



Prodigy Gold NL



ABN 58 009 127 020

INTERIM FINANCIAL REPORT

FOR THE HALF-YEAR ENDED

31 DECEMBER 2022



Contents



ABN 58 009 127 020 ACN 009 127 020

Directors	Mr Gerard McMahon (Chairman) Mr Mark Edwards (Managing Director) Mr Brett Smith Mr Neale Edwards
Secretary	Ms Jutta Zimmermann
Auditors	BDO Audit (WA) Pty Ltd Level 9, Mia Yellagonga Tower 2 5 Spring Street PERTH WA 6000
Bankers	Australia and New Zealand Banking Group Limited Level 10, 77 St Georges Terrace PERTH WA 6000
Share Registry	Automic Pty Ltd (Automic Group) Level 5, 191 St Georges Terrace PERTH WA 6000 Telephone: 1300 288 664 or +61 2 9698 5414
Solicitors	Ward Keller Northern Territory House Level 7, 22 Mitchell Street DARWIN NT 0800 Piper Alderman Level 16, 70 Franklin Street ADELAIDE SA 5000
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DIRECTORS' REPORT

The Directors of Prodigy Gold NL (Prodigy Gold) 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 half-year ended 31 December 2022.

Directors

Mr Gerard McMahon	Non-Executive Chairman
Mr Mark Edwards	Managing Director
Mr Brett Smith	Non-Executive Director
Mr Neale Edwards	Non-Executive Director

The Directors have been appointed for the whole period unless otherwise disclosed.

Operating Results

The consolidated loss of the Group for the half-year ended 31 December 2022 after providing for income tax amounted to \$2,166,003 (2021: loss of \$4,022,352).

Review of Operations

Since the start of the 2023 financial year Prodigy Gold:

- Continued to work closely with Stockton Mining on progressing the divestment of the Old Pirate Gold Project and 23 surrounding exploration tenements. The completion date for the transaction has now been extended to 30 June 2023
- Received results from drilling undertaken during the 2022 financial year at the Lake Mackay base metal and gold projects
- Continued with the metallurgical testwork for the Buccaneer project to determine suitability for heap-leach style operation
- Undertook a follow-up diamond drilling program at the Lake Mackay Phreaker prospect. Results were released during February 2023
- Fulfilled its sole funding commitments under the Lake Mackay Gold as well as Base Metal JV
- Moved its registered office and principal place of business to Darwin
- Completed an underwritten two for one renounceable pro rata rights issue at a price of \$0.01 raising gross proceeds of approximately \$11.65 million
- Extended and subsequently fully repaid its \$2.5 million unsecured loan facility with Mount Sun Investments Limited

APAC Resources Limited (APAC) increased their holding in the Company to 49.87% and now considers Prodigy Gold to be a controlled entity of APAC.

Planned 2023 Activities

The focus for 2023 will be exploration on the Northern Tanami project area (previously referred to as the Suplejack project) including the Hyperion, Tregony and Boco North Prospect.

The Company intends to continue with its strategy to divest, and where appropriate keep an interest in, non-core assets by expediting discovery by third parties and reduce tenement holding cost.

Subsequent Events

There are no events of a material nature or transaction, that have arisen since the period end and the date of this report that has significantly affected, or may significantly affect, the Group's operations, the results of those operations, or its state of affairs.

DIRECTORS' REPORT

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 6.

This report is made in accordance with a resolution of Directors.

A handwritten signature in black ink, appearing to read 'MR Edwards', written in a cursive style.

Mark Edwards
Managing Director

Dated this 13th day of February 2023
Darwin, Northern Territory

DECLARATION OF INDEPENDENCE BY GLYN O'BRIEN TO THE DIRECTORS OF PRODIGY GOLD NL

As lead auditor for the review of Prodigy Gold NL for the half-year ended 31 December 2022, 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 review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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



Glyn O'Brien
Director

BDO Audit (WA) Pty Ltd
Perth, 13 February 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

	Notes	Consolidated	
		31 December 2022 \$	31 December 2021 \$
Interest		81,038	10,565
Other income		682	29,353
Administrative expenses			
Employee and Directors benefit expenses		(299,086)	(279,853)
Share-based payment expenses	8	(24,388)	(31,608)
Other expenses		(386,221)	(265,856)
Impairment of capitalised exploration and evaluation expenditure	5	-	(708,909)
Exploration expenses		(1,538,028)	(2,776,044)
Loss before income tax expense		(2,166,003)	(4,022,352)
Income tax expense / (benefit)		-	-
Loss for the half-year		(2,166,003)	(4,022,352)
Loss attributable to members of Prodigy Gold NL		(2,166,003)	(4,022,352)
Other comprehensive income		-	-
Total other comprehensive income for the half-year		-	-
Total comprehensive loss for the half-year		(2,166,003)	(4,022,352)
Total comprehensive loss for the half-year attributable to members of Prodigy Gold NL		(2,166,003)	(4,022,352)
Basic loss per share attributable to the ordinary equity holders of the Company			
Basic loss per share (cents per share)		(0.20)	(0.69)

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 31 DECEMBER 2022

	Notes	Consolidated	
		31 December 2022 \$	30 June 2022 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		8,101,039	2,395,333
Other receivables	3	1,107,492	629,845
Inventories		3,609	4,306
Available for sale assets	4	5,623,950	5,623,950
Other current assets		92,700	131,954
TOTAL CURRENT ASSETS		14,928,790	8,785,388
NON-CURRENT ASSETS			
Term Deposits - Bonds	3	2,469,934	2,509,484
Property, plant and equipment		224,721	108,702
Exploration and evaluation expenditure	5	2,291,985	2,291,985
TOTAL NON CURRENT ASSETS		4,986,640	4,910,171
TOTAL ASSETS		19,915,430	13,695,559
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		609,022	3,166,261
Employee benefits		198,042	175,921
TOTAL CURRENT LIABILITIES		807,064	3,342,182
NON-CURRENT LIABILITIES			
Provisions		1,516,760	1,563,660
TOTAL NON-CURRENT LIABILITIES		1,516,760	1,563,660
TOTAL LIABILITIES		2,323,824	4,905,842
NET ASSETS		17,591,606	8,789,717
EQUITY			
Contributed equity	6	198,199,692	187,260,818
Reserves		1,985,002	1,955,984
Accumulated losses		(182,593,088)	(180,427,085)
TOTAL EQUITY		17,591,606	8,789,717

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

	Contributed Equity \$	Share-based Payment Reserve \$	Employee Options Reserve \$	Retained Earnings \$	Total \$
Balance at 1 July 2021	187,262,068	2,412,399	-	(173,380,583)	16,293,884
Comprehensive income for the half-year					
Loss for the half-year	-	-	-	(4,022,352)	(4,022,352)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the half-year	-	-	-	(4,022,352)	(4,022,352)
Transaction with owners in their capacity as owners:					
Share issue cost	(1,250)	-	-	-	(1,250)
Share-base payment reserve adjustment for option cancellation ¹⁾	-	(549,161)	-	549,161	-
Share-based payments	-	60,400	-	-	60,400
Total transactions with owners	(1,250)	(488,761)	-	549,161	59,150
Balance at 31 December 2021	187,260,818	1,923,638	-	(176,853,774)	12,330,682
Balance at 1 July 2022	187,260,818	1,955,984	-	(180,427,085)	8,789,717
Comprehensive income for the half-year					
Loss for the half-year	-	-	-	(2,166,003)	(2,166,003)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the half-year	-	-	-	(2,166,003)	(2,166,003)
Transaction with owners in their capacity as owners:					
Shares issued	11,652,552	-	-	-	11,652,552
Share issue cost	(713,678)	-	-	-	(713,678)
Share-based payments	-	29,018	-	-	29,018
Total transactions with owners	10,938,874	29,018	-	-	10,967,892
Balance at 31 December 2022	198,199,692	1,985,002	-	(182,593,088)	17,591,606

1) During the period \$549,161 of options previously issued to KMP's were recycled to retained earnings as they expired un-exercised due to not reaching the strike price, being exercised or KMP's resigning from their position.

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

	Consolidated	
	31 December 2022	31 December 2021
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Other Income	-	90,909
Payments to suppliers and employees	(618,475)	(588,300)
Interest received	56,310	10,235
R&D refund / Government Grants	93,795	-
Payments for exploration	(2,105,553)	(2,907,814)
Net cash outflow from operating activities	(2,573,923)	(3,394,970)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(134,080)	(36,198)
Proceeds from sale of property, plant and equipment	682	-
Net cash outflow from investing activities	(133,398)	(36,198)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	11,652,552	-
Refund of Security Deposits	46,900	-
Repayment of Borrowings	(2,500,000)	-
Placement of Security Deposits	(7,350)	-
Share issue cost	(713,678)	(1,250)
Borrowing cost	(65,397)	-
Net cash inflow from financing activities	8,413,027	(1,250)
Net decrease in cash and cash equivalents	5,705,706	(3,432,418)
Cash and cash equivalents at beginning of reporting period	2,395,333	6,257,884
Cash and cash equivalents at end of reporting period	8,101,039	2,825,466

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

This general purpose interim financial report for the half-year reporting period ended 31 December 2022 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by Prodigy Gold NL during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*. The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

(b) Going concern

This report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

The Company incurred a loss after tax of \$2,166,003 (31 December 2021: \$4,022,352) for the period ended 31 December 2022 and experienced net cash outflows from operating activities of \$2,573,923 (31 December 2021: \$3,394,970).

The Group has sufficient cash reserves to fund exploration programs and joint venture contributions during the next 12 months.

(c) Estimates

The preparation of the half-year financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these consolidated half-year financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty are the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2022.

NOTE 2: SEGMENT INFORMATION

Commencing 1 July 2018 the full Board of Directors, who are the chief operating decision makers, identified one operating segment reportable as exploration for the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

NOTE 3: TERM DEPOSITS AND OTHER RECEIVABLES

	Consolidated	
	31 December 2022	30 June 2022
	\$	\$
CURRENT		
Other receivables (Note 3(a))	1,107,492	629,845
	1,107,492	629,845
NON-CURRENT		
Bonds term deposit and DITT Cash Bonds	2,469,934	2,509,484
	2,469,934	2,509,484

(a) Other receivables

These amounts generally arise from transactions outside the usual operating activities of the Group and are predominantly receivables from joint venture partners for expense re-imburements and transactions relating to available for sale assets.

NOTE 4: AVAILABLE FOR SALE ASSETS

	Consolidated	
	31 December 2022	30 June 2022
	\$	\$
CURRENT		
Fixed assets held for sale	5,349	5,349
Exploration, Evaluation and development assets held for sale	5,618,601	5,618,601
Carrying amount at the end of reporting period	5,623,950	5,623,950

Accounting Policy

Current and non-current classification assets and liabilities are presented in the statement of financial position based on current and non-current classification.

The Company classifies an asset as current available for sale assets when it is either expected to be realised or intended to be sold and is expected to be realised within 12 months after the reporting period.

NOTE 5: EXPLORATION, EVALUATION AND DEVELOPMENT EXPENDITURE

	Consolidated	
	31 December 2022	30 June 2022
	\$	\$
Carrying amount at the beginning of reporting period	2,291,985	9,575,783
Less: Impairment expense	-	(1,665,197)
Less: Re-classification to available for sale asset	-	(5,618,601)
Carrying amount at the end of reporting period	2,291,985	2,291,985

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

NOTE 5: EXPLORATION, EVALUATION AND DEVELOPMENT EXPENDITURE cont'd

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 Exploration for and Evaluation of Mineral Resources, the area of interest is tested for impairment under AASB 136 Impairment of Assets. Upon establishment of commercially viable mineral resources, exploration and evaluation assets are tested for impairment.

NOTE 6: CONTRIBUTED EQUITY

Details	Date	Number of Shares	Issue Price \$	Value \$
Opening balance at the beginning of reporting period	1 July 2021	580,627,606		187,262,068
Conversion of options to shares	28 September 2021	2,000,000		-
Transaction cost relating to share issue		-		(1,250)
Closing balance	31 December 2021	582,627,606		187,260,818
Opening balance at the beginning of reporting period	1 July 2022	582,627,606		187,260,818
Issue of shares	3 October 2022	447,707,987	0.01	4,477,080
Issue of shares	17 October 2022	626,347,225	0.01	6,263,472
Issue of shares	24 October 2022	91,200,000	0.01	912,000
Transaction cost relating to share issue		-		(713,678)
Closing Balance	31 December 2022	1,747,882,818		198,199,692

NOTE 7: CONTINGENCIES

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.

Environmental guarantees totalling \$2,357,498 (30 June 2022: \$2,404,398) have been provided. Term deposits of \$2,275,504 (30 June 2022: \$2,275,504) and cash deposits of \$81,994 (30 June 2022: \$128,894) with the Department of Industry, Tourism and Trade – NT Government (DITT) secure these guarantees. Restoration provisions of \$1,516,760 (30 June 2022: \$1,563,660) have been recognised for all known required restoration cost.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

NOTE 8: SHARE-BASED PAYMENTS

The fair value of all Options subject to non-market conditions at grant date were determined using a Black-Scholes option pricing model that takes into account the exercise price, the anticipated vesting period, the impact of dilution, the share price at grant date and expected price volatility of the underlying Options, the expected dividend yield and the risk-free interest rate for the term of the Options.

Options Exercisable at 145% of 5-day VWAP's ("Option")

During the half-year reporting period ended 31 December 2022, the Group issued 2,000,000 Options to the managing director following shareholder approval at the AGM held on 29 November 2022. The exercise price of the Options is to be calculated at a premium of 145% to the 5 day VWAP of Prodigy Gold's share price immediately prior to 8 March 2022. The Options vested on the grant date.

Employee Options	Tranche 1
Number of Options to be granted	2,000,000
Number of Options vested	2,000,000
Fair Value at grant date	\$0.003
Exercise price	\$0.038
Price at agreement date	\$0.026
Issue date	29 November 2022
Expiry date	1 May 2026
Vesting date (subject to Option issue)	29 November 2022
Expected price volatility of Options	82.4%
Risk free interest rate	2.34%

During the period \$6,658 of expense was recorded relating to these key management personnel options.

An additional amount of \$22,360 of expense was recorded relating to options issued prior to the commencement of the reporting period. A total of \$15,831 of this amount was allocated to key management personnel.

NOTE 9: 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 Note 8 – Share-based Payments.

During the period 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.

Following the completion of the capital raising APAC Resources Limited (APAC) increased its holding in the Company to 49.87% and now considers Prodigy Gold to be a controlled entity of APAC.

NOTE 10: SUBSEQUENT EVENTS

There are no events of a material nature or transaction, that have arisen since the period end and the date of this report that has significantly affected, or may significantly affect, the Group's operations, the results of those operations, or its state of affairs.

DIRECTORS' DECLARATION

The Directors of the Group declare that:

- (a) the financial statements and notes set out on pages 7 to 14 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standard AASB 134 *Interim Financial Reporting*, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that Prodigy Gold NL will be able to pay its debts as and when they become due and payable, subject to the matters in Note 1(b).

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

Dated this 13th day of February 2023



MARK EDWARDS
Managing Director

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Prodigy Gold NL

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Prodigy Gold NL (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2022, 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 half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2022 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of 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 (including Independence Standards)* (the Code) that are relevant to the audit of the annual 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 the same terms if given to the directors as at the time of this auditor's review report.



Responsibility of the directors for the financial report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Audit (WA) Pty Ltd

BDO


Glyn O'Brien

Director

Perth, 13 February 2023