

Corporate Governance Statement - 2019

This Corporate Governance Statement has been approved by the Board and is current as at 9 August 2019. The Directors of Prodigy Gold NL, ABN 58 009 127 020 ("Prodigy Gold" or the "Company") understand that effective corporate governance improves company performance, enhances corporate social responsibility and benefits all stakeholders. Governance practices are not a static set of principles, and the Company assesses its governance practices on an ongoing basis. Changes and improvements are made in a substance over form manner, which appropriately reflects the changing circumstances of the Company as it grows and evolves. Accordingly, the Board has established a number of practices and policies to ensure that these intentions are met and that all shareholders are fully informed about the affairs of the Company.

ASX Corporate Governance Principles and Recommendations

The Company has adopted the Australian Securities Exchange (ASX) Corporate Governance Council Corporate Governance Principles and Recommendations (3rd edition) ("ASX Principles"). Prodigy Gold's corporate governance practices are outlined in this Corporate Governance Statement.

Where the Company has not followed a recommendation, reasons for non-compliance have been identified. All these practices, unless otherwise stated, were in place for the entire year. This disclosure is in accordance with ASX listing rule 4.10.3.

Recommendation	Complied ¹⁾	If not complied, why not ²⁾	Recommendation	Complied ¹⁾	If not complied, why not ²⁾
Recommendation 1.1	✓		Recommendation 4.2	✓	
Recommendation 1.2	✓		Recommendation 4.3	✓	
Recommendation 1.3	✓		Recommendation 5.1	✓	
Recommendation 1.4	✓		Recommendation 6.1	✓	
Recommendation 1.5	✓		Recommendation 6.2	✓	
Recommendation 1.6	✓		Recommendation 6.3	✓	
Recommendation 1.7	✓		Recommendation 6.4	✓	
Recommendation 2.1		✓	Recommendation 7.1		✓
Recommendation 2.2	✓		Recommendation 7.2	✓	
Recommendation 2.3	✓		Recommendation 7.3	✓	
Recommendation 2.4		✓	Recommendation 7.4	✓	
Recommendation 2.5	✓		Recommendation 8.1		✓
Recommendation 2.6	✓		Recommendation 8.2	✓	
Recommendation 3.1	✓		Recommendation 8.3	✓	
Recommendation 4.1		✓			

¹⁾ Indicates where the Company has followed the ASX Principles and Recommendations.

²⁾ Indicates where the Company has provided "if not, why not" disclosure.

Preamble

The ASX Corporate Governance Principles and Recommendations recommend the establishment of an Audit and Risk Management Committee, Remuneration Committee and Nomination Committee to assist the Board in the execution of its duties and allow detailed consideration of complex issues. However, given the current size and composition of the Company's Board, the full Board is responsible for the duties of the Committees as detailed in the relevant Charters. Committees will be re-formed if the Board grows further in size and considers the re-establishment to be appropriate.

The Company published the following Committee Charters on the website:

1. Remuneration and Nomination Committee Charter
2. Audit, Risk and Sustainability Committee Charter

As at 30 June 2019 the Board consisted of four Directors with one independent Non-Executive Director, two Non-Executive shareholder representative Directors and the Managing Director.

The length of service and role of each Director on the Board during the 2018-2019 financial year was as follows:

Director	Non-Executive Chair	Non-executive Director	Executive Director
Thomas McKeith	1.7.18-30.6.19		
Matthew Briggs			1.7.18-30.6.19
Brett Smith		1.7.18-30.6.19	
Mark Faul		1.7.18-30.11.18	
Michael Stirzaker		3.12.18-30.6.19	

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

Recommendation 1.1 - Functions of the Board and Senior Executives

The Board operates in accordance with broad principles set out in its Charter. The full Board Charter, Committee Charters and Policies are available in the Corporate Governance section on the Company's website (www.prodigygold.com.au/about-prodigy-gold/corporate-governance).

The Board Charter sets out the specific responsibilities reserved for the Board and the Board's delegation of responsibility to allow the Managing Director and the executive management team to carry out the day-to-day operations and administration of the Company. The Board Charter supports all delegation of responsibilities by formally defining the specific functions reserved for the Board and its Committees, and those matters delegated to management. Management is responsible for implementing the strategic objectives and operating within the risk range set by the Board. Management is also responsible for providing the Board with accurate, timely and clear information to enable the Board to perform its responsibilities. The Managing Director is accountable to the Board for the authority that is delegated by the Board.

Recommendation 1.2 - Appointment of New Directors

The Remuneration and Nomination Committee Charter provides that the Remuneration and Nomination Committee must undertake appropriate checks before a person is appointed to the Board, or put forward to shareholders as a candidate for election as a Director. The Board is responsible for ensuring that all material information in the Company's possession relevant to a decision on whether or not to elect or re-elect a Director is provided to shareholders. This is done by making disclosures in the notice of meeting for general meetings at which Directors are to be elected or re-elected.

As at 30 June 2019 the duties of the Remuneration and Nomination Committee were undertaken by the full Board (refer to preamble).

Recommendation 1.3 - Written agreements with each Director and Senior Executive

All Directors and key executives reporting to the Managing Director of the Company have been given formal letters of appointment outlining key terms and conditions of their appointment.

Recommendation 1.4 - Company Secretary

The appointment and removal of a Company Secretary is a matter for decision by the Board. The Company Secretary is accountable directly to the Board (through the Chairman), on all matters to do with the proper functioning of the Board.

Recommendation 1.5 - Diversity Policy

The Company and all its related bodies are committed to workplace diversity and have adopted a Diversity Policy which is available in the Corporate Governance section on the Company's website.

The Company recognises the benefits arising from employee and Board diversity, including a broader pool of high quality employees, improving employee retention, accessing different perspectives and ideas and benefiting from all available talent. The Company's policy is to recruit and manage on the basis of qualification for the position and performance, regardless of gender, age, nationality, race, religious beliefs, cultural background, sexuality or physical ability. It is essential that the Company employs the appropriate person for each job and that each person strives for a high level of performance.

The Chairman monitors the scope and currency of this policy. The Board is responsible for developing the Measurable Objectives and strategies to meet the objectives of the Diversity Policy. The Company is responsible for implementing, monitoring and reporting on the Measurable Objectives. These Measurable Objectives include:

- considering all persons with appropriate experience and qualifications equally when new employees or Directors are recruited (non-quantitative);
- considering all persons with appropriate experience and qualifications equally when considering them for promotion (non-quantitative);
- that there is to be at least one female Director (not achieved); and
- that there is to be at least one female in senior management (achieved).

In addition, the Board will review progress against the Objectives as a key performance indicator in its annual performance assessment.

The following table shows the representation of women in the Company at 30 June 2019.

Organisational Level	Female %
The Whole Organisation ¹⁾	38%
Technical Staff (excludes Senior Executives)	25%
Administration Staff (excludes Senior Executives)	100%
Senior Executives ²⁾	50%
Board Members (non-executive)	0%

¹⁾ Excludes Non-Executive Directors and includes seasonal and casual staff

²⁾ Senior Executives are defined as executives that are key management personnel

Recommendation 1.6 - Process for Evaluating Performance of Board, Committees and Individual Directors

The Remuneration and Nomination Committee, or if the board is not of an appropriate size the Board, is tasked with conducting an annual performance review of the Board, its committees and its Charters, and with conducting a performance review of each individual Director. This review has been completed for the 2018-2019 financial year.

The Company did not have any Committees during the financial year (refer to preamble).

Recommendation 1.7 - Process for Evaluating Performance of Senior Executives

All senior executives are subject to a formal annual performance evaluation which is undertaken by the Managing Director. The Managing Director meets with each salaried senior executive on an annual

basis to review performance, including a review of key performance indicators and performance and accountability benchmarks. The review for the 2018-2019 financial was undertaken.

The Managing Director is subject to a formal annual performance evaluation which is undertaken by the Remuneration and Nomination Committee, or if the board is not of an appropriate size the Board, which includes a review of key performance indicators and performance and accountability benchmarks. The review for the 2018-2019 financial was undertaken.

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

Recommendation 2.1 - Nomination Committee

As at 30 June 2019 the Company did not have a Remuneration and Nomination Committee (refer to preamble) with the full Board currently undertaking the role. The Company has a formal Remuneration and Nomination Committee Charter, disclosed in the Corporate Governance section on the Company’s website, which sets out the respective roles and responsibilities of the Committee or the board in this role.

The terms and conditions of the appointment and retirement of Directors are set out in a letter of appointment which covers remuneration, expectations, terms, the procedures for dealing with conflicts of interest and the availability of independent professional advice. Each committee member is excluded from matters of personal interest.

The Remuneration and Nomination Committee, or if the board is not of an appropriate size the Board, is responsible for an annual performance review of the Board and compares the performance of the Board with the requirements of its Charter and critically reviews the mix of the Board. The Remuneration and Nomination Committee Charter and the Policy for the disclosure of Performance Evaluation of the Board, its Committees and its individual Directors can be found in the Corporate Governance section of the Company’s website.

The procedure in relation to the nomination and appointment of Directors is contained within the Remuneration and Nomination Committee Charter.

Recommendation 2.1 recommends that the Remuneration and Nomination Committee shall comprise at least three Non-Executive Directors with the majority being independent. The current Board does not fit this composition with the majority of Non-Executive Directors on the Board being nominee Directors of substantial shareholders.

Recommendation 2.2 - Prodigy Gold Board Skills Matrix

Set out below is the Company’s Board skills matrix as at 30 June 2019, which sets out the mix of skills and diversity that the Company requires the Board to maintain.

Skill	Skill Level / Compliance
Director Independence	Not compliant with target of at least 50%
Number of Non-Executive Directors	Compliance with target of at least 50%
Financial Reporting	High
Financial Market	High
Technical Exploration	Moderate
Technical Development	High
Technical Production	Moderate
Management	High
Occupational Health and Safety	Moderate
Corporate Governance	Moderate
External Liaisons / Relationship Management	High
Diversity	Not compliant

Recommendation 2.3 - Directors

The Prodigy Gold Board comprised on 30 June 2019 of four Directors:

Name	Position	Independence	First Appointed
Mr Thomas McKeith	Non-Executive Chairman	Independent	27 June 2016
Mr Matthew Briggs	Managing Director	Not Independent	3 October 2016
Mr Brett Smith	Non-Executive Director	Not Independent	9 May 2016
Mr Michael Stirzaker	Non-Executive Director	Not Independent	3 December 2018

None of the independent Directors has an interest, position, association or relationship of the type described in Box 2.3 of the *ASX Principles*.

Recommendation 2.4 – Independence of Board

A majority of the Directors are not independent. In determining the independence of Directors, the Board has regard to the independence criteria as set out in the *ASX Principles*.

Mr Smith is an officer of APAC Resources Limited (a substantial shareholder of Prodigy Gold), Mr Stirzaker is an officer of Pacific Road Capital Management (a substantial shareholder of Prodigy Gold) and Mr Briggs and is an executive of the company and they are therefore not considered to be independent. Mr McKeith is considered to be independent.

Details of Board members, their experience, expertise, qualifications, term in office and independence status are set-out on the Company's website.

Recommendation 2.5 - Independence and Non-Executive Role of Chairman

The Chairman is responsible for leading the Board, ensuring Directors are properly briefed in all matters relevant to their role and responsibilities, facilitating Board discussions and managing the Board's relationship with the Company's senior executives. The independent Chair of the Board as at 30 June 2019 is Mr McKeith who is a Non-Executive Director.

Recommendation 2.6 - Introduction and Professional Development of Directors

The Company has a program for the induction of new Directors. This program is designed to ensure that new Directors have the skills and knowledge to perform their role as Directors. The Board, Committees and individual Directors may seek independent external professional advice as considered necessary at the expense of the Company, subject to prior consultation with the Chairman or the Managing Director. All Directors have access to the Company Secretary.

PRINCIPLE 3: ACT ETHICALLY AND RESPONSIBLY

Recommendation 3.1 - Code of Conduct

The Board has adopted a formal Corporate Code of Conduct which applies to Directors, senior executives, managers, supervisors, employees, consultants, agents and other representatives of the Company. A copy of the code is made available to those to whom it applies and can be found in the Corporate Governance section on the Company's website.

The Corporate Code of Conduct provides a framework for decisions and actions in relation to ethical conduct in employment. It underpins the Company's commitment to integrity and fair dealing in its business affairs and to a duty of care to all employees, clients and stakeholders. The document sets out the principles covering appropriate conduct in a variety of contexts and outlines the minimum standard of behaviour expected from management and employees.

Prodigy Gold encourages the reporting of matters that may cause financial and non-financial loss to the Company or damage to the Company's reputation. All employees are required to immediately report circumstances that may involve a breach of the Code of Conduct. The Audit Committee is responsible to oversee procedures for whistleblower protection and the Company has a whistleblower policy which is published on the Company's website.

PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

Recommendation 4.1 - Audit, Risk and Sustainability Committee

As at 30 June 2019 the Company did not have an Audit, Risk and Sustainability Committee (refer to preamble) with the full Board currently undertaking the role. The Company has adopted a formal Audit, Risk and Sustainability Committee (**Audit Committee**) Charter, disclosed in the Corporate Governance section on the Company's website, which sets out the respective roles and responsibilities of the Committee or the board in this role. The Charter also contains information on the procedures for the selection, appointment and rotation of the external auditor.

The primary purpose of the Audit Committee is to assist the Board in fulfilling its statutory and fiduciary responsibilities relating to:

- the quality and integrity of the Company's financial statements, accounting policies and financial reporting, disclosure and business ethics practices and policies;
- compliance with all applicable laws, regulations and company policy;
- the effectiveness and adequacy of internal control processes;
- the performance of the Company's external auditors and their appointment and removal;
- the independence of the external auditor and the rotation of the lead engagement partner; and
- the identification and management of business risks.

Recommendation 4.1 recommends that the Audit Committee shall comprise at least three Non-Executive Directors with the majority being independent. The current Board does not fit this composition with the majority of Non-Executive Directors on the Board being nominee Directors of substantial shareholders.

Recommendation 4.2 - Declarations of the CEO and CFO

The Chief Executive Officer and the Chief Financial Officer are required to make a declaration in accordance with section 295A of the Corporations Act that, in their opinion, the financial records of the Company have been properly maintained and that the Company's financial reports comply with the appropriate accounting standards and present a true and fair view of the Company's financial position and performance. The CEO and the CFO gave the above declarations to the Board before it adopted the Company's 2019 Financial Statements.

The CEO and the CFO have also stated in writing to the Board that their opinion is founded on a sound system of risk management and internal control which is operating effectively.

Recommendation 4.3 - External Auditors

The Board ensures that a representative of the external auditor of the Company attends the AGM to allow shareholders to ask the external auditor any questions about the conduct of the audit, the preparation of the financial statement and the independence of the auditor in relation to the conduct of the audit.

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

Recommendation 5.1 - Disclosure Policy

Prodigy Gold's Continuous Disclosure Policy focuses on continuous disclosure compliance and improving access to information for investors. This Policy is available in the Corporate Governance section on the Company's website.

The Board has ultimate authority and responsibility for market disclosure. This responsibility is delegated to the Managing Director and Company Secretary. Approval is sought from the Chairman on all significant matters and the Chairman seeks Board approval as required.

PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS

Recommendation 6.1 - Information on website

Prodigy Gold's Shareholder Communications Strategy and Anti-Bribery and Corruption Policies are available in the Corporate Governance section on the Company's website. These policies facilitate the availability of information to investors regarding the Company and its governance.

Recommendation 6.2 - Investor Relations Program

The Company has a shareholder communications strategy that aims to ensure that shareholders are informed of all major developments affecting the Company's state of affairs and to facilitate effective two-way communication. Shareholders queries are referred to the Managing Director or Company Secretary in the first instance. The Group endeavours to provide shareholders with important information on the Company in a timely and efficient manner.

In addition to direct mailing and emailing of information to shareholders, the Company posts up to date information on the Company's activities together with copies of all information released to the ASX.

Recommendation 6.3 - Shareholder Meetings

Shareholder meetings are an important forum for investors to meet with the Board and senior management and discuss matters concerning the Company.

The Company facilitates and encourages participation at meetings of shareholders by:

- providing a direct voting facility; and
- encouraging shareholders who are not able to attend meetings to submit questions ahead of the meeting.

The Company's external auditor also attends all annual general meetings of the Company and is available to answer shareholder questions regarding the conduct of the audit and the preparation and content of the auditor's report.

Recommendation 6.4 - Electronic Communication

Shareholders can register on the Company's website to receive email notifications of announcements made by the Company to the ASX. Shareholders can register with the Company's Registrar to receive annual reports and other shareholder communication by mail or email. Links are made available to the Company's website on which all information provided to the ASX is immediately posted. Shareholders may also contact the Company by email.

The Company is regularly reviewing its website to identify ways in which it can promote its greater use by shareholders and make it more informative.

PRINCIPLE 7: RECOGNISE AND MANAGE RISK

Recommendation 7.1 - Audit, Safety and Risk Committee

As at 30 June 2019 the Company did not have an Audit, Risk and Sustainability Committee (refer to preamble) with the full Board currently undertaking the role.

The Board determines the Company's risk profile and is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control. Prodigy Gold's Risk Management Policy is available in the Corporate Governance section of the Company's website.

The Company's process of risk management and internal compliance and control includes:

- identifying and measuring risks that might impact upon the achievement of the Company's goals and objectives, and monitoring the environment for emerging factors and trends that affect these risks;
- formulating risk management strategies to manage identified risks, and designing and implementing appropriate risk management policies and internal controls; and

- monitoring the performance of, and improving the effectiveness of, risk management systems and internal compliance and controls, including regular assessment of the effectiveness of risk management and internal compliance and control.

To this end, comprehensive practices are in place that are directed towards achieving the following objectives:

- compliance with applicable laws and regulations;
- preparation of reliable published financial information; and
- implementation of risk transfer strategies where appropriate e.g. insurance.

Reference is made to the discussion in relation to Principal 4 (Recommendation 4.1) in this Corporate Governance Statement.

Recommendation 7.2 - Annual Risk Review

The Board reviews assessments of the effectiveness of risk management and internal compliance and control on an annual basis to ensure that it continues to be sound. This process was undertaken for the year ended 30 June 2019.

Recommendation 7.3 - Internal Audit

The responsibility for undertaking and assessing risk management and internal control effectiveness is delegated to management. Management is required to assess risk management and associated internal compliance and control procedures and report back at least bi-annually to the Audit Committee or the Board.

The Managing Director and the CFO have provided a declaration to the Board in accordance with Section 295A of the *Corporations Act 2001* and have assured the Board that such declaration is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial risk.

Recommendation 7.4 - Sustainability Risks

The Company is aware of its impact on the economy, environment and the community and risks to the Company if it does not deal with these matters appropriately.

The Board, is responsible for determining whether the Company has a material exposure to inter alia, economic, environmental and sustainability risks and, if it does, how it manages or intends to manage those risks.

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

Recommendation 8.1 - Remuneration and Nomination Committee

As at 30 June 2019 the Company did not have a Remuneration and Nomination Committee (refer preamble) with the full Board currently undertaking the role.

The Board has a formal Remuneration and Nomination Committee Charter and a full copy of the Charter is available in the Corporate Governance section of the Company's website.

Reference is made to the discussion in relation to Principal 2 (Recommendation 2.1) in this Corporate Governance Statement.

Recommendation 8.2 - Disclosure of Remuneration Policies and Practices

Fees for Non-Executive Directors are not linked to the performance of the economic entity. However, to align Non-Executive Directors' interests with shareholder interests, the Non-Executive Directors are encouraged to hold shares or options in the economic entity purchased by that Non-Executive Director on-market.

Generally, Non-Executive Directors should not:

- receive options or cash bonuses from the Company. However, the Board has the discretion to determine in the appropriate circumstances, where shareholder approval is obtained, that Non-Executive Directors may be granted incentive shares and/or options; and
- be provided with retirement benefits other than superannuation. However, the Board has the discretion to determine in the appropriate circumstances, where shareholder approval is obtained, that Non-Executive Directors may be granted retirement benefits.

Executive Directors' and senior executives' remuneration is subject to an annual performance evaluation. This evaluation is based on specific criteria, including the business performance of the Company and its subsidiaries, whether strategic objectives are being achieved and the development of management and personnel. The Board must ensure that remuneration policies fairly and responsibly reward executives having regard to the objectives and performance of the Company, the performance of the executive, length of service and experience of the executive, and prevailing remuneration expectations in the market.

Recommendation 8.3 - Policy on equity-based remuneration scheme

The Company has a Securities Trading Policy that establishes a procedure for dealings by Directors, senior executives, employees, and their related parties in the Company's securities, and in securities of other entities with whom the Company may have business dealings. A copy of the Securities Trading Policy is available in the Corporate Governance section of the Company's website.