

**ASX ANNOUNCEMENT / MEDIA RELEASE**

**ASX: PRX**

30 November 2023

**New Agreement with Stockton regarding Tanami Exploration Tenements**

On 29 April 2022 **Prodigy Gold NL (ASX: PRX) (“Prodigy Gold” or the “Company”)** announced that it had entered into an agreement with Stockton Mining Ltd (**“Stockton”**) for the divestment of the Company’s Old Pirate Gold Project and 23 surrounding exploration tenements located in the Tanami Region of the Northern Territory (**“Old Pirate Agreement”**). Amendments to the Old Pirate Agreement were subsequently announced on 5 September 2022, 23 December 2022 and 13 June 2023.

**Overview of previous sale agreement**

As previously announced, the Old Pirate Agreement provided for the sale of:

- the part of ML29822 that held the Company’s Old Pirate Project and associated camp, mill, airfield and plant and equipment; and
- 23 exploration tenements held by the Company in the Tanami Region.

**New Agreement**

It has become apparent to the Company and Stockton that various conditions precedent (including those outside of the control of the parties) relating to the Old Pirate Agreement will not be satisfied by the specified “End Date” of 30 November 2023. The Company and Stockton have therefore mutually agreed to terminate the Old Pirate Agreement and have entered into a new agreement (**“New Agreement”**) with substantially amended terms, which they anticipate will greatly enhance the prospects of the New Agreement proceeding to completion.

The New Agreement differs from the Old Pirate Agreement in the following material ways:

- The assets being sold under the Old Pirate Agreement were that part of the Mineral Lease which covered the Old Pirate Project, infrastructure and plant and equipment relating to the Old Pirate Project, together with 23 exploration tenements. The assets to be sold under the New Agreement will only be the 23 exploration tenements (see Appendix 1).
- The Old Pirate Agreement contained an ‘End Date’ of 30 November 2023. The End Date of the New Agreement will be 30 October 2024.
- To reflect the fact that the sale under the New Agreement will no longer include the Old Pirate Project and associated assets, the cash consideration has been reduced from \$830,000 to \$400,000. If ASX considers the Company to be a “promoter” for the purposes of the ASX Listing Rules, Stockton will issue top up shares to the Company in lieu of the cash consideration to the extent that ASX does not approve the cash consideration.

- The consideration shares have been reduced from a potential circa 15% interest in Stockton, relative to the indicative IPO structure that was proposed by Stockton to be held by the Company in Stockton after completion of the sale, to a 5% interest.
- the net smelter royalty in respect of royalties on any production by Stockton has been reduced from 2.5% to 0.5% and will be payable in respect of gold and silver only, not all minerals. However, the subject area in respect of which the royalty potentially applies is now the area covered by all of the exploration tenements (with the exception of EL 27589).
- The pre-IPO payment of \$750,000 and the deposit of \$100,000 paid by Stockton under the Old Pirate Agreement, will be retained by Prodigy in accordance with terms of the Old Pirate Agreement.
- In relation to holding costs under the Old Pirate Agreement, Stockton was required to pay:
  - for the period from 1 March 2022 to 31 December 2022, 100% of the holding costs in respect of Old Pirate Project and the exploration tenements; and
  - for the period from 1 January 2023 to the earlier of the completion date and 30 November 2023:
    - 66% of the holding costs in respect of Old Pirate Project; and
    - 100% of the holding costs in respect of the exploration tenements.

If completion had occurred under the Old Pirate Project Agreement, Stockton was required to pay 50% of the holding costs in respect of the two section 19 Leases currently held by the Company, for the period 1 January 2023 to completion.

Under the New Agreement

- (a) Stockton will pay 100% of the holding costs of the Exploration Licences.
- (b) Prodigy will pay Stockton approximately \$164,000 in reimbursement of substantiated costs paid by Stockton towards insurance and survey costs in respect of the Old Pirate ML, which will now be retained by Prodigy.

The conditions precedent for Completion materially include:

- Receipt of relevant approval from government and semi-government agencies and parties with an interest in the sale assets.
- The Company obtaining shareholder approval to the sale pursuant to Rule 11.4 of the ASX Listing Rules if required by ASX.
- Stockton completing a successful IPO or private capital raising no later than 30 October 2024 in order to satisfy its obligations at Completion.

The New Agreement terminates if the above conditions precedent are not satisfied by 30 October 2024 or such later date as agreed by the parties in writing.

Due to the termination of the Old Pirate Agreement and signing of the New Agreement, the directors of the Company have reviewed the carrying value of the assets included in the transaction and this will result in an impairment of the carrying value of available for sale assets by approximately \$5 million and other receivables by approximately \$0.35 million.

## **Managing Directors Comments**

“Stockton has undertaken a significant amount of due-diligence work on the Tanami Project including receiving co-funding for exploration drilling on the exploration tenements. This shows the confidence Stockton has in the exploration project in the Tanami Region. The Mineral Lease part of the original transaction added another level of complexity to the deal, so the new deal will allow Prodigy Gold to deal directly with developers of these types of projects, allowing Stockton to explore the exploration tenements, which fits more into their strengths and capabilities.”

This announcement is approved for release by the Board of Directors.

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## **About Stockton**

Stockton Mining Ltd is a public company focused on gold exploration in the Tanami Region of the Northern Territory.

## **About Prodigy Gold NL**

Prodigy Gold has a unique greenfields and brownfields exploration portfolio in the proven multi-million-ounce Tanami Gold Province. Prodigy Gold is currently focused on the Tanami North and Lake Mackay projects with further work required to understand the potential at the Buccaneer project. The key strategic plan for Prodigy Gold over the coming 2 years includes:

- Advancing priority targets and further development of the mineral resources at the Tanami North and Lake Mackay Projects
- A mining options study on the Buccaneer Resource
- Systematic evaluation of all of Prodigy Gold targets to determine next steps with either further exploration, divestment or tenement relinquishment
- Support Joint Venture partners to expedite discovery on their projects

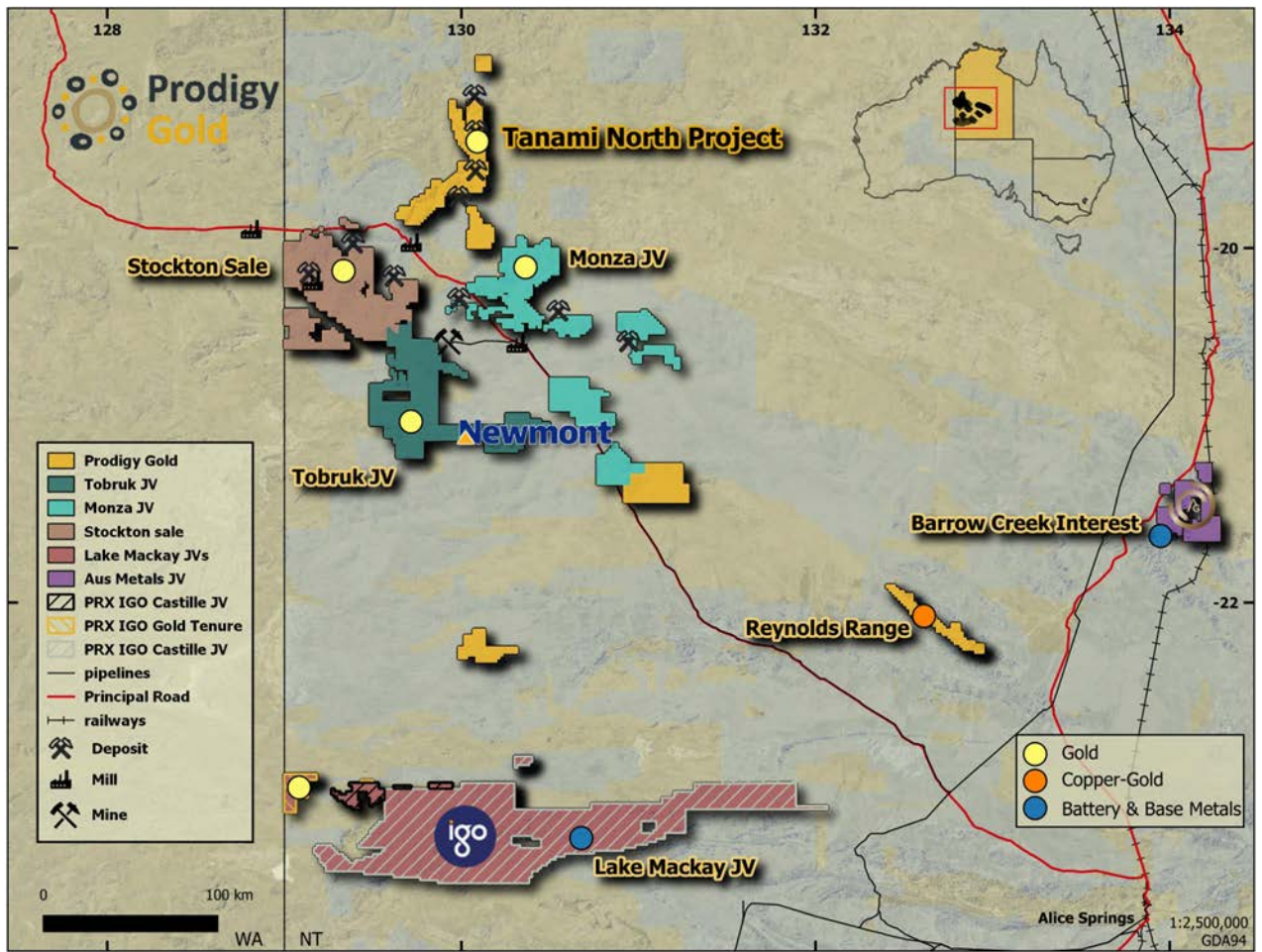


Figure 1 – Prodigy Gold major project areas

# Appendix 1 – Sale assets of the New Agreement

