

**ASX ANNOUNCEMENT / MEDIA RELEASE****ASX: PRX**3<sup>rd</sup> October 2019**Prodigy Signs Operator Agreement on Old Pirate Project and Agrees Option  
for Buccaneer Project****HIGHLIGHTS****Old Pirate Gold Project Operator Agreement:**

- Prodigy Gold has reached agreement with TRL Tanami to develop and mine the Old Pirate Project under a strategic 10-year Operator Agreement
- The terms of the Operator Agreement include:
  - a non-refundable deposit of \$50,000 on signing
  - a cash payment of \$200,000 within 14 business days of receipt of the deposit
  - an additional cash payment of \$301,412 within 14 business days of TRL Tanami obtaining an Authorisation and approved Mining Management Plan
  - Replacement of security bonds totaling >\$1.7 Million to be completed by 31 January 2020
- After the above terms have been completed TRL Tanami has the option to:
  - purchase the Old Pirate plant and equipment for \$500,000 cash consideration; or
  - purchase Old Pirate project including plant and equipment for \$3,000,000 cash;
- TRL Tanami to pay Prodigy Gold a 2.5% net smelter return ("NSR") for gold and any other minerals produced during the term of the Operator Agreement

**Buccaneer Gold Project Option:**

- Within 14 days, TRL Tanami can make an additional \$2,000,000 payment to secure an exclusive three-month option to negotiate a earn-in into the Buccaneer Gold Project ("Buccaneer Agreement")
- The Buccaneer Agreement to include terms to allow TRL Tanami to earn up to a 100% interest in the Buccaneer Gold Project over three stages for an additional \$15,000,000
- Prodigy Gold to retain a 1% NSR on all production

**Strategic Rationale:**

- In line with Prodigy's strategy to monetise Twin Bonanza and significantly reduce portfolio holding costs
- Funding underpins aggressive exploration programs underway at its 100%-owned and Joint Venture projects

**Prodigy Gold NL (ASX: PRX) (“Prodigy Gold” or the “Company”)** is pleased to advise that it has entered into an Operator Agreement with privately owned TRL Tanami Pty Ltd (“TRL Tanami”) over the Company’s Old Pirate and Buccaneer Gold Projects located in the Tanami Region of the Northern Territory.

Following the completion of the conditions precedent of the Operator Agreement, TRL Tanami to pay Prodigy Gold an initial ~\$200,000 plus pro rata tenement cost within 14 business days and an additional \$301,412 within 14 business days of TRL Tanami being appointed operator. These payments include reimbursement of all holding and rehabilitation costs Old Pirate Project. Replacement of security bonds held over the Prodigy Gold totaling >\$1.7 Million are required to be replaced at the earlier of 31 January 2020 and TRL Tanami receiving MMP approval to commence mining. Prodigy Gold retains a 2.5% NSR over all future production from the Old Pirate Project during the term of the Operator Agreement.

In addition, the Operator Agreement enables TRL Tanami to enter into an exclusive three-month option period over the Buccaneer Gold Project for an option fee of \$2,000,000 to negotiate the Buccaneer Agreement allowing TRL Tanami to complete a staged earn-in of up to 100% into the project for an additional \$15,000,000.

Full terms and conditions of the Agreements have been outlined below.

### **Management Commentary**

**Prodigy Gold Managing Director, Matt Briggs, said:** “This is another high value accretive transaction for Prodigy Gold and consistent with our strategy of unlocking value in our projects. The transaction with TRL Tanami is structured in such a way that it delivers upside for both parties.”

“The potential redevelopment of the Old Pirate and Buccaneer Projects is an exciting step forward for the Tanami district and once operational will also provide potential scope for Prodigy Gold to tribute or toll treat its nearby projects.”

“This agreement also significantly reduces Prodigy Gold’s holding costs and solidifies our cash reserves, ensuring we have the necessary funding flexibility to continue our aggressive exploration programs and meet our expenditure commitments at programs currently being undertaken across our portfolio and with a number of our major JV partners.”

### **Old Pirate Gold Project Overview**

The Old Pirate Gold Project is located within the Tanami region of the Northern Territory, Australia. The Project spans the highly prospective Trans Tanami Structure, an inferred regional/tectonic geological feature which hosts numerous gold deposits, including Newmont Mining’s world class Callie Gold Mine.

In 2016, CSA Global Pty Ltd (CSA) estimated remaining Indicated and Inferred Mineral Resources at Old Pirate to be 760,000t at an average grade of 4.7g/t for 114,900oz of contained gold above a 1.0g/t cut-off (ASX 19 August 2016). There is potential to upgrade the existing Old Pirate resource by increasing drill density and to expand the resource at depth.

The Company previously conducted two phases of trial mining at Old Pirate. In 2013 a series of small test pits were excavated at Old Pirate. A total of 8,122t of ore with an average grade 15.4g/t was processed on-site via a modular gravity plant to recover 3,454oz of gold, representing a recovery of 86% (ASX: 30 April 2014). Between March 2015 and March 2016, five small open pits were mined at Old Pirate and processed 155,357t of ore grading 5.9g/t (ASX 19 August 2016) through the leased Coyote treatment plant. A total of 29,376oz of gold was produced via gravity and CIL at an average recovery of 98.7%.



*Figure 1. 2016 Mining at Old Pirate*

### Project Infrastructure

Wilsons Camp is located approximately 2km from the Old Pirate mine site, and there is a licensed airstrip at the Project, approximately 15km by road from Wilsons Camp.

A modular, relocatable, gravity processing plant was established at Old Pirate to process ore from the initial phase of trial mining. The plant consists of a primary jaw crusher, secondary impact crusher, trommel, QS30 Knelson Concentrator, Vickers Ruwalt 2.4m by 4.0m ball mill, Wilfley table and gold furnace. The nominal throughput of the plant is 20tph.

### **Buccaneer Gold Project Overview**

The Buccaneer Gold Deposit is located about 22 kilometres south of the Tanami Road and 14 kilometres to the East of the Northern Territory – West Australian border. Buccaneer was first discovered by North Flinders Mines in the late 1990s and received further work from Newmont Asia Pacific.

Prodigy Gold acquired the property in 2010 and first declared a Resource in 2011. Buccaneer is located adjacent to the Old Pirate Gold Project, the Buccaneer Deposit has been independently modelled at 10Mt at an average grade of 1.8g/t for 585,000oz of contained gold above 1.0g/t lower cut-off (ASX 1 Sept 2017). Potential remains to expand the Buccaneer Resource through infill and extensional drilling.



*Figure 2. Old Pirate Mine and infrastructure and Buccaneer Resource*

## **Transaction Overview**

### Operator Agreement:

- Condition precedent: TRL Tanami to pay a non-refundable deposit of \$50,000 within 7 business days after written notification of Prodigy Gold board approval (Effective Date)
- The Operator Agreement will not commence until consent for TRL Tanami to commence operating is obtained ("Commencement Date");
- TRL Tanami to pay Prodigy Gold \$200,000 within 14 business days of the Effective Date;
- TRL Tanami to reimburse Prodigy Gold the holding costs on a pro-rata basis, backdated to the execution of the Operator Agreement, within 14 business days after the Effective Date;
- Upon the earlier of TRL Tanami receiving an approved MMP that allows TRL Tanami to explore for and mine minerals deposits or process and tried ore mined and 31 January 2020, replace within 14 business days all security bonds over the Project Area and the ML (total amount ~\$1.7M);
- TRL Tanami to pay \$301,412 to reimburse Prodigy Gold for the rehabilitation work undertaken within 14 business days after the Commencement Date;
- TRL Tanami to pay all ongoing holding and operating cost from the Effective Date;
- TRL Tanami to pay a 2.5% NSR for gold and any other minerals produced from the Project Area for gold sales or other mineral sales during the term of the Operator Agreement;
- Following the Commencement Date, TRL Tanami may either;
  - Purchase the Plant and Equipment on the Old Pirate Project at any time for a consideration of \$500,000 (Asset Sale); or
  - Purchase the Old Pirate Project area (excluding Buccaneer) and the Plant and Equipment on the Old Pirate Project (Project Sale) for a consideration of \$3,000,000.
- The Operator Agreement terminates at the earlier of ten years after the Commencement Date, completion of the Project Sale, the date the parties expressly agree in writing to do so, or, if either party is wound up.

- Prodigy Gold can terminate the Operator Agreement if TRL Tanami defaults in any payments and does not comply with the essential terms and conditions of the Agreement.

#### Buccaneer Option:

- Within 14 days of fulfilment of the Conditions Precedent of the Operator Agreement, TRL Tanami may give written notice to Prodigy Gold that it wants to earn an interest in the Buccaneer Project and it must pay on the same day an option fee of \$2,000,000 for the exclusive right to negotiate terms of the purchase of earning into the Buccaneer Project for a period of 3 months ("Buccaneer Agreement");
- The Buccaneer Agreement will comprise three stages;
  - **Stage 1:** TRL Tanami to earn a 49% interest upon;
    - Payment of \$5,000,000 to Prodigy Gold within two years of the Buccaneer Agreement; and
    - Completion of the purchase of the Old Pirate Project within 2 years of the Buccaneer Agreement.

Prodigy Gold's interest in the Buccaneer Project shall be free carried at all times upon TRL Tanami earning a 49% interest or any other interest in the Buccaneer Project;

- **Stage 2:** TRL Tanami to earn a further 26% interest in the Buccaneer Project upon successful completion of a Bankable Feasibility Study or Pre-Feasibility Study and makes a Board decision to commence construction within 5 years of executing the Buccaneer Agreement;
- **Stage 3:** TRL Tanami to earn a further 25% interest in the Buccaneer Project upon making payment of an additional \$10,000,000 to Prodigy Gold, after completing Stage 2, and which must be paid out of 25% of cash flow from mineral sales from the Buccaneer Project until paid in full. Prodigy Gold shall retain a 1% NSR on all minerals produced from the Buccaneer Project.

#### **About TRL Tanami**

TRL Tanami is a newly established company and a fully owned subsidiary of Territory Resources Pty Ltd which in turn is a fully owned subsidiary of Gold Valley Holdings Pty Ltd.

**Matt Briggs**  
Managing Director



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#### **About Prodigy Gold NL**

Prodigy Gold has a unique greenfields and brownfields exploration portfolio in the proven multi-million-ounce Tanami Gold district. An aggressive program for 2019 will continue to build on 2018 successes by:

- drilling targets at the Bluebush Project, including the Capstan 8km long bedrock gold anomaly
- drilling of extensions to the shallow gold Resources at Suplejack
- systematic evaluation of high potential early stage targets
- joint ventures to expedite discovery on other targets

## Competent Persons Statements

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.

### Appendix 1

Project	Date	Cut-Off Grade (g/t)	Indicated			Inferred			Total			Resource Author
			Tonnes (Mt)	Grade (g/t Gold)	Metal (Koz)	Tonne s (Mt)	Grade (g/t Gold)	Metal (Koz)	Tonne s (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

Note: Totals may vary due to rounding.

1 CSA Global

2 Optiro Pty Ltd