

FORM 51-102F3
Material Change Report

PART 1 GENERAL INSTRUCTIONS AND INTREPRETATION

(a) Confidentiality

If this Report is filed on a confidential basis, state in block capitals "CONFIDENTIAL" at the beginning of the Report.

(b) Use of "Company"

Wherever this Form uses the word "company" the term includes other types of business organizations such as partnerships, trusts and other unincorporated business entities.

(c) Number and Headings

The numbering, headings and ordering of the items included in this Form are guidelines only. You do not need to include the headings or numbering or follow the order of items in this Form. Disclosure provided in response to any item need not be repeated elsewhere.

(d) Defined Terms

If a term is used but not defined in this Form, refer to Part 1 of National Instrument 51-102 and to National Instrument 14-101 *Definitions*. If a term is used in this Form and is defined in both the securities statute of a local jurisdiction and in National Instrument 51-102, refer to section 1.4 of Companion Policy 51-102CP.

(e) Plain Language

Write the Report so that readers are able to understand it. Consider both the level of detail provided and the language used in the document. Refer to the plain language principles listed in section 1.5 of Companion Policy 51-102CP. If you use technical terms, explain them in a clear and concise manner.

PART 2 CONTENT OF MATERIAL CHANGE REPORT

Item 1. Name and Address of Company

Prodigy Gold Incorporated
#1205 – 700 West Pender Street, Vancouver BC V6C 1G8

Item 2. Date of Material Change

August 20, 2012

Item 3. News Release

The date of the news release is August 20, 2012 the method of dissemination of the news release under section 7.1 of National Instrument 51-102 was through Canada Stockwatch and Marketwire L.P. at Vancouver, British Columbia.

Item 4. Summary of Material Change

Prodigy Expands Magino Gold Resource by Over 55%, Including 95% in Indicated Category for 5,809,000 Ounces, Inferred: 300,000 Ounces

Item 5. Full Description of Material Change

Prodigy Gold Incorporated ("Prodigy", "Prodigy Gold", "the Company") has released an updated NI 43-101 mineral resource estimate for its flagship Magino gold project in northern Ontario. The resource estimate has been completed by Tetra Tech Wardrop ("Tetra Tech") and is constrained by geologic domains and conceptual pit shell. A summary of the mineral resource estimate is shown in the table below:

Magino Project Mineral Resource Estimate						
Cutoff Grade (gpt gold)	Indicated Resource			Inferred Resource		
	Grade (gpt gold)	Tonnes	Gold (oz)	Grade (gpt Gold)	Tonnes	Gold (oz)
0.20	0.74	266,137,000	6,332,000	0.70	15,288,000	344,000
0.30	0.83	224,469,000	5,990,000	0.84	11,748,000	317,000
0.35	0.89	203,001,000	5,809,000	0.91	10,260,000	300,000
0.40	0.94	182,913,000	5,528,000	1.00	8,847,000	284,000
0.50	1.06	147,676,000	5,033,000	1.16	6,828,000	255,000
0.60	1.18	119,250,000	4,524,000	1.31	5,492,000	231,000
0.70	1.31	96,399,000	4,060,000	1.48	4,379,000	208,000
1.00	1.71	52,206,000	2,870,000	2.01	2,419,000	156,000
1.30	2.14	30,158,000	2,075,000	2.46	1,594,000	126,000

The Magino Project contains an Indicated resource of 5,808,690 ounces of gold (203.0 million tonnes grading 0.89 gpt gold) and an Inferred resource of 300,164 ounces of gold (10.3 million tonnes grading 0.91 gpt gold) at a cutoff grade of 0.35 gpt gold. The mineral resource was estimated by Patrick Huxtable RPGeo, MAIG, who is a Qualified Person as defined in NI 43-101. He is an employee of Tetra Tech, and is independent of Prodigy Gold as defined by section 1.5 of NI 43-101. The mineral resource estimate includes the results from almost 68,000 metres of core drilling completed at the project since mid-September, 2011, in addition to 151,900 metres of previous core drilling. The mineral resource has an effective date of August 20, 2012; a complete Technical Report will be filed on SEDAR within 45 days of this News Release. Mineral resources are not mineral reserves and do not have demonstrated

economic viability. There is no certainty that all or any part of the mineral resource will be converted into mineral reserves.

The new resource estimate, dominated by Indicated gold resources, sets the key parameters for the proposed gold mining project as Magino advances through the feasibility process. Prodigy highlights the major implications of the resource estimate and future plans for the Magino project below:

- The resource contains a large proportion of gold resources above a grade of 0.50 gpt gold (5,033,000 ounces of Indicated resource grading 1.06 gpt gold (147.7 million tonnes) and 255,000 ounces of Inferred resource grading 1.16 gpt gold (6.8 million tonnes)), which the Company believes will provide a focus for mill head-grade optimization studies. Prodigy believes that this higher grade material will support a mine plan which maximizes mill head grade, potentially lowering cash costs per ounce and improving project NPV.
- Future trade-off studies intend to concentrate on the low-grade resource to determine the optimal method for processing this material; both conventional milling as is currently modeled and alternative, lower cost methods of gold recovery. The emphasis will be on utilizing mill capacity for higher-grade resources while still recovering the maximum amount of gold while avoiding significant project capital costs increases or higher production unit costs.
- Drilling completed since the last resource estimate (November, 2011) has dramatically increased the Indicated gold resource at Magino: Over 95% of the gold resource is now classified as Indicated. The conversion of previously modeled Inferred resources and identification of new Indicated resources greatly increases the company's confidence in the grade distribution within the Magino gold deposit and will enhance the mine planning process during upcoming studies.
- The reported gold resources were estimated using more conservative cost and gold price parameters than previous resource estimates and closely mirror the costs reported in a previously released Preliminary Economic Assessment (December, 2011).
- The Company intends to incorporate the new resource estimate into a Prefeasibility Study (PFS) for the Magino Mine gold project, expected early in 2013. The PFS will evaluate mining, milling and gold recovery alternatives as discussed above, and identify the preferred alternative for developing the project.
- Additional drilling is being planned to finalize the resource block model as part of the PFS. Technical and condemnation drilling in areas where mine infrastructure (mill site, waste rock disposal, etc.) is planned will also continue.

Mineral Resource Estimate:

As previously reported, Prodigy Gold has focused its geological program on assessment of the wide zones of quartz-pyrite-sericite altered granodiorite that host the former underground mine workings at Magino. The latest drilling commenced by Prodigy in September, 2011 has been included in the current mineral resource estimate. The area of interest covers 1,600 metres of the 075 degree trending Webb Lake granodiorite stock and alteration zones that aggregate up to 300 metres in width, and dip steeply to depths of at least 600 metres. At Magino the Webb Lake stock is covered by up to 30 metres of fluvio-glacial material. The felsic and mafic volcanic country rock surrounding the stock contain areas of low grade gold mineralization encountered by drilling; however the main focus remains the broad low-grade alteration zones hosted by granodiorite. A late stage diabase dyke transects the Webb Lake stock.

The database used by Tetra Tech contains 1,210 diamond drill holes (total of 219,734 metres), including 242 surface diamond drill holes that were completed in the period from September 2011 to June

2012 for 67,848 metres. A Vulcan block model with cell dimensions of 10 metres (X), 10 metres, (Y) 5 metres (Z), was coded to reflect the surface topography, base of overburden, Webb Lake granodiorite contacts, domain solids, and the late stage diabase dyke. Sub-celling of the block model on 1 x 1 x 1 m spacing allows the parent block to be split once in each direction to more accurately fill the volume of the wireframes, and thus more accurately estimate the tonnes in the resource. A three dimensional wireframe model of the underground development, stopes, and unmineralized diabase dyke was stored as percent volumes in the block model to ensure that the reported mineral resource estimates are depleted for prior mining and unmineralized zones are excluded from estimation. The geologists at Prodigy have interpreted 25 structural domains to identify the zones of mineralization in the drill cores. These 25 domains are within the Webb Lake granodiorite, Lovell Lake granodiorite and the North and South meta-volcanics and define the mineralized zones.

Gold grades were estimated from five-metre length-weighted un-cut composites into the interpreted mineralized blocks by ordinary kriging using parameters established from analysis of the variography within each domain. The impact of clustered high gold grades was controlled by using a combination of "sample per hole" restrictions, maximum distance extrapolation restrictions for grades above 22 gpt gold for Webb Lake, 4.5 gpt gold for Lovell Lake, 7 gpt gold for the south meta-volcanics and 6 gpt gold for the North meta-volcanics domains. Minimum and maximum numbers of composites used for estimation were set to 2 and 32 per block respectively for the first pass and 1 and 32 respectively for the second pass estimates. Discretisation was set to 4 x 4 x 4. Density factors of 2.72 gm/cc were assigned to granodiorite mineralized zones and 2.86gm/cc for the meta-volcanics mineralized zones respectively based on approximately 4,024 measurements of specific gravity performed by Prodigy

In order to identify mineralized blocks that can be reported as a Mineral Resource, a conceptual pit shell was developed using Whittle software to identify those parts of the block model that have reasonable prospects for eventual economic extraction. Parameters used were: 48 degree (overall pit slope); \$1.80/tonne mining cost; \$1,388/oz gold price; 94.5% process recovery; \$12.50/tonne processing cost including G&A. A detailed pit model using more selective criteria will be used for the Project economic evaluation in the PFS. Mineralized blocks that lie within the conceptual pit shell have been classified as either Indicated or Inferred Mineral Resources. Geostatistical parameters from the kriging system were used to identify regions of better confidence estimates.

Tetra Tech has applied an Indicated classification to blocks in the mineral resource that satisfied the estimation parameters for the first pass estimations. Tetra Tech has applied an Inferred classification to blocks in the mineral resource that satisfied all estimation parameters for the second pass estimations. Tetra Tech has not classified any Measured resources after considering the uncertainty in geological interpretation, extent of the underground workings, the high nugget environment, short ranges of gold grade continuity, use of assigned densities and the current drill spacing. Tetra Tech notes that Prodigy Gold has an ongoing drill program to in-fill the existing drill pattern.

INSTRUCTION

If your company is engaged in oil and gas activities, the disclosure under Item 5 must also satisfy the requirements of Part 6 of National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities.

Item 6. Reliance on subsection 7.1(2) or (3) of National Instrument 51-102

Not applicable

INSTRUCTION

Refer to subsections 7.1 (4), (5), (6) and (7) of National Instrument 51-102 concerning continuing obligations in respect of reports filed under subsection 7.1(2) or (3) of National Instrument 51-102.

Item 7. Omitted Information

Not applicable

INSTRUCTIONS

In certain circumstances where a material change has occurred and a Report has been or is about to be filed but subsection 7.1(2), (3) or (5) of National Instrument 51-102 is not or will no longer be relied upon, your company may nevertheless believe one or more significant facts otherwise required to be disclosed in the Report should remain confidential and not be disclosed or not be disclosed in full detail in the Report.

Item 8. Executive Officer

The following executive officer (or the name of an officer through whom such executive officer may be contacted) of the Company is knowledgeable about the material change disclosed in this report.

Brian J. Maher, President & Chief Executive Officer
Business Telephone No.: 604-688-9006

Item 9. Date of Report

DATED THIS 23rd Day of August 2012