

**ASX ANNOUNCEMENT / MEDIA RELEASE****ASX: PRX**

8 June 2018

**Junior Mineral Exploration Incentive**

Prodigy Gold NL ("Prodigy Gold" or the "Company") has been successful in its application for participation in the Federal Government's Junior Minerals Exploration Incentive ("JMEI") scheme. The Australian Taxation Office ("ATO") has advised that the Company's application has been accepted and that Prodigy Gold has received an allocation of up to \$1,576,603, which can be distributed to eligible shareholders.

- JMEI credits will be distributed to eligible shareholders as tax credit for the 2018/19 tax year – allocation up to \$1,576,603 in JMEI credits
- To be eligible, a shareholder must participate in the Company's fundraising activities during the 2018/19 financial year
- Only new shares issued by Prodigy Gold are eligible for JMEI credits

**About the JMEI Scheme**

In March 2018, the Federal Parliament passed legislation introducing the JMEI scheme with effect from 1 July 2017 for a four-year period based on an annual application process. The ATO is the administrator of the scheme.

The JMEI scheme enables eligible exploration companies to create refundable tax credits to distribute to eligible shareholders by forgoing a portion of their carried forward tax losses that have arisen from allowable expenditure on "greenfield" exploration.

The JMEI applies to Australian residents who acquire new shares in a greenfields minerals explorer before the end of an income year in which the Commissioner has made an exploration credits allocation. The shares must be equity interests for the purposes of the debt and equity tax rules.

Australian resident shareholders that are issued with JMEI credits will generally be entitled to refundable tax offsets (for individual shareholders or superannuation funds) or franking credits (for companies). Receiving a JMEI credit could have tax consequences and shareholders who are issued JMEI credits by the Company should obtain independent tax advice specific to their personal circumstances.

The exploration credit that can be issued to an investor is limited to the amount paid by the investor to acquire the new shares, multiplied by Prodigy Gold's corporate tax rate.

The Company's allocation of JMEI credits must be distributed to all eligible shareholders on a pro-rata basis. For shareholders to be eligible to receive a pro-rata distribution of JMEI credits from the Company, they must have applied for and been issued shares in the Company during the 2018/19 financial year.

### **Prodigy Gold's participation in the scheme**

The ATO has confirmed that Prodigy Gold has been successful in its application under JMEI and that 100% of the exploration credits applied for by the Company of \$1,576,603 will be available. Only those shareholders ("Eligible Shareholders") who acquire new Prodigy Gold shares after 1 July 2018 and prior to 30 June 2019 ("Eligibility Period") are entitled to receive JMEI credits.

Prodigy Gold has not determined the timing or form of any future equity raising during the Eligibility Period, however due to the JMEI scheme being allocated on a first come, first served basis, the Company considered it prudent to lodge a JMEI application for the 2018/19 financial year. Right now, the Company is well funded for current work programs following the \$6 Million capital raising completed in March 2018 and has no immediate need to raise capital. Given the opportunity the JMEI scheme presents to deliver tax credits to shareholders, Prodigy is likely to make similar applications in future years, if eligible.

The actual number of JMEI credits to be received by each Eligible Shareholder for the 2018/19 income year will depend on a number of factors including but not limited to:

- the total number of Prodigy Gold shares issued during the 2018/19 financial year
- the actual amount of allowable exploration incurred during the Eligibility Period
- Prodigy Gold's tax losses for the Eligibility Period; and
- Shareholder's individual financial circumstance.

The JMEI scheme is new and therefore all Eligible Shareholders are encouraged to seek their own independent financial advice before participating in any future equity raising. The JMEI credits will apply to the 2018/19 tax year and can be issued by the Company after lodgment of its 30 June 2019 tax return.

Eligible shareholders are expected to be notified by the Company of their JMEI credit entitlement in the approved form by 30 September 2019 and the JMEI credits will apply to income tax assessed for the year ended 30 June 2019.

For further information about the JMEI refer to the ATO website at <https://www.ato.gov.au/Business/Junior-Minerals-Exploration-Incentive/>.

Signed



Jutta Zimmermann  
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