement 26 July 2018).

Table 2: Anomalous rock chip results from Blaze and Bumblebee Prospects

Prospect	Sample	Au g/t	Ag g/t	Cu ppm	Fe %	Mn ppm	Pb ppm	S ppm	Sn ppm	Zn ppm
Blaze	A553887	0.25	0.3	244	20.19	386	24	1100	7	667
Bumblebee	A553890	0.09	1.4	681	40.65	735	1019	418	338	552
Blaze	A553904	0.15	0.6	1268	25.14	380	137	631	73	274

At the Grimlock Prospect, eight samples were collected from a pyrolusite-bearing duricrust. Four of the eight samples assayed returned values greater than 1.5% Co and 0.5% Ni, providing support for the 2015 sampling results and confirming the prospect as a strong Mn-Ni-Co anomaly warranting further follow-up exploration (Table 3). The Grimlock Prospect overlies a gabbro-norite intrusion.

Table 3. Grimlock Prospect rock sample results

Sample	Ag g/t	Co %	Fe %	Mn %	Ni %	Sc g/t	Pt g/t
A553910	24.3	2.52	12.29	34.89	1.12	45	0.23
A553911	2.8	0.12	51.45	4.99	0.14	38	0.17
A553912	0.6	0.26	44.85	3.11	0.34	177	0.03
A553913	1.7	0.19	51.25	4.58	0.37	29	0.07
A553914	32.7	1.77	2.39	46.36	0.53	68	0.19
A553915	22.2	2.03	7.07	39.59	0.76	96	0.3
A553916	0.25	0.02	52	0.31	0.11	98	0.04
A553917	19.3	1.81	14.02	31.4	0.66	161	0.14

Following the completion of a trial survey to determine the effectiveness of two fixed-wing EM systems, the Spectrem airborne EM system was preferred over the Tempest system. The regional survey commenced using the Spectrem system with two survey blocks completed to the east and west of the Bumblebee and Grapple Prospects (Figure 8). Work completed covers two NTGS collaborative co-funded survey areas. By the end of the June 2018 Quarter, 5,582 line-km had been flown. Analysis of the data from the completed survey is at a very preliminary stage with final analysis and target generation to be completed in the September 2018 Quarter with the aim of testing the targets during the balance of 2018 and the 2019 field season. The survey is continuing in the September 2018 Quarter.

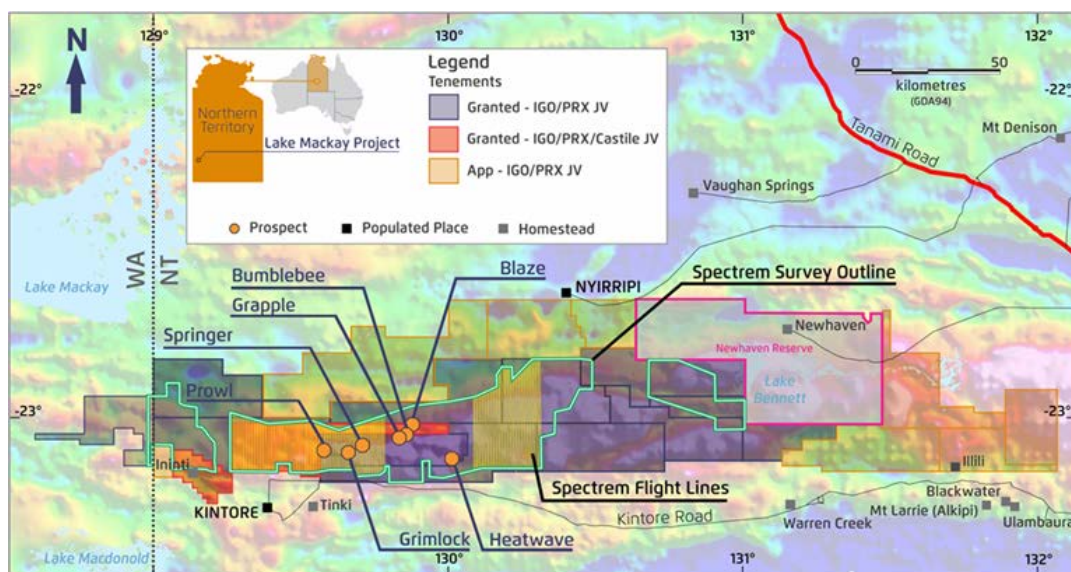


Figure 8. Lake Mackay JV area highlighting active prospects and Spectrem AEM survey lines completed (orange) and planned survey area (blue outline).

Exploration work this past year continued to build on the success of earlier programs. The delineation of sulphide mineralisation extending over 800m down-plunge at Grapple, the outlining of a strong multi-element soil anomaly at Blaze north of the Bumblebee-Grapple trend and confirmation of a strong Mn-Ni-Co anomaly at Grimlock provides ongoing support to the concept that the Lake Mackay Project represents an emerging new metallogenic province.

### Tenements

During the year, 12 Lake Mackay Joint Venture tenements, were granted by the Department of Primary Industry and Resources in the NT. This expanded the area that can be actively explored from 517km<sup>2</sup> to 7,407km<sup>2</sup>. Tenement E80/5001 in WA has been granted but an exploration agreement with the traditional owners is presently not in place.

Additionally IGO added 3,245km<sup>2</sup> of tenement applications covering the extension of the prospective geology along the Central Australian Suture. These applications, the Prodigy Gold application EL25147 (1,580km<sup>2</sup>) plus recent IGO application EL31913 have been incorporated into the JV representing a 60% increase in the project area to a total of approximately 13,000km<sup>2</sup>.

### North Arunta JV Project

During the financial year Prodigy Gold entered into a Joint Venture agreement with Thunderbird Metals on the North Arunta Project (ASX Announcement 15 February 2018), which was later assigned to Gladiator Resources (ASX: GLA). Gladiator Resources is required to sole fund \$6.5M over 4.5 years to ultimately earn a 70% interest in the project. Prodigy Gold will be free-carried through to the completion of a Bankable Feasibility Study and a decision to mine.

### Project Background

The Project covers ~4,500km<sup>2</sup> of exploration licences 100% owned by Prodigy Gold and is also known as Prodigy Gold's Barrow Creek Project. Barrow Creek consists of a 200km long gravity trend with associated metamorphosed sedimentary rocks, dolerite intrusions and large granite intrusions. The region has several known mineral occurrences including gold, copper, nickel, zinc, tin and tantalum.

The Kroda Prospect, which is the most advanced gold prospect in the project area, is located on EL29896, 200km south of Tennant Creek. Kroda consists of 4 individual targets (Kroda 1 to 4) with a combined anomalous strike length of 14km. Kroda is well serviced with infrastructure and is located on pastoral land close to the Stuart Highway, the Ghan Rail Line and the Northern Territory Gas Pipeline.

### Exploration

Exploration at North Arunta commenced, with Gladiator Resources completing an induced polarisation (IP) survey at Kroda (Gladiator ASX Announcement 17 July 2018). This work defined three large, deep-seated IP chargeability anomalies (apparent chargeability >20msec), representing high priority drill targets for Kroda-style gold mineralisation.

Work has also commenced on generating an exploration prospect pipeline. A key focus of this work involves the compilation and reprocessing of all relevant geophysical data with cutting edge structure and intrusion detection tools developed by Dr Amanda Buckingham of Fathom Geophysics Australia Pty Ltd and Thunderbird Metals Pty Ltd (Gladiator ASX Announcement 22 May 2018).

### Future Work

Drill holes have been planned for testing each of the chargeability anomalies, which range in depth from 100m to 350m below the surface. Drilling is expected to commence once all relevant government and heritage clearances have been received.



## Euro Farm-in Agreement

During May 2018 a subsidiary of Newcrest Mining Ltd (“Newcrest”) and Prodigy Gold signed a non-binding heads of agreement to advance exploration on the Euro Project (ASX Announcement 8 May 2018). On 4 July 2018 the Company announced the conversion of the heads of agreement into a binding farm-in agreement. Under the agreement Newcrest will sole fund up to \$12M over seven years to ultimately earn up to a 75% interest in the project.

### Project Background

The Euro Project area covers ~3,478km<sup>2</sup> of exploration licences and applications in the Tanami Region of the Northern Territory. The project is along strike of, or contains structures parallel to, the Trans-Tanami Trend which is the regional control of major gold deposits in the area, including Newmont Mining’s Callie Gold mine.

The land surface is generally flat with a thin covering of windblown sand over variable thicknesses of transported Quaternary sediments. Laterite exposures form low rises. There are minor outcrops of underlying rocks, however outcrop is limited to less than 2% of the project area.

Previous exploration has primarily been soil sampling and patchy reconnaissance drilling with 10 of the 17 tenements in the project having no drilling in the last 20 years. The shallow veneer of transported sand covering 90% of the area and the limited previous work has resulted in the area remaining untested or ineffectively tested. The majority of the project area has been subjected to no exploration as the early focus shifted to the Titania/Oberon and Ptilotus discoveries. Strike extensions or potential repeats of these deposits exist within the project area.

### Future Work

Work programs for Euro are currently being permitted, with initial activity focusing on the Dune target, 2km to the south of the Newmont Oberon deposit.

## Operator Agreement – Old Pirate

Ark Mines (ASX: AHK) and Prodigy Gold signed a letter agreement for Ark Mines to operate the Old Pirate Project and provide an exclusive option to negotiate an agreement for Buccaneer subject to various conditions, including the completion of an operator agreement (ASX Announcement 17 April 2018). Prodigy Gold received the \$50,000 non-refundable deposit. Finalisation of the Sale Agreement and Operator Agreement, which was to be completed within 60 business days of the letter agreement, has been delayed (Ark Mines ASX Announcement 23 July 2018). This process has recommenced with the expectation that the Agreements will be in place by the end of next Quarter.

## MINERAL RESOURCES

Prodigy Gold’s Mineral Resources for 31 July 2018 are summarised below. See the 2018 Annual Mineral Resource Statement (ASX Announcement 14 August 2018) and the individual announcements referenced below for additional information.

Prodigy Gold's Mineral Resource governance includes systems and procedures that ensure:

- All persons responsible for preparing and reporting Prodigy Gold estimates qualify as a Competent Person as defined by the JORC Code (2012 Edition), and the Competent Persons have provided written sign-off on publicly reported estimates
- Estimates are prepared using accepted industry methods
- Competent Persons prepare and provide Prodigy Gold with the supporting documentation for each estimate, and before being reported to the Board, estimates are either reviewed by Prodigy Gold senior technical staff or by a suitably qualified external reviewer
- Any material changes or updates to estimates are reviewed and approved by the Prodigy Gold's Board before being promptly announced to the market

### Consolidated Resource Summary

Table 4 – Prodigy Gold Mineral Resource Summary as at 31 July 2018.

Project	Date	Cut-Off Grade (g/t)	Indicated			Inferred			Total			Resource Author
			Tonnes (Mt)	Grade (g/t Gold)	Metal (Koz)	Tonnes (Mt)	Grade (g/t Gold)	Metal (Koz)	Tonnes (Mt)	Grade (g/t Gold)	Metal (Koz)	
Old Pirate	Aug-16	1.0	0.04	4.6	7	0.72	4.7	109	0.76	4.7	115	1
Buccaneer	Aug-17	1.0	1.2	1.7	65	8.8	1.8	520	10.0	1.8	585	2
Suplejack	July-18	0.8	0.92	2.35	69	4.02	1.86	240	4.93	1.95	310	2
<b>Total</b>		<b>various</b>	<b>2.2</b>	<b>2.0</b>	<b>141</b>	<b>13.5</b>	<b>2.0</b>	<b>869</b>	<b>15.7</b>	<b>2.0</b>	<b>1,010</b>	

Note: Totals may vary due to rounding.

- 1 CSA Global
- 2 Optiro Pty Ltd

### Old Pirate Mineral Resource

Table 5 – Old Pirate August 2016 Mineral Resource Estimate (ASX Announcement 19 August 2016)

Old Pirate-Project – Mineral Resource Estimate – August 2016				
Domain	Classification	Tonnes (Mt)	Grade (Au g/t)	Metal (koz)
Western Limb	Indicated	0.010	7.5	3.0
	Inferred	0.280	5.5	49.7
Central	Indicated	0.020	3.1	2.4
	Inferred	0.420	4.2	56.3
East	Indicated	0.005	7.6	0.5
	Inferred	0.010	4.9	1.6
Golden Hind	Indicated	0.005	3.5	0.5
	Inferred	0.005	4.1	0.9
Sub-Total	Indicated	0.040	4.6	6.5
	Inferred	0.720	4.7	108.5
<b>Total</b>	<b>Indicated + Inferred</b>	<b>0.760</b>	<b>4.7</b>	<b>114.9</b>

Note: Totals may vary due to rounding.

### Buccaneer Mineral Resource

Table 6 – Buccaneer August 2017 Mineral Resource Estimate (ASX Announcement 1 September 2017)

Buccaneer Project - Mineral Resource Estimate – August 2017									
Oxide	Indicated			Inferred			Total		
	Tonnes (Mt)	Grade (Au g/t)	Metal (koz)	Tonnes (Mt)	Grade (Au g/t)	Metal (koz)	Tonnes (Mt)	Grade (Au g/t)	Metal (koz)
Oxidised	0.2	1.69	12	0.1	1.82	4	0.3	1.73	16
Transitional	0.7	1.69	40	0.5	1.52	22	1.2	1.63	62
Fresh	0.3	1.59	13	8.3	1.86	494	8.5	1.85	507
<b>Total</b>	<b>1.2</b>	<b>1.67</b>	<b>65</b>	<b>8.8</b>	<b>1.84</b>	<b>521</b>	<b>10.0</b>	<b>1.82</b>	<b>585</b>

Note: Totals may vary due to rounding.

**Suplejack Mineral Resource**

Table 7 – Suplejack July 2018 Mineral Resource Estimate (ASX Announcement 31 July 2018)

Suplejack Project - Mineral Resource Estimate July 2018									
Oxide	Indicated			Inferred			Total		
	Tonnes (Mt)	Grade Au (g/t)	Metal (koz)	Tonnes (Mt)	Grade Au (g/t)	Metal (koz)	Tonnes (Mt)	Grade Au (g/t)	Metal (koz)
Oxide	0.03	1.48	1.3	0.29	2.28	21.2	0.32	2.21	22.6
Transitional	0.26	1.79	14.8	1.16	2.08	77.3	1.41	2.03	92.1
Fresh	0.63	2.62	53.1	2.57	1.72	141.8	3.20	1.89	194.9
<b>Total</b>	<b>0.92</b>	<b>2.35</b>	<b>69.3</b>	<b>4.02</b>	<b>1.86</b>	<b>240.3</b>	<b>4.93</b>	<b>1.95</b>	<b>309.5</b>

Note: Reported above 0.8g/t cut-off and above the 230mRL. Totals may vary due to rounding.

**Competent Persons Statements**

The information in this announcement relating to exploration targets and exploration results is based on information reviewed and checked by Mr Matt Briggs who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Briggs is a full time employee of Prodigy Gold NL and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the "Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves". Mr Briggs consents to the inclusion in the documents of the matters based on this information in the form and context in which it appears.

The information in this report relating to the Mineral Resources is based on information reviewed and compiled by Mr Matt Briggs who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Briggs is a full time employee of Prodigy Gold NL and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 edition of the "Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves". Mr Briggs consents to the inclusion in the documents of the matters based on this information in the form and context in which it appears.

All information compiled in this statement has been previously announced and this annual statement fairly represents a summary of the supporting information and documentation. Prodigy Gold NL confirms that it is not aware of any new information or data that materially affects the information included in the market announcement and that all material assumptions and technical parameters underpinning the estimates included in referenced previous market announcements continue to apply and have not materially changed.

**TENEMENT MANAGEMENT**

The total area of 36,913km<sup>2</sup> held under tenure by Prodigy Gold and its joint venture partners has increased slightly during the financial year. The area held under granted mineral tenements has increased to 20,415km<sup>2</sup> with 16,498km<sup>2</sup> held under exploration licence application. To address the costs associated with maintaining such a large land holding and to better focus exploration activities, the Company continues to actively seek to reduce its tenure costs through joint venture and divestment.

A total of three Exploration Licence applications in the Tanami Project area and eight Prodigy Gold applications in the Lake Mackay Joint Venture area were progressed to grant during the financial year. The Company withdrew nine tenement applications.

A map showing the location of the Company's current tenement holding is presented in Figure 9 below and a complete list of tenements follows this report.

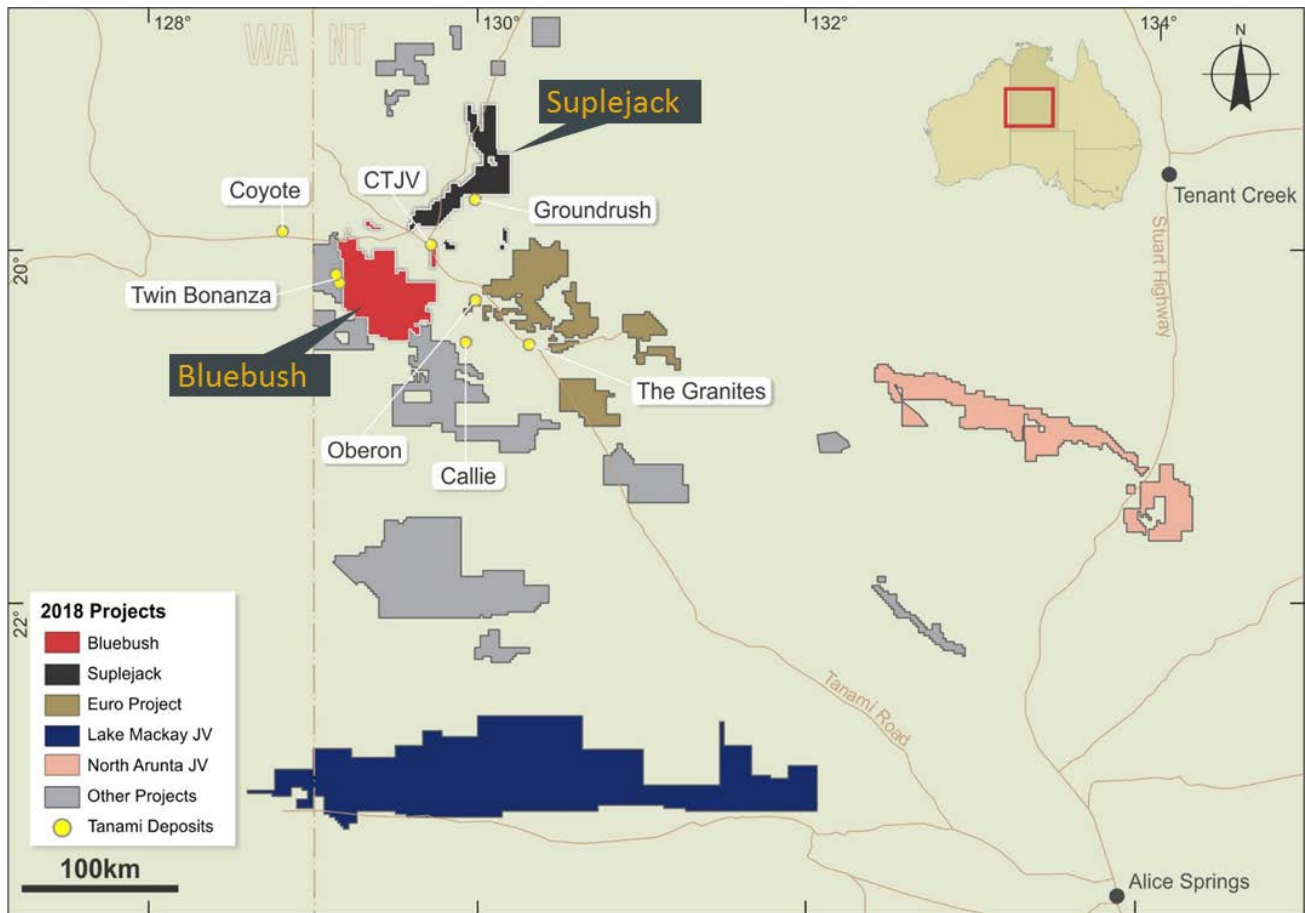


Figure 9. Prodigy Gold's Central Desert mineral tenements and applications as at 30 June 2018.

## CORPORATE

### Shares on Issue and Unlisted Options

Following shareholder approval at the 2017 Annual General Meeting, the Company issued 3 million unlisted options to Directors.

During March 2018 the Company undertook a private placement to new and existing sophisticated and professional shareholders of 60,443,531 fully paid ordinary shares at A\$0.10 (10 cents) per share to raise \$6,044,531. Notably, St Barbara Limited has joined the register.

Prodigy Gold has a total of 435.6 million shares on issue and 24 million unlisted options.

### Company Name Change

Following shareholder approval at a General Meeting in May 2018, the Company changed its name to Prodigy Gold NL.

## SUMMARY OF MINING TENEMENTS AND AREAS OF INTEREST

### Summary of Mining Tenements as at 30 June 2018

Area of Interest	Tenement	Group's Interest	Tenement Status	Status Changes During the Year
<i>NORTHERN TERRITORY</i>				
<i>TANAMI</i>				
<i>Birrindudu</i>	EL5889	100	granted	
	EL28326	100	granted	
	EL31332	100	granted	
	EL23523	100	granted	✓ Granted during the year
<i>Bluebush</i>	EL23659	100	granted	
	EL24436	100	granted	
	EL26610	100	granted	
	EL26634	100	granted	
	EL27119	100	granted	
	EL27127	100	granted	
	EL27589	100	granted	
	EL28327	100	granted	
	EL29860	100	granted	
	EL31288	100	granted	
	EL31290	100	granted	
	EL31291	100	granted	
	EL30944	100	application	
<i>Bonanza</i>	EL25194	100	granted	
	EL26608	100	granted	
	EL27378	100	granted	
	EL28322	100	granted	
	EL28324	100	granted	
	EL28325	100	granted	
	EL28328	100	granted	
	EL28394	100	granted	
	EL29790	100	granted	
	EL31289	100	granted	
	ML29822	100	granted	
EL30814	100	application		
<i>Suplejack</i>	EL9250	100	granted	
	EL26619	100	granted	
	EL27125	100	granted	
	EL27126	100	granted	
	EL27979	100	granted	
	EL31330	100	granted	
	EL31331	100	granted	
	EL31530	100	granted	✓ Granted during the year
	EL26623	100	vetoed	
	EL27570	100	application	✓ Withdrawn during the year
EL27980	100	vetoed		
<i>Abroholos</i>	EL29833	100	application	
	EL29834	100	application	
<i>Tobruk</i>	EL25156	100	granted	
	EL25191	100	granted	
	EL25192	100	granted	
	EL28785	100	granted	
	EL29832	100	granted	
	EL29859	100	granted	
	EL30270	100	application	
EL30274	100	application		

## SUMMARY OF MINING TENEMENTS AND AREAS OF INTEREST

Area of Interest	Tenement	Group's Interest	Tenement Status	Status Changes During the Year
<i>Euro</i>	EL25845	100	granted	
	EL26590	100	granted	
	EL26591	100	granted	
	EL26592	100	granted	
	EL26593	100	granted	
	EL26613	100	granted	
	EL26615	100	granted	
	EL26618	100	granted	
	EL26620	100	granted	
	EL26621	100	granted	
	EL26622	100	granted	
	EL26673	100	granted	
	EL27604	100	granted	
	EL30271	100	application	
	EL30272	100	application	
EL30273	100	application		
EL30283	100	application		
<i>Tanami Altura JV <sup>(1)</sup></i>	EL26628	90	granted	
	EL29828	90	granted	
	EL26626	90	granted	✓ Granted during the year
	EL26627	90	application	
<b>LAKE MACKAY</b>				
<i>Tarawera</i>	EL8695	100	application	✓ Withdrawn during the year
	EL23898	100	application	
	EL24473	100	application	
	EL27894	100	application	
	EL29314	100	application	✓ Withdrawn during the year
	EL29315	100	application	✓ Withdrawn during the year
	EL29316	100	application	✓ Withdrawn during the year
	EL29369	100	application	✓ Withdrawn during the year
<i>Lake Mackay North</i>	EL30552	100	application	
	EL30553	100	application	
	EL30554	100	application	
	EL30555	100	application	
	EL30556	100	application	
<i>Tekapo</i>	EL28682	100	application	
<i>Warumpi <sup>(2)</sup></i>	EL24915	100	granted	
	EL25146	100	granted	✓ Granted during the year
	EL30729	100	granted	✓ Granted during the year
	EL30730	100	granted	✓ Granted during the year
	EL30731	100	granted	✓ Granted during the year
	EL30732	100	granted	✓ Granted during the year
	EL30733	100	granted	✓ Granted during the year
	EL30739	100	granted	✓ Granted during the year
	EL30740	100	granted	✓ Granted during the year
	EL31234 <sup>(3)</sup>	0	granted	✓ Granted during the year Independence Group NL
	E80/5001 <sup>(3)</sup>	0	granted	✓ Granted during the year Independence Group NL
	EL27947 <sup>(4)</sup>	0	granted	✓ Granted during the year Castile Resources Pty Ltd
	EL31974 <sup>(4)</sup>	0	granted	✓ Granted during the year Castile Resources Pty Ltd



## SUMMARY OF MINING TENEMENTS AND AREAS OF INTEREST

Area of Interest	Tenement	Group's Interest	Tenement Status	Status Changes During the Year
<i>Warumpi</i> <sup>(2)</sup>	EL25147	100	application	
	EL31718	0	application	Independence Group NL
	EL31719	0	application	Independence Group NL
	EL31720	0	application	Independence Group NL
	EL31721	0	application	Independence Group NL
	EL31722	0	application	Independence Group NL
	EL31723	0	application	Independence Group NL
	EL31913	0	application	Independence Group NL
<b>NORTH ARUNTA</b>				
<i>Barrow Creek</i>	EL8766	100	granted	
	EL23880	100	granted	
	EL23883	100	granted	
	EL23884	100	granted	
	EL23885	100	granted	
	EL23886	100	granted	
	EL26825	100	granted	
	EL28515	100	granted	
	EL28727	100	granted	
	EL28748	100	granted	
	EL29723	100	granted	
	EL29724	100	granted	
	EL29725	100	granted	
	EL29896	100	granted	
	EL30470	100	granted	
EL30507	100	granted		
EL30637	100	granted		
	EL30422	100	application	✓ Withdrawn during the year
<i>Lander River</i>	EL25031	100	granted	
	EL25033	100	granted	
	EL25034	100	granted	
	EL25035	100	granted	
	EL25041	100	granted	
	EL25042	100	granted	
	EL25044	100	granted	
	EL25030	100	application	✓ Out of veto during the year
	EL25036	100	application	✓ Out of veto during the year
	EL29819	100	application	✓ Out of veto during the year
	EL29820	100	application	✓ Out of veto during the year
<i>Bonita</i>	EL30506	100	application	✓ Withdrawn during the year
	EL30508	100	application	✓ Withdrawn during the year
<i>Reynolds Range</i>	EL23655	80 <sup>(5)</sup>	granted	
	EL23888	100	granted	
	EL28083	100	granted	
<i>Walkeley</i>	EL26903	100	application	

<sup>1)</sup> Joint Venture with Altura Lithium Operations Pty Ltd.

<sup>2)</sup> Farm-in and Joint Venture with Independence Group NL earning a 70% interest in the tenements.

<sup>3)</sup> Tenements form part of the Farm-in and Joint Venture with Independence Group NL with Prodigy Gold receiving a 30% interest on completion of Independence Group NL earning a 70% interest in the Lake Mackay Warumpi Project.

<sup>4)</sup> Tenement is part of an Earn-in and Joint Venture Agreement between with Castile Resources Pty Ltd, Independence Group NL and Prodigy Gold.

<sup>5)</sup> Tenement is subject to a Joint Venture with Select Resources Pty Ltd. Prodigy Gold holds an 80% beneficial interest with a 60% interest currently registered on title.

## DIRECTORS' REPORT

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The Directors of Prodigy Gold NL present their report on the consolidated entity (Group), consisting of Prodigy Gold NL and the entities it controlled at the end of, and during, the financial year ended 30 June 2018.

Directors	
Mr Thomas McKeith	Non-Executive Chairman
Mr Matthew Briggs	Managing Director
Mr Brett Smith	Non-Executive Director
Mr Mark Faul	Non-Executive Director

Directors have been in office since the start of the financial year to the date of this report.

### Principal Activities

The principal activities of the Company during the year consisted of exploration and evaluation of mineral resources. There was no significant change in the nature of the Company's activities during the year.

### Dividends

There were no dividends paid or declared during the year.

### Operating Results

The consolidated loss for the Group after providing for income tax amounted to \$5,693,350 (2017: loss of \$7,012,190).

### Financial Position

The net assets of the Group have increased by \$556,770 from 30 June 2017 to \$16,427,131 in 2018. The increase is largely due to the equity raising undertaken during the financial year.

### Significant Changes in the State of Affairs

Other than as disclosed in this Report, no significant changes in the state of affairs of the Company occurred during the financial year.

### Matters Subsequent to the End of the Financial Year

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial periods.

### Likely Development

- o Continued regional exploration; and
- o Further rationalisation of tenement holdings through divestment or joint venture.

### Environmental Regulation

The Group's operations are subject to standard environmental regulation under the laws of the Commonwealth of Australia and the Northern Territory. The Group monitors its compliance with environmental regulations on an ongoing basis. The Directors are not aware of any significant breaches during the period covered by this report.

## DIRECTORS' REPORT

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### INFORMATION ON DIRECTORS

#### Mr Thomas McKeith

BSc Hons (Geol), GDE (Mining), MBA, Fellow AusIMM

Status: Independent

Position: Non-Executive Chairman

#### Qualifications and Experience:

Mr McKeith is a resource company executive with 28 years' experience in various exploration, business development, mine geology and executive leadership roles. He has led exploration teams to several significant discoveries and concluded several significant business development transactions. Mr McKeith was formerly Executive Vice President: Growth and International Projects for Gold Fields Ltd, where he was responsible for global exploration and project development. He has also served as CEO of Troy Resources Ltd and held non-executive director roles at Sino Gold Ltd and Avoca Resources. He is currently a non-executive director of Evolution Mining Ltd (since February 2014) and principal in various private resource investment companies.

#### Mr Matthew Briggs

BSc Hons (Geol), Member AusIMM

Status: Not independent

Position: Executive Director

#### Qualifications and Experience:

Mr Briggs has 20 years' experience in Australia and internationally in various aspects of mine geology, exploration, project management and strategic leadership in the gold industry. Matt graduated as a geologist from the University of Queensland and worked at a number of mine sites in Western Australia. Since then he has worked internationally on projects in Africa and headed Group Strategic Planning for Gold Fields Limited. Matt has been directly involved or managed teams that have discovered several multi-million ounce gold deposits.

#### Mr Brett Smith

BEng Hons (Chem), MBA, MA

Status: Not independent

Position: Non-Executive Director

#### Qualifications and Experience:

Mr Smith has participated in the development and delivery of a number of mining and mineral processing projects including coal, iron ore, base and precious metals. He has also managed engineering and construction companies in Australia and internationally. Mr Smith has served on boards of both private and public mining and exploration companies. He is currently Executive Director of Dragon Mining Limited (since February 2014) and Deputy Executive Chairman of APAC Resources Limited (since May 2016). Overall, Mr Smith has over 30 year's international experience in the engineering, project development and organisational change management.

#### Mr Mark Faul

BE Mining (Hons), MBA, MAppFin, Member AusIMM, Graduate AICD

Status: Not independent

Position: Non-Executive Director

#### Qualifications and Experience:

Mr Faul has 12 years of mining engineering and mine management experience across a variety of mineral commodities in both small and large company environments. He has held roles with Mount Isa Mines and WMC Resources, and various junior exploration and mining companies. His direct resource company experience was followed by 19 years of international resources corporate advisory and investment banking experience with RMB Resources (wholly owned by FirstRand in South Africa), principally in providing equity and debt finance for project acquisition, mine development

## DIRECTORS' REPORT

and general corporate funding. Mark was an Investment Director with resources private equity funds manager Pacific Road Capital for two years until February 2018. He currently consults to Behre Dolbear Australia, resource companies and financial institutions on project due diligence, project development and financing strategy, corporate strategy and as an independent technical expert.

### Ms Jutta Zimmermann

Dip AQF, Dip IT, GradDipACG, FGIA, FCIS  
Position: Company Secretary

#### Qualifications and Experience:

Ms Zimmermann is an accountant (Australian AQF diploma level) with over twenty five years of Australian and international industry experience encompassing accounting, company secretarial, government and community liaison, business development and corporate administration management. She holds a diploma in information technology (Australian bachelor degree level) and a graduate diploma in applied corporate governance. Ms Zimmermann holds the position of Chief Financial Officer and Company Secretary with the Company. She is a fellow of the Governance Institute of Australia and is a Director of two of Prodigy Gold's subsidiaries.

### Directors' Meetings

The Company had no Board committees during the financial year. The number of meetings of the Group's Board of Directors held during the year ended 30 June 2018, and the number of meetings attended by each Director were:

Directors	Board Meetings	
	Eligible to Attend	Attended
Mr T McKeith	8	8
Mr M Briggs	8	8
Mr B Smith	8	8
Mr M Faul	8	8

### Interests in Shares and Share Rights of the Company

At the date of this report, the interests of the Directors in the shares and share rights of the Group were as follows:

Directors	Fully Paid Ordinary Shares
Mr T McKeith	1,726,869
Mr M Briggs	-
Mr B Smith	140,000
Mr M Faul	-

## DIRECTORS' REPORT

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### REMUNERATION REPORT (AUDITED)

This Remuneration Report outlines the Director's and the Group's key management personnel remuneration arrangements in accordance with the requirements of the *Corporations Act 2001* and its Regulations. For the purposes of this report, key management personnel of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any Director (whether executive or otherwise) of the Group.

#### Remuneration Principles

Remuneration levels are set with the objective of attracting and retaining appropriately qualified and experienced staff. Remuneration packages are structured to recognise, encourage and reward improved performance and business growth, balanced between short-term and long-term goals. Benchmarking is undertaken where considered appropriate to ensure remuneration packages are competitively positioned in the market.

#### Remuneration and Nomination Committee

The Company had no Remuneration and Nomination Committee during the financial year. Given the current size and composition of the Company's Board, the full Board is responsible for the duties of the Committee as detailed in the relevant charter.

#### Non-Executive Director Remuneration

Non-Executive Directors' fees are set by the Board within the maximum aggregate amount of fees approved by shareholders at a general meeting. Non-Executive Directors are not entitled to retirement benefits other than statutory superannuation or other statutory required benefits. The remuneration of Non-Executive Directors is fixed for each individual Director taking into account market rates for comparable companies for time, commitment, responsibilities and accountability. Shareholder representative Directors were offered options, which were shareholder approved, in lieu of cash remuneration.

The available Non-Executive Directors' fees pool is currently \$400,000. As at 30 June 2018 the Company utilised \$60,000 (2017: \$60,000) of the pool.

Performance evaluations of the Board are usually undertaken annually with a view to comparing the performance of the Board and Directors against their relevant Charters and their interactions with and performance of management. The Performance Evaluation Disclosure is available in the Corporate Governance Section of the Company's website.

#### Key Management Personnel Remuneration including the Managing Director

The key management personnel remuneration framework has three components and the combination of these comprise the key management personnel's total remuneration:

- o Base salary and benefits
- o Short-term incentives at the Boards discretion
- o Long-term incentives at the Boards discretion

#### *Base Salary and Benefits*

Executive Directors, key management personnel and employees are offered a fixed base salary and benefits. Base salary and benefits are usually reviewed every year to ensure the employee's remuneration is competitive with the market. Employment contracts do not guarantee increases in base salary and benefits. The Executive Directors, key management personnel and employees receive the superannuation guarantee contribution required by the government, which was 9.5% during the reporting period, and do not receive any other retirement benefits. Other benefits include personal accident (working directors) insurance and other fringe benefits. No remuneration consultants were engaged.

## DIRECTORS' REPORT

### Short-Term Incentives

The objective of short-term incentives is to align the interests of Executive Directors, key management personnel and employees with those of the shareholders through the payment of short-term incentives linked to pre-agreed targets. The targets include, where appropriate meeting budget forecasts, occupational health and safety measures, relationship management, exploration success, staff retention, compliance and formulating company strategies. Short-term incentives are designed to incentivise and reward individual contribution to achieving overall performance. No discretionary short-term incentive cash bonuses have been granted during the year.

### Long-Term Incentives

All long-term and equity incentives must be linked to predetermined performance and/or continuity criteria. Long-term incentives are designed to align Executive Directors, key management personnel and employee's interest with the Company's longer term objectives of growth in market capitalisation, earnings per share, share performance compared to peer companies, exploration and strategic success. The Board may exercise its discretion in relation to approving incentives, including equity participation. The policy is designed to attract the highest calibre of key management personnel and reward them for performance. Key management personnel are also entitled to participate in employee share or option arrangements. No discretionary long-term incentive cash bonuses have been granted during the year. Executive management received options during the previous financial year with details provided in Note 14.

### Performance Evaluation

There was no performance based remuneration paid during the year but the Company may in future grant, as part of each Executive Director and key management personnel's remuneration package, a performance-based component, consisting of cash bonuses and/or incentives, including equity participation, linked to the achievement of key performance indicators (KPIs) and taking into account experience, qualifications and length of service.

### Company Performance

The following table shows the gross revenue, losses and dividends for the last five years for the listed entity, as well as the share price at the end of the respective financial years.

	2014	2015	2016	2017	2018
Revenue	4,948,009	392,368	36,149,624	180,138	141,739
Net loss	8,138,232	11,202,318	21,616,759	7,012,190	5,693,350
Share price at year-end	0.300	0.250	0.065	0.095	0.087
Dividend paid	-	-	-	-	-

### Key Management Personnel

The following persons were key management personnel of the Group during the financial year:

Key Management Person	Position	Commencement of Position
Mr T McKeith	Non-Executive Chairman	27 June 2016
Mr M Briggs	Managing Director	3 October 2016
Mr B Smith	Non-Executive Director	9 May 2016
Mr M Faul	Non-Executive Director	12 June 2017
Ms J Zimmermann	CFO / Company Secretary	1 June 2005

### Details of Remuneration

Details of compensation for key management personnel ("KMP") and Directors of the Group are set out below:



## DIRECTORS' REPORT

2018	Short-Term Employee Benefits			Post-Employment Super-annuation	Long-Term Benefits Long Service Leave <sup>2)</sup>	Share-based Payments Options <sup>3)</sup>	Termination Benefits	Total	Proportion of Remuneration that is at Risk
	Cash Salary and Fees	Cash Bonus	Annual Leave <sup>1)</sup>						
	\$	\$	\$	\$	\$	\$	\$	\$	
<b>Directors</b>									
Mr T McKeith <sup>4)</sup>	54,795	-	-	5,205	-	62,401	-	122,401	51.0%
Mr M Briggs <sup>4)</sup>	317,269	-	19,173	22,731	-	116,269	-	475,442	24.5%
Mr B Smith	-	-	-	-	-	-	-	-	-
Mr M Faul	-	-	-	-	-	-	-	-	-
<b>Total Directors</b>	<b>372,064</b>	<b>-</b>	<b>19,173</b>	<b>27,936</b>	<b>-</b>	<b>178,670</b>	<b>-</b>	<b>597,843</b>	
<b>Other KMP</b>									
J Zimmermann	220,000	-	9,325	20,900	3,520	-	-	253,745	-
<b>Total Other</b>	<b>220,000</b>	<b>-</b>	<b>9,325</b>	<b>20,900</b>	<b>3,520</b>	<b>-</b>	<b>-</b>	<b>253,745</b>	
<b>Total</b>	<b>592,064</b>	<b>-</b>	<b>28,498</b>	<b>48,836</b>	<b>3,520</b>	<b>178,670</b>	<b>-</b>	<b>851,588</b>	

<sup>1)</sup> Annual leave relates to movements in annual leave provisions during the year.

<sup>2)</sup> Long service leave relates to movements in long service leave provisions during the year.

<sup>3)</sup> These amounts are accounting accruals and have not actually been paid during the year.

<sup>4)</sup> Share based payments are options expensed based on the vesting conditions (refer to Note 14 in the consolidated financial statements).

2017	Short-Term Employee Benefits			Post-Employment Super-annuation	Long-Term Benefits Long Service Leave <sup>2)</sup>	Share-based Payments Options <sup>3)</sup>	Termination Benefits	Total	Proportion of Remuneration that is at Risk
	Cash Salary and Fees	Cash Bonus	Annual Leave <sup>1)</sup>						
	\$	\$	\$	\$	\$	\$	\$	\$	
<b>Directors</b>									
Mr T McKeith <sup>4)</sup>	54,795	-	-	5,205	-	241,629	-	301,629	80.1%
Mr M Briggs <sup>4)</sup>	232,877	-	10,748	22,123	-	545,046	-	810,794	67.2%
Mr B Smith <sup>4)</sup>	-	-	-	-	-	113,880	-	113,880	100%
Mr M Faul	-	-	-	-	-	-	-	-	-
Ms S Corlett <sup>4)</sup>	-	-	-	-	-	113,880	-	113,880	100%
<b>Total Directors</b>	<b>287,672</b>	<b>-</b>	<b>10,748</b>	<b>27,328</b>	<b>-</b>	<b>1,014,435</b>	<b>-</b>	<b>1,340,183</b>	
<b>Other KMP</b>									
Mr B Lambert	51,844	-	(1,882)	4,925	-	-	152,308	207,195	0%
J Zimmermann <sup>4)</sup>	222,500	-	(17,119)	21,137	(23,632)	49,677	-	252,563	19.7%
<b>Total Other</b>	<b>274,344</b>	<b>-</b>	<b>(19,001)</b>	<b>26,062</b>	<b>(23,632)</b>	<b>49,677</b>	<b>152,308</b>	<b>459,758</b>	
<b>Total</b>	<b>562,016</b>	<b>-</b>	<b>(8,253)</b>	<b>53,390</b>	<b>(23,632)</b>	<b>1,064,112</b>	<b>152,308</b>	<b>1,799,941</b>	

<sup>1)</sup> Annual leave relates to movements in annual leave provisions during the year.

<sup>2)</sup> Long service leave relates to movements in long service leave provisions during the year.

<sup>3)</sup> These amounts are accounting accruals and have not actually been paid during the year.

<sup>4)</sup> Share based payments are options expensed based on the vesting conditions (refer to Note 14 in the consolidated financial statements).

## DIRECTORS' REPORT

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### Performance Bonuses

No discretionary cash performance bonuses have been granted to executive management for performance to 30 June 2018 as executive management agreed to forgo their entitlement for this financial year in the best interest of the Company.

### Options and Shares Issued as Part of Remuneration

Following shareholder approval, options were issued to Non-Executive Directors or their nominees. For further detail refer to Note 14.

### Employment Contracts of Directors and Other Key Management Personnel

Remuneration and other terms of engagement for Non-Executive Directors are formalised in service agreements. The agreement summarises the Board policies and terms, including compensation relevant to the office of Director.

The employment contracts of Executive Directors and Other Key Management Personnel stipulate a range of one to four month resignation notification periods. The Company may terminate an employment contract without cause by providing a range of one to three-month written notice or making payment in lieu of notice based on the individual's annual salary component. In the instance of serious misconduct the Company can terminate employment at any time. Other material provisions of the agreements relating to remuneration are set out below.

#### *Non-Executive Directors*

The base fees for the Non-Executive Chairman is \$60,000 per year and the shareholder nominee Directors did not receive any cash salary.

#### *Mr M Briggs, Managing Director*

- o Term of agreement – 3 year contract commencing 3 October 2016;
- o Base salary, inclusive of superannuation, \$340,000 per year;
- o Payment of a termination benefit on early termination by the Company, other than for gross misconduct, equals 3 month salary and, in the event of a takeover, equals 9 month salary;
- o Notice period varies between no notice if mutually agreed and three month notice by the Company or the executive without reason.

#### *Ms J Zimmermann, CFO and Company Secretary*

- o Term of agreement – 2 year contract commencing 1 July 2012, contract extended automatically;
- o Base salary, exclusive of superannuation, \$220,000 per year;
- o Payment of a termination benefit on early termination by the Company, other than for gross misconduct, equals 6 month salary and, in the event of a takeover, equals 9 month salary;
- o Notice period varies between no notice if mutually agreed and three month notice by the Company and 4 month notice by the executive without reason.

### Additional Disclosure Relating to Key Management Personnel

#### *Shareholding*

No shares were issued by the Company during the financial year. Details of shares held directly, indirectly or beneficially by Directors and key management personnel and their related parties are as follows:

## DIRECTORS' REPORT

Name	Balance at the Start of the Year	Received as Part of Remuneration	Additions	Disposals/Other	Balance at the End of the Year
Mr T McKeith	1,726,869	-	-	-	1,726,869
Mr M Briggs	-	-	-	-	-
Mr B Smith <sup>1)</sup>	100,000	-	40,000	-	140,000
Mr M Faul <sup>2)</sup>	-	-	-	-	-
Ms J Zimmermann	1,331,996	-	-	-	1,331,996
	<u>3,158,865</u>	<u>-</u>	<u>40,000</u>	<u>-</u>	<u>3,198,865</u>

<sup>1)</sup> Mr Smith is a nominee of APAC Resources Limited who are a substantial shareholder of Prodigy Gold.

<sup>2)</sup> Mr Faul is a nominee of Pacific Road Capital Management who are a substantial shareholder of Prodigy Gold.

### Option Holding

Directors and other key management personnel of the Group, including their personally related parties, hold options over ordinary shares in the Company.

Name	Balance at the Start of the Year	Received as Part of Remuneration	Additions	Disposals/Other	Balance at the End of the Year
Mr T McKeith	7,000,000	-	-	-	7,000,000
Mr M Briggs	11,000,000	-	-	-	11,000,000
Mr B Smith	1,500,000	-	-	-	1,500,000
Mr M Faul	-	-	-	-	-
Ms J Zimmermann	1,000,000	-	-	-	1,000,000
	<u>20,500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,500,000</u>

### Share-Based Payments

Fair values at grant date are independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

Refer to Note 14 to the financial statements for more information on options provided as part of remuneration to the Directors.

### Loans to Directors and Other Key Management Personnel

No loans to Directors and other key management personnel of the Group were provided in 2018 (2017: NIL).

### Other Transactions with Directors and Other Key Management Personnel

The terms and conditions of transactions with Directors, other key management personnel and their related parties and entities were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions with non-Director related parties and entities on an arm's length basis.

**This concludes the Remuneration Report, which has been audited.**

## DIRECTORS' REPORT

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### Insurance of Officers and Indemnities

During the financial year, the Company paid an insurance premium in respect of a contract insuring the Directors and executive officers of the Company and its related entities against a liability incurred as such a Director or executive officer to the extent permitted by the Corporations Law. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company has not otherwise, during or since the end of the financial year, indemnified or agreed to indemnify an officer of the Company or any of its related entities against a liability incurred by such an officer.

### Proceeding on Behalf of the Company

No person has applied to the Court under Section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under Section 237 of the *Corporations Act 2001*.

### Non-Audit Services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important.

The Directors are satisfied that the provision of non-audit services, during the year, by the auditor (or by another person or firm on behalf of the auditor), is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. Payments for non-audit services are detailed in Note 12.

The Directors are satisfied that the provision of non-audit services by the auditor, as set out above, did not compromise the auditor independence requirements of *the Corporations Act 2001* for the following reasons:

- o all non-audit services have been reviewed by the Board to ensure they do not impact the impartiality and objectivity of the auditor; and
- o none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

## DIRECTORS' REPORT

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### Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 33.

### Auditor

BDO continues in office in accordance with section 327 and the *Corporation Act 2001*.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

On behalf of the Directors



MATTHEW BRIGGS  
Managing Director

Dated this 14<sup>th</sup> day of August 2018  
Perth, Western Australia

## **CORPORATE GOVERNANCE STATEMENT**

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In March 2014, the ASX Corporate Governance Council released a third edition of the ASX Corporate Governance Council's Principles and Recommendations (ASX Principles).

The Group's Corporate Governance Statement for the year ended 30 June 2018 (which reports against these ASX Principles) may be accessed from the Company's website at [www.prodigygold.com.au/about-prodigy-gold/corporate-governance](http://www.prodigygold.com.au/about-prodigy-gold/corporate-governance).



DECLARATION OF INDEPENDENCE BY WAYNE BASFORD TO THE DIRECTORS OF PRODIGY GOLD NL

As lead auditor of Prodigy Gold NL for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Prodigy Gold NL and the entities it controlled during the period.



Wayne Basford  
Partner

BDO Audit (WA) Pty Ltd  
Perth, 14 August 2018

## ANNUAL FINANCIAL REPORT

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The financial statements of Prodigy Gold NL for the year ended 30 June 2018 were authorised for issue in accordance with a resolution of the Directors on 14 August 2018 and cover the consolidated entity consisting of Prodigy Gold NL and its subsidiaries as required by the *Corporations Act 2001*. Separate financial statements for Prodigy Gold NL as an individual entity are no longer presented as a consequence of a change to the *Corporations Act 2001*. However, limited financial information for Prodigy Gold NL as an individual entity is included in Note 19.

The financial statements are presented in Australian currency.

Prodigy Gold NL is a company limited by shares, incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange.

The address of the registered office and principal place of business is:

Prodigy Gold NL  
Level 1, 141 Broadway  
NEDLANDS WA 6009

A description of the nature of the Group's operations and its principal activities is included in the review of operations and activities on pages 5 to 18 and in the Directors' Report on pages 22 to 31, both of which are not part of this financial statement.

Through the use of the internet, we have ensured that our corporate reporting is timely and complete. All press releases, financial reports and other information are available on our website: [www.prodigygold.com.au](http://www.prodigygold.com.au)

# ANNUAL FINANCIAL REPORT

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# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2018

	Notes	Consolidated	
		2018 \$	2017 \$
Revenue		141,739	180,093
Other income		133,121	171,538
Mining and processing expenses		-	(698,658)
Administrative expenses			
Employee and Directors benefits expenses	2	(498,778)	(809,763)
Share-based payments	2	(178,670)	(1,064,113)
Depreciation expenses	2	(15,981)	(28,816)
Other expenses		(493,332)	(606,204)
Exploration expenses	2	(4,781,449)	(4,143,964)
Impairment of capitalised exploration and evaluation expenditure	6	-	(12,303)
<b>Loss before income tax expense</b>		<b>(5,693,350)</b>	<b>(7,012,190)</b>
Income tax expense	3(a)		
<b>Loss for the year</b>		<b>(5,693,350)</b>	<b>(7,012,190)</b>
<b>Loss attributable to members of Prodigy Gold NL</b>		<b>(5,693,350)</b>	<b>(7,012,190)</b>
Other comprehensive income		-	-
<b>Total other comprehensive income for the year</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive loss for the year</b>		<b>(5,693,350)</b>	<b>(7,012,190)</b>
<b>Total comprehensive loss for the year attributable to members of Prodigy Gold NL</b>		<b>(5,693,350)</b>	<b>(7,012,190)</b>
<b>Basic loss per share attributable to the ordinary equity holders of the Company</b>			
Basic loss per share (cents per share)	18	(1.45)	(1.87)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2018

	Notes	Consolidated	
		2018 \$	2017 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	4	6,136,652	5,361,475
Other receivables	5	110,995	23,875
Inventories		15,003	47,919
Other current assets		125,408	135,697
<b>TOTAL CURRENT ASSETS</b>		<b>6,388,058</b>	<b>5,568,966</b>
<b>NON-CURRENT ASSETS</b>			
Term deposits	5	2,431,677	2,533,023
Property, plant and equipment		155,176	251,802
Exploration and evaluation expenditure	6	10,048,751	10,048,751
<b>TOTAL NON CURRENT ASSETS</b>		<b>12,635,604</b>	<b>12,833,576</b>
<b>TOTAL ASSETS</b>		<b>19,023,662</b>	<b>18,402,542</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	7	671,193	539,698
Employee benefits		178,702	180,274
<b>TOTAL CURRENT LIABILITIES</b>		<b>849,895</b>	<b>719,972</b>
<b>NON-CURRENT LIABILITIES</b>			
Employee benefits		58,385	56,737
Provisions	8	1,688,251	1,755,472
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>1,746,636</b>	<b>1,812,209</b>
<b>TOTAL LIABILITIES</b>		<b>2,596,531</b>	<b>2,532,181</b>
<b>NET ASSETS</b>		<b>16,427,131</b>	<b>15,870,361</b>
<b>EQUITY</b>			
Contributed equity	9	172,403,391	166,374,620
Reserves	10(a)	3,310,340	3,088,991
Accumulated losses		(159,286,600)	(153,593,250)
<b>TOTAL EQUITY</b>		<b>16,427,131</b>	<b>15,870,361</b>

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

## CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2018

	Notes	Consolidated	
		2018 \$	2017 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Other Income		3,679	249,348
Payments to suppliers and employees (excludes payments for exploration)		(921,725)	(1,749,596)
Interest received		138,105	175,441
R&D uplift refund		71,069	810,212
Payments for exploration		(4,704,442)	(4,134,779)
Payments for mining and processing		-	(1,877,884)
<b>Net cash (outflow) from operating activities</b>	17	(5,413,314)	(6,527,258)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		-	(2,500)
Proceeds from sale of property, plant and equipment		58,374	29,010
<b>Net cash inflow from investing activities</b>		58,374	26,510
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from Employee loan repayments		-	148,106
Proceeds from issue of shares		6,044,353	-
Placement / Refund of security deposits (cash-back)		101,346	1,617,651
Share issue costs		(15,582)	(100)
<b>Net cash inflow from financing activities</b>		6,130,117	1,765,657
Net increase/(decrease) in cash and cash equivalents		775,177	(4,735,091)
Cash and cash equivalents at beginning of year		5,361,475	10,096,566
<b>Cash and cash equivalents at end of year</b>	4	6,136,652	5,361,475

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2018

	Notes	Contributed Equity \$	Share-based Payment Reserve \$	Employee Options Reserve \$	Accumulated Losses \$	Total \$
<b>Balance at 1 July 2016</b>		166,259,494	1,937,613	311,382	(146,892,443)	21,616,046
<b>Comprehensive income for the year</b>						
Loss for the year		-	-	-	(7,012,190)	(7,012,190)
Other comprehensive income		-	-	-	-	-
<b>Total comprehensive loss for the year</b>		-	-	-	(7,012,190)	(7,012,190)
<b>Transaction with owners in their capacity as owners:</b>						
Transaction costs	9(a)	(100)	-	-	-	(100)
Recognition of treasury shares	9(a)	516,793	-	-	-	516,793
Share-based payments	14	-	1,151,378	-	-	1,151,378
Employee share loan de-recognition	9(a)	(549,673)	-	-	-	(549,673)
Treasury shares sold	9(a)	148,106	-	-	-	148,106
Transfer of expired option reserve	10(a)	-	-	(311,382)	311,382	-
<b>Total transactions with owners</b>		115,126	1,151,378	(311,382)	311,382	1,266,505
<b>Balance at 30 June 2017</b>		166,374,620	3,088,991	-	(153,593,250)	15,870,361
<b>Comprehensive income for the year</b>						
Loss for the year		-	-	-	(5,693,350)	(5,693,350)
Other comprehensive income		-	-	-	-	-
<b>Total comprehensive loss for the year</b>		-	-	-	(5,693,350)	(5,693,350)
<b>Transaction with owners in their capacity as owners:</b>						
Shares issued	9(a)	6,044,353	-	-	-	6,044,353
Transaction cost	9(a)	(15,582)	-	-	-	(15,582)
Share-based payments	14	-	221,349	-	-	221,349
<b>Total transactions with owners</b>		6,028,771	221,349	-	-	6,250,120
<b>Balance at 30 June 2018</b>		172,403,391	3,310,340	-	(159,286,600)	16,427,131

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### NOTE 1: SEGMENT INFORMATION

Commencing 1 July 2017 the full Board of Directors, who are the chief operating decision makers, identified one operating segment reportable as exploration for the Group. Prior to 1 July 2017 the Company additionally reported on the Mining and Processing segment.

### NOTE 2: EXPENSES

	Consolidated	
	2018 \$	2017 \$
Employee and Directors' benefits expense	1,629,665	1,906,918
Less: Amounts included in mining and processing expenses	-	(113,946)
Amounts included in exploration expenses	(1,130,887)	(983,209)
	<u>498,778</u>	<u>809,763</u>
Share-based payment expense	221,349	1,151,378
Less: Amounts included in exploration expenses	(42,679)	(87,265)
	<u>178,670</u>	<u>1,064,113</u>
Depreciation expense	96,626	279,995
Less: Amounts included in mining and processing expenses	-	(34,807)
Amounts included in exploration expenses	(80,645)	(216,372)
	<u>15,981</u>	<u>28,816</u>
Exploration expenses:		
Employee benefit expense	1,130,887	983,209
Share-based payment expense	42,679	87,265
Depreciation expense	80,645	216,372
Other exploration expenses	3,527,238	2,857,118
	<u>4,781,449</u>	<u>4,143,964</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### NOTE 3: INCOME TAX EXPENSE

	Consolidated	
	2018 \$	2017 \$
<b>a) Income tax expense</b>		
Current tax	-	-
Deferred tax	-	-
	-	-
<b>b) Reconciliation of income tax expense to prima facie tax payable</b>		
Loss from continuing operations before income tax expense	(5,693,350)	(7,012,190)
Tax at the Australian tax rate of 27.5% (2017: 27.5%)	(1,565,671)	(1,928,352)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Non-assessable income	(19,544)	-
Share-based payments	60,871	316,629
Other permanent differences	633	652
	(1,523,711)	(1,611,071)
Deferred tax assets not brought to account	1,523,711	1,611,071
Income tax expense	-	-
The applicable weighted average effective tax rates	0%	0%
<b>c) Deferred tax liability</b>		
Exploration and evaluation expenditure	2,707,538	2,702,680
Temporary difference	42,886	53,768
	2,750,424	2,756,448
Off-set of deferred tax assets	(2,750,424)	(2,756,448)
Net deferred tax liability recognised	-	-
<b>d) Unrecognised deferred tax assets arising on timing</b>		
Tax losses	39,020,923	37,375,508
Temporary differences	2,090,875	2,164,977
Expenses taken into equity	76,017	172,106
	41,187,815	39,712,591
Off-set of deferred tax liabilities	(2,750,424)	(2,756,448)
Net deferred tax assets not brought to account	38,437,391	36,956,143

No deferred tax assets have been recognised as it is not probable that future tax profits will be available to offset these balances.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

## NOTE 3: INCOME TAX EXPENSE cont'd

### Accounting Policy

#### Income taxes

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are not brought to account unless realisation of the asset is probable. Deferred tax assets in relation to tax losses are not brought to account unless it is probable that the benefit will be utilised.

Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

#### Tax consolidation legislation

Prodigy Gold NL and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. The Parent Entity, Prodigy Gold NL, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right.

### Accounting estimates and judgements

#### Income taxes

The Group is subject to income taxes in Australia. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group estimates its tax liabilities based on the Group's understanding of the tax law. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

## NOTE 4: CASH AND CASH EQUIVALENTS

	Consolidated	
	2018	2017
	\$	\$
Cash at bank and in hand	1,146,652	1,332,185
Short-term bank deposits	4,990,000	4,029,290
	<u>6,136,652</u>	<u>5,361,475</u>

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of six months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### NOTE 5: TERM DEPOSITS AND OTHER RECEIVABLES

	Consolidated	
	2018	2017
	\$	\$
CURRENT		
Trade receivables	85,457	-
Other receivables (Note 5(a))	25,538	23,875
	110,995	23,875
NON-CURRENT		
Bond term deposit	2,431,677	2,533,023
	2,431,677	2,533,023

#### (a) Other receivables

These amounts generally arise from transactions outside the usual operating activities of the Group, and do not contain any past due assets that are not impaired.

### NOTE 6: EXPLORATION, EVALUATION AND DEVELOPMENT EXPENDITURE

	Consolidated	
	2018	2017
	\$	\$
Carrying amount at the beginning of reporting period	10,048,751	10,061,054
Less: Impairment expense	-	(12,303)
Carrying amount at the end of reporting period	10,048,751	10,048,751

#### Accounting Policy

Acquired exploration and evaluation assets are carried at acquisition value less any subsequent impairment.

All exploration and evaluation expenditure, subsequent to initial acquisition, is expensed until the Directors conclude that the technical feasibility and commercial viability of extracting a Mineral Resource are demonstrable and that future economic benefits are probable. In making this determination, the Directors consider the extent of exploration, the proximity to existing mine or development properties as well as the degree of confidence in the mineral resource.

No amortisation is charged during the exploration and evaluation phase. Amortisation is charged upon commencement of commercial production. Exploration and evaluation assets are tested for impairment triggers annually and if there is an indicator of impairment under AASB 6, the area of interest is tested for impairment under AASB 136. Upon establishment of commercially viable mineral resources, exploration and evaluation assets are tested for impairment.

#### Accounting estimates and judgements

The Company undertook an assessment for impairment triggers of its exploration assets. No changes occurred and no impairment was recognised (2017: \$12,303).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### NOTE 7: TRADE AND OTHER PAYABLES

	Consolidated	
	2018	2017
	\$	\$
CURRENT LIABILITIES (Unsecured)		
Trade payables	172,237	376,793
Sundry payables and accrued expenses	498,956	162,905
	671,193	539,698

Information about the Group's exposure to liquidity risk is provided in Note 11.

### Accounting Policy

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. Trade and other payables are recognised initially at fair value and subsequently at amortised cost.

### NOTE 8: PROVISIONS

	Consolidated	
	2018	2017
	\$	\$
NON-CURRENT		
Exploration and mine restoration	1,688,251	1,755,472
	1,688,251	1,755,472

### Movement in provisions

Movement in provisions during the current financial year, other than employee benefits, are set out below:

	Consolidated	
	2018	2017
	\$	\$
Opening balance	1,755,472	1,972,192
Additional provisions	164,403	8,113
Amounts reversed	(231,624)	(224,833)
Closing balance	1,688,251	1,755,472

### Accounting Policy

Long-term environmental obligations are based on the Group's environmental management plans, in compliance with current environmental and regulatory requirements. Full provision is made based on the value of the estimated cost of restoring the environmental disturbance that has occurred up to the reporting date. The restoration provision relates to exploration, evaluation and development expenditure and rehabilitation relating to the mining lease.

The estimated costs of rehabilitation are reviewed annually and adjusted as appropriate for changes in legislation, technology or other circumstances. Cost estimates are not reduced by the potential proceeds from the sale of assets.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### NOTE 8: PROVISIONS cont'd

#### Accounting estimates and judgements

##### *Rehabilitation obligation*

The Group estimates the future rehabilitation costs of the site and exploration locations taking into consideration facts and circumstances available at statement of financial position date. A provision has been recognised for the cost to be incurred for the restoration of mine and exploration sites based on the estimated cost. The estimated cost is determined to be the equivalent to the bonds provided to the relevant government departments, reduced by restoration work completed and then increased by a correction factor. The bonds provided are calculated by the government by allocating rehabilitation cost to activities proposed in a mine management plan submitted to the department. Restoration work is completed on an ongoing basis.

### NOTE 9: CONTRIBUTED EQUITY

#### (a) Ordinary Shares

Details	Date	Number of Shares	Issue Price \$	Value \$
Opening balance	1 July 2016	375,157,803		166,259,494
Employee share loan de-recognition <sup>1)</sup>	6 June 2017			(549,673)
Treasury shares sold <sup>1)</sup>	6 June 2017			148,106
Recognition of treasury shares <sup>1)</sup>	6 June 2017			516,793
Transaction costs relating to share issues				(100)
Closing balance	30 June 2017	<u>375,157,803</u>		<u>166,374,620</u>
Share placement	15 March 2018	60,443,531	0.10	6,044,353
Transaction costs relating to share issues				(15,582)
Closing balance	30 June 2018	<u>435,601,334</u>		<u>172,403,391</u>

<sup>1)</sup> The treasury shares relating to Director and employee non-recourse share loans have been derecognised to take into account the expiry of the outstanding share loans during the year. The total number of treasury shares as at 30 June 2018 was nil (2017: nil). An amount of nil (2017: \$148,106) in relation to the Directors and employees share loans has been received following a sale of the shares on behalf of the employees in satisfaction of their share loans. The remainder of the non-recourse loans was derecognised in 2017. There are no balances remaining.

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

#### (b) Options

The number of unlisted options of the Company as at 30 June 2018 is 24 Million (2017: 24 Million). For further details refer to Note 14.

#### Accounting Policy

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### NOTE 9: CONTRIBUTED EQUITY cont'd

If the entity reacquires its own equity instruments, for example as the result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

### NOTE 10: RESERVES

#### (a) Reserves

	Consolidated	
	2018 \$	2017 \$
Share-based payment reserve	3,310,340	3,088,991
	<u>3,310,340</u>	<u>3,088,991</u>

#### Movements in reserves

	Share-based payment \$	Employee options \$
Balance at 1 July 2016	1,937,613	311,382
Share-based payments expense	1,151,378	-
Transfer of reserve to retained earnings	-	(311,382)
Balance at 30 June 2017	<u>3,088,991</u>	<u>-</u>
Share-based payments expense	221,349	-
Balance at 30 June 2018	<u>3,310,340</u>	<u>-</u>

#### (b) Nature and purpose of Share-based payment reserve

The share-based payment reserve is used to recognise the fair value of options issued as consideration for services provided.

### NOTE 11: FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Risk management is addressed within an evaluative process at Board meetings.

#### Accounting estimates

##### Market Risk - Interest rate risk

Interest rate risk for the Group is considered to be minimal. The Group had no interest attracting debts at 30 June 2018 and assets are managed with a mixture of short term and at call investments. All other receivables are non-interest bearing.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### NOTE 11: FINANCIAL RISK MANAGEMENT cont'd

The Group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

	Weighted Average Effective Interest Rate %	Floating Interest Rate \$	Fixed Interest Rate Maturing			Non-Interest Bearing \$	Total \$
			< 1 year \$	1 - 5 year \$	> 5 years \$		
<b>30 June 2018</b>							
<b>Financial Assets:</b>							
Cash and bonds	1.92%	1,146,652	4,990,000	-	-	-	6,136,652
Receivables		-	-	-	-	110,995	110,995
Total financial assets		1,146,652	4,990,000	-	-	110,995	6,247,647
<b>Financial Liabilities:</b>							
Payables		-	-	-	-	671,193	671,193
Total financial liabilities		-	-	-	-	671,193	671,193
<b>30 June 2017</b>							
<b>Financial Assets:</b>							
Cash and bonds	1.88%	1,332,185	4,029,290	-	-	-	5,361,475
Receivables		-	-	-	-	23,875	23,875
Total financial assets		1,332,185	4,029,290	-	-	23,875	5,385,350
<b>Financial Liabilities:</b>							
Payables		-	-	-	-	539,698	539,698
Total financial liabilities		-	-	-	-	539,698	539,698

The Group's exposure to interest rate risk relates primarily to the Group's cash and cash equivalents as detailed in the above table. A sensitivity analysis has been determined based on the exposure to interest rates at reporting date with the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

Based on the financial instruments held at 30 June 2018, should the interest rate weaken/strengthen by 100 basis points against the effective interest rate with all other variables held constant, post-tax loss for the year would have been \$61,367 higher/\$61,367 lower (2017: \$53,615 higher/\$53,615 lower).

### Credit Risk

Credit risk is managed on a Group basis. Credit risk is a risk of financial loss if the Group's counterparties are failing to discharge their obligation in respect to the Group's financial instruments held in those counterparties. Credit risk mainly arises from cash, cash equivalents, deposits with banks and receivables. The Group deposits its fund only with prudent banks with the minimum rating of "A", and the management believes they are fully recoverable from the banks when due. There are no receivables past due but not impaired.

Credit risk further arises in relation to financial guarantees given to certain parties (see Note 13 for details). The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets as summarised in the table below.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### NOTE 11: FINANCIAL RISK MANAGEMENT cont'd

	Consolidated	
	2018 \$	2017 \$
Cash at bank	6,136,652	5,361,475
Bonds term deposit	2,431,667	2,533,023
Receivables	110,995	23,875
Bank guarantees	2,431,667	2,533,023

#### Liquidity Risk

The Group has prudent liquidity risk management which includes maintaining sufficient funds to meet operational and exploration expenditure when they are due for payment, and the availability of funding through an adequate amount of a committed fund sources. The Group and Parent Entity manage liquidity risk by continuously monitoring forecasts and actual cash flows.

The Directors of the Group place high importance on capital raising strategies and investor relations. Strategies pursued include road shows, company presentation to fund managers and sophisticated investors and consideration of strategic partnerships.

#### Maturities of financial liabilities

The tables below analyse the Group's and the Parent Entity's financial liabilities into relevant maturity periods based on the remaining period at balance date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	< 6 months \$	6 - 12 months \$	1 - 2 years \$	2 - 5 years \$	> 5 years \$	Total Contractual Cash Flows \$	Carrying Amount \$
<b>30 June 2018</b>							
Non-derivatives							
Non-interest bearing	671,193	-	-	-	-	671,193	671,193
Interest bearing	-	-	-	-	-	-	-
Total non-derivatives	671,193	-	-	-	-	671,193	671,193
<b>30 June 2017</b>							
Non-derivatives							
Non-interest bearing	539,698	-	-	-	-	539,698	539,698
Interest bearing	-	-	-	-	-	-	-
Total non-derivatives	539,698	-	-	-	-	539,698	539,698

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### NOTE 12: AUDITOR'S REMUNERATION

	Consolidated	
	2018 \$	2017 \$
<b>a) Audit services</b>		
BDO	30,574	36,719
Total remuneration of audit services	30,574	36,719
<b>b) Non-audit services</b>		
BDO – Tax compliance services	26,832	27,781
Total remuneration of non-audit services	26,832	27,781

### NOTE 13: CONTINGENCIES

#### *Environmental*

The Group provides for all known environmental liabilities. While the Directors believe that, based upon current information, its current provisions for the environmental rehabilitation are adequate, there can be no assurance that material new provisions will not be required as a result of new information or regulatory requirements with respect to known sites or identification of new remedial obligations at other sites.

Bank guarantees totaling \$2,326,588 (2017: \$2,427,937) have been provided. Term deposits of \$2,326,588 (2017: \$2,427,937) secure these guarantees. Per Note 8 a restoration provision of \$1,688,251 (2017: \$1,755,472) has been recognised for all known required restoration costs.

### NOTE 14: SHARE-BASED PAYMENTS

During the financial year ended 30 June 2016, the Group granted 7 Million options as an equity incentive to Mr T McKeith (Non-Executive Chairman), which were approved by shareholders at the Company's Annual General Meeting in November 2016 and issued on 3 November 2016. The term of the options is 4 years from 27 June 2016, with an exercise price of \$0.095 calculated at a premium of 45% to the 5 day VWAP of Prodigy Gold's share price on the day immediately prior to the date of signing the letter of appointment.

Tommy McKeith	Tranche 1	Tranche 2	Tranche 3
Number of options granted	3,000,000	2,000,000	2,000,000
Number of options vested	3,000,000	2,000,000	2,000,000
Fair value at grant date	\$0.066	\$0.066	\$0.066
Exercise price	\$0.095	\$0.095	\$0.095
Price at agreement date	\$0.066	\$0.066	\$0.066
Grant date	3 November 2016	3 November 2016	3 November 2016
Exercise period	48 months	48 months	48 months
Vesting date (subject to option issue)	3 November 2016	27 June 2017	27 June 2018
Expected price volatility of options	110%	110%	110%
Risk free interest rate	1.64%	1.64%	1.64%

During the financial-year ended 30 June 2017, the Group granted 11 Million options as an equity incentive to Mr M Briggs (Managing Director), which were shareholder approved at the Company's Annual General Meeting in November 2016 and issued on 3 November 2016. The term of the options is 4 years from 23 August 2016 with an exercise price to be calculated at a premium of 45% to the 5 day VWAP of Prodigy Gold's share price on:

- the day immediately prior to the date of signing the letter of appointment for Tranche 1 and
- the day immediately prior to the date the options vest for Tranche 2 and Tranche 3.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### NOTE 14: SHARE-BASED PAYMENTS cont'd

Matthew Briggs	Tranche 1	Tranche 2	Tranche 3
Number of options granted	5,000,000	3,000,000	3,000,000
Number of options vested	5,000,000	3,000,000	Nil
Fair value at grant date	\$0.063	\$0.060	\$0.060
Exercise price	\$0.090	\$0.189	\$0.112
Price at agreement date	\$0.062	\$0.062	\$0.062
Grant date	3 November 2016	3 November 2016	3 November 2016
Exercise period	48 months	48 months	48 months
Vesting date (subject to option issue)	3 November 2016	23 August 2017	23 August 2018
Expected price volatility of options	110%	110%	110%
Risk free interest rate	1.69%	1.69%	1.69%

The vesting of the above Tranche 3 options remain subject to continuing service conditions.

During the financial-year ended 30 June 2017, the Group granted 2 Million options as an equity incentive to Mr N Jones (Exploration Manager). The term of the options is 4 years from 20 March 2017, with an exercise price to be calculated at a premium of 45% to the 5 day VWAP of Prodigy Gold's share price on:

- the date of commencement of employment for Tranche 1 and
- the day immediately prior to the date the options vest for Tranche 2 and Tranche 3.

Neil Jones	Tranche 1	Tranche 2	Tranche 3
Number of options granted	1,000,000	500,000	500,000
Number of options vested	1,000,000	500,000	Nil
Fair value at grant date	\$0.073	\$0.071	\$0.069
Exercise price	\$0.153	\$0.157	\$0.193
Price at agreement date	\$0.106	\$0.106	\$0.106
Grant date	20 March 2017	20 March 2017	20 March 2017
Exercise period	48 months	48 months	48 months
Vesting date (subject to option issue)	20 March 2017	20 March 2018	20 March 2019
Expected price volatility of options	110%	110%	110%
Risk free interest rate	1.69%	1.69%	1.69%

The vesting of the above Tranche 3 options is subject to continuing service conditions. The options were issued on 20 March 2017.

### Share-based payments expense reconciliation

	Consolidated	
	2018	2017
	\$	\$
Share-based payments expense:		
Options	221,349	1,151,378
	<u>221,349</u>	<u>1,151,378</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

#### NOTE 15: RELATED PARTY TRANSACTIONS

Transactions between related parties occur on normal commercial terms and conditions and are no more favourable than those available to other parties unless otherwise stated. The details of transactions with related parties of key management personnel are set out in page 29 of the Remuneration Report (Other transactions with Directors and other key management personnel).

During the year transactions occurred by the Parent Entity for exploration expenditure of its wholly owned subsidiaries. Any expenditure incurred by the Parent Entity on behalf of its wholly owned subsidiaries is written off and eliminated on consolidation.

#### NOTE 16: SUBSEQUENT EVENTS

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

#### NOTE 17: CASH FLOW INFORMATION

	Consolidated	
	2018	2017
	\$	\$
<b>Reconciliation of Cash Flow from Operations with Loss after Income Tax</b>		
Loss after income tax	(5,693,350)	(7,012,190)
Non cash investing and financing activities		
Depreciation	96,626	279,995
Gain/(loss) on disposal of property, plant and equipment (net)	(58,374)	(24,387)
Impairment of capitalised exploration expenditures	-	12,303
Share-based payments	221,349	1,151,378
Changes in assets and liabilities		
(Increase)/decrease in term deposits and other receivables	(87,120)	1,134,176
(increase)/decrease in inventories	32,916	313,180
(increase)/decrease in other assets	10,289	41,301
(Decrease)/increase in trade and other payables and accruals	131,495	(1,944,513)
(Decrease)/increase in employee entitlements	76	(261,781)
(Decrease)/increase in provisions	(67,221)	(216,720)
Cash flow/(outflow) from operations	<u>(5,413,314)</u>	<u>(6,527,258)</u>

#### NOTE 18: LOSS PER SHARE

	Consolidated	
	2018	2017
	\$	\$
<b>a) Basic loss per share</b>		
Basic loss per share attributable to the ordinary equity holders of the Company	<u>(1.45)</u>	<u>(1.87)</u>
<b>b) Reconciliation of loss used in calculated loss per share</b>		
Loss attributable to owners of Prodigy Gold NL used to calculate basic loss per share – Loss from continuing operations	<u>(5,693,350)</u>	<u>(7,012,190)</u>
	<u>(5,693,350)</u>	<u>(7,012,190)</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### NOTE 18: LOSS PER SHARE cont'd

	Consolidated	
	2018	2017
	\$	\$
c) <b>Weighted average number of shares used as denominator</b>		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	392,876,866	375,157,803

The Group made a loss, therefore the diluted EPS is not shown as it is not dilutive.

### Accounting Policy

Basic earnings/(loss) per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

### NOTE 19: PARENT ENTITY INFORMATION

The following information relates to the Parent Entity Prodigy Gold NL. The information presented has been prepared using accounting policies that are consistent with those presented in Note 22.

	Consolidated	
	2018	2017
	\$	\$
Current assets	6,388,057	5,568,965
Non-current assets	12,635,605	12,833,577
<b>Total assets</b>	<b>19,023,662</b>	<b>18,402,542</b>
Current liabilities	849,895	719,972
Non-current liabilities	1,746,636	1,812,209
<b>Total liabilities</b>	<b>2,596,531</b>	<b>2,532,181</b>
<b>Net assets</b>	<b>16,427,131</b>	<b>15,870,361</b>
Contributed equity	172,403,391	166,226,514
Reserves	3,310,340	3,088,991
Accumulated losses	(159,286,600)	(153,445,144)
<b>Total equity</b>	<b>16,427,131</b>	<b>15,870,361</b>
Profit/(loss) for the year	(5,693,350)	(7,012,190)
Other comprehensive income/(loss) for the year	-	-
<b>Total comprehensive (loss)</b>	<b>(5,693,350)</b>	<b>(7,012,190)</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### NOTE 20: SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with Prodigy Gold's accounting policies:

			Equity Holding		Investment	
			2018	2017	2018	2017
			%	%	\$	\$
<b>Parent Entity</b>						
Prodigy Gold NL	Australia	Ordinary	-	-	-	-
<b>Controlled entities</b>						
Rare Resources NL	Australia	Ordinary	100	100	-	-
Australian Tenement Holdings Pty Ltd	Australia	Ordinary	100	100	-	-
					-	-
					-	-

### NOTE 21: COMPANY DETAILS

The registered office of the Group and principal place of business is:

Prodigy Gold NL  
Level 1, 141 Broadway  
NEDLANDS WA 6009

### NOTE 22: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - not reported elsewhere

#### (a) Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the *Corporations Act 2001*. Prodigy Gold NL is a for-profit entity domiciled in Australia for the purpose of preparing the financial statements. The principal accounting policies not reported elsewhere and adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### *Compliance with IFRS*

The financial statement of Prodigy Gold NL also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

#### *Historical cost convention*

These financial statements have been prepared under the historical cost convention.

#### *Critical accounting estimates*

The preparation of financial statements in conformity with International Financial Reporting Standards as adopted in Australia requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the economic entity's accounting policies. Refer to Note 3 (Income Tax Expense), Note 6 (Exploration, Evaluation and Development Expenditure) and Note 8 (Provisions).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

## NOTE 22: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

### *Financial statement presentation*

In accordance to the *Corporations Act 2001*, there are no separate financial statements for Prodigy Gold NL as an individual entity presented. However, limited financial information for Prodigy Gold NL as an individual entity's is included in Note 19.

### *Going concern*

The financial statements have been prepared on the going concern basis of accounting which assumes that the Group will be able to meet its commitments, complete rehabilitation, realise its assets and discharge its liabilities in the ordinary course of business.

The Group has approved a budget that contemplates an equity raising during the next financial year to fund an extensive exploration program in excess of its current cash reserves. However, the Group has the ability to defer exploration expenditure or divest assets in the event that the terms of an equity raising are not considered suitable to the Group.

## (b) Principles of Consolidation

### *Subsidiaries*

The consolidated financial statements incorporate the assets and liabilities of all controlled entities of Prodigy Gold NL as at 30 June 2018 and the results of all controlled entities for the year then ended.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

## (c) New Accounting Standards for Application in Future Periods

Accounting Standards issued by the AASB that are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods, are discussed below:

Reference	Title	Nature of Change	Application Date of Standard	Impact on the Group Financial Statements	Application Date for the Group
AASB 9	Financial Instruments and associated Amending Standards	The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and de-recognition requirements for financial instruments and simplified requirements for hedge accounting.	Annual reporting periods beginning on or after 1 January 2018	Adoption of AASB 9 is only mandatory for the year ending 30 June 2019. The Directors anticipate that the adoption of AASB 9 may only have a minimal impact on the Group's financial instruments, in particular as the Group does not undertake any hedging activity.	1 July 2018

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### NOTE 22: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

Reference	Title	Nature of Change	Application Date of Standard	Impact on the Group Financial Statements	Application Date for the Group
AASB 15	Revenue from Contracts with Customers	When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Apart from a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.	Annual reporting periods beginning on or after 1 January 2018	The Directors don't anticipate that the adoption of AASB 15 will have an impact, or only a minimal impact, on the Group's financial statements as the Group does not derive revenue from Contracts with Customers.	1 July 2018
AASB 16	Leases	When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: <i>Leases</i> and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.	Annual reporting periods beginning on or after 1 January 2019	Although the Directors anticipate that the adoption of AASB 16 will impact the Group's financial statements, it is anticipated that the impact will not be material as the Group does not have material leases. Leases that may be affected by the new standard are the lease of the premises in Nedlands, a copier lease and the lease of fuel tanks on ML29822. The full impact is yet to be determined.	1 July 2019

## DIRECTORS' DECLARATION

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The Directors of the Group declare that:

1. the consolidated financial statements, comprising the Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Cash Flows, Consolidated Statement of Changes in Equity, and accompanying notes, as set out on pages 34 to 56 are in accordance with the *Corporations Act 2001*, and:
  - (a) comply with Accounting Standards and the Corporations Regulations 2001; and
  - (b) give a true and fair view of the financial position as at 30 June 2018 and of the performance for the year ended on that date of the Group;
2. the Managing Director and the Chief Financial Officer of the Group have each declared as required by Section 295A that:
  - (a) the financial records of the Group for the financial year have been properly maintained in accordance with Section 286 of the *Corporations Act 2001*;
  - (b) the financial statements and notes for the financial year comply with the Accounting Standards; and
  - (c) the financial statements and notes for the financial year give a true and fair view.
3. in the Directors' opinion there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.
4. The Group has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.

This declaration is made in accordance with a resolution of the Board of Directors.

Dated this 14<sup>th</sup> day of August 2018



MATTHEW BRIGGS  
Managing Director

## INDEPENDENT AUDITOR'S REPORT

To the members of Prodigy Gold NL

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Prodigy Gold NL (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## Recoverability of exploration and evaluation expenditure

Key audit matter	How the matter was addressed in our audit
<p>As disclosed in Note 6 of the financial report, the carrying value of capitalised exploration and evaluation expenditure represents a significant asset of the group.</p> <p>Refer to Note 6 of the financial report for a description of the accounting policy and significant judgements applied to capitalised exploration and evaluation expenditure.</p> <p>In accordance with AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i> ("AASB 6"), the recoverability of exploration and evaluation expenditure requires significant judgment by management in determining whether there are any facts or circumstances that exist to suggest that the carrying amount of this asset may exceed its recoverable amount. As a result, this is considered a key audit matter.</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>➤ Confirming whether the rights to tenure of the areas of interest remained current at balance date;</li> <li>➤ Assessing the ability to finance any planned future exploration and evaluation activity;</li> <li>➤ Making enquiries of management with respect to the status of ongoing exploration programs in the respective areas of interest and assessing the Group's cashflow budget for the level of budgeted spend on exploration projects;</li> <li>➤ Considering whether any areas of interest had reached a stage where a reasonable assessment of economically recoverable reserves existed;</li> <li>➤ Considering whether there are any other facts or circumstances that existed to indicate impairment testing was required; and</li> <li>➤ Assessing the adequacy of the related disclosures in Note 6 of the financial report.</li> </ul>

### Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2018, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

[http://www.auasb.gov.au/auditors\\_responsibilities/ar1.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf)

This description forms part of our auditor's report.

## Report on the Remuneration Report

### Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 25 to 29 of the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Prodigy Gold NL, for the year ended 30 June 2018, complies with section 300A of the *Corporations Act 2001*.

### Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*.





Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit (WA) Pty Ltd

A handwritten signature in black ink, appearing to read 'Wayne Basford'. Above the signature, the letters 'BDO' are written in a cursive, handwritten style.

Wayne Basford

Partner

Perth, 14 August 2018

## ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

Additional information required by the Australian Securities Exchange Limited and not shown elsewhere in this report is set out below. The information was prepared based on share registry information processed up to 10 August 2018.

### 1. Shareholdings

#### (a) Distribution of shareholders

Size of holding category (number of shares held)	Number of Holders Ordinary Shares
1 – 1,000	690
1,001 – 5,000	1,117
5,001 – 10,000	563
10,001 – 100,000	1,050
100,001 and over	321
	<hr/>
	3,741

#### (b) The number of shareholders holding less than a marketable parcel

The number of shareholders holding less than a marketable parcel is nil.

#### (c) The names of the substantial shareholders

The name of the substantial shareholders listed in the holding Company's register are:

Shareholders	Number of Ordinary Shares	% Held of Issued Ordinary Capital
Pacific Road Capital Management Pty Ltd	68,080,809	15.63
APAC Resources Limited & Allied Properties Investments (1) Company Limited	59,067,914	13.56
St Barbara Limited	43,560,000	10.00
Independence Group NL	39,403,428	9.05
Craton Capital Precious Metal Fund	26,000,000	5.97

#### (d) Voting rights

The voting rights attached to each class of equity security are as follows:

#### (e) Ordinary shares

Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

## ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

### 1. Shareholdings cont'd

#### (e) 20 largest shareholders – Ordinary shares

Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1. PACIFIC ROAD CAP MGNT PL	68,080,809	15.63
2. NATIONAL NOM LTD	59,317,381	13.62
3. ST BARBARA LTD	43,560,000	10.00
4. INDEPENDENCE GRP NL	39,403,428	9.05
5. J P MORGAN NOM AUST LTD	31,157,198	7.15
6. PERTH SELECT SEAFOODS PL	9,133,334	2.10
7. CITICORP NOM PL	7,140,502	1.64
8. HSBC CUSTODY NOM AUST LTD	6,718,344	1.54
9. SANDHURST TTEES LTD	4,341,828	1.00
10. SOUTHERN CROSS CAP PL	4,000,000	0.92
11. CEN PL	3,325,000	0.76
12. WYLIE STEPHEN ROBERT	2,902,862	0.67
13. JEMAYA PL	2,500,000	0.57
14. FRESHWATER RES PL	2,000,000	0.46
15. REXFAM TRADING PL	1,777,597	0.41
16. DOBBIN ANGELA	1,732,761	0.40
17. MAIOLO VINCENT ANDREW	1,630,000	0.37
18. MCKEITH THOMAS DAVID	1,476,869	0.34
19. BUDWORTH CAP PL	1,450,000	0.33
20. MUSCON PL	1,333,334	0.31
	<b>292,981,247</b>	<b>67.27</b>

### 2. Company Secretary

The name of the Company Secretary is Ms Jutta Zimmermann.

### 3. Registered and Principal Place of Business

Prodigy Gold NL  
Level 1, 141 Broadway  
NEDLANDS WA 6009  
Phone: +61 8 9423 9777  
Fax: +61 8 9423 9733

### 4. Register of Securities

Registers of securities are held at the following address:

Security Transfer Registrars Pty Ltd  
770 Canning Highway  
APPLECROSS WA 6153

## **ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES**

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### **5. Stock Exchange Listing**

Quotation has been granted for all the ordinary shares of the Company on all Member Exchanges of the Australian Securities Exchange Limited.

### **6. Unquoted Securities**

The Company has 24 Million unlisted options.



Level 1, 141 Broadway, Nedlands WA 6009

[www.prodigygold.com.au](http://www.prodigygold.com.au)