Prodigy Posts Magino Resource Update and Technical Report on SEDAR

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Vancouver, British Columbia, October 4, 2012. Prodigy Gold Incorporated ("Prodigy", "Prodigy Gold", "the Company") is pleased to announce the posting of an NI 43-101 Mineral Resource estimate and Technical Report for its flagship Magino Project in northern Ontario on SEDAR. The resource estimate has been completed by Tetra Tech Wardrop ("Tetra Tech") and is summarized in the table below:

Magino Project Mineral Resource Estimate

	Indicated Resource			Inferred Resource		
Cutoff Grade (gpt gold)	Grade (gpt gold)	Tonnes	Gold (oz)	Grade (gpt Gold)	Tonnes	Gold (oz)
0.20	0.71	302,191,360	6,898,130	0.62	21,087,510	420,350
0.30	0.81	249,906,150	6,508,080	0.74	15,817,030	376,310
0.35	0.87	223,479,790	6,250,990	0.80	13,809,410	355,190
0.40	0.92	199,897,300	5,912,700	0.87	11,919,740	333,410
0.50	1.04	159,681,100	5,339,220	1.00	9,021,260	290,040
0.60	1.16	128,134,590	4,778,760	1.13	7,006,100	254,530
0.70	1.29	102,970,140	4,270,630	1.27	5,429,660	221,700
1.00	1.69	55,306,140	3,005,050	1.71	2,794,780	153,650
1.30	2.10	31,526,260	2,128,540	2.06	1,688,040	111,800

The Magino Project contains an Indicated Resource of 6,250,990 ounces of gold (223.5 million tonnes grading 0.87 gpt gold and an Inferred Resource of 355,190 ounces of gold (13.8 million tonnes grading 0.80 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 has an effective date of October 4, 2012 and a complete Technical Report has been filed on SEDAR. 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.

- Tetra Tech and the Company have determined that it is most appropriate to report the mineral resource unconstrained by a pit shell, to fully reflect the deep potential typical of shear-zone-hosted gold deposits. As a result, the mineral resource reported above is greater than the mineral resource disclosed in Prodigy's Press Release dated August 20, 2012.

- The Technical Report has recommended additional drilling on the property to investigate the down-dip extension of the current resource, and improve the understanding of the known resource to upgrade the resource category. Drilling is budgeted at about $3.25 million.

- The Technical Report has also recommended conducting a Pre-Feasibility Study to evaluate the potential economic viability of the Magino property, based on the February 2012 PEA and this new resource estimate. It should incorporate the following:

-- New mine plan, re-evaluating open-pit and underground methods, different throughput, set-backs, production schedules

--- Considering potential carbon-in-pulp and heap leach options
--- Detailed Estimation of current capital costs and operating costs
--- Proceed with economic analysis, based on the above

The proposed budget for the Pre-Feasibility Study is about $2.5 million.

Mineral Resource Estimate:

As previously reported, Prodigy Gold has focused its geological program on the 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 region of interest covers 1,350 metres of the 075° trending Webb Lake granodiorite stock and the alteration zones that aggregate up to 300 metres in width, and dip steeply to depths of up to 600 metres and remains open. At Magino, the Webb Lake Stock is exposed at the surface and is locally covered by a maximum of 30 metre thickness of fluvio-glacial material. The felsic and mafic volcanic country rock surrounding the stock does contain examples of low-grade mineralization encountered by drilling, however the main focus remains the broad low-grade alteration zones within the stock. A late-stage diabase dyke transects the Webb Lake Stock.

The database provided to Tetra Tech by Prodigy on the March 27, 2012, and an update on the June 8, 2012 contains 1,210 surface and underground diamond drill holes (DDHs) for a total of 219,739 metres. Seven hundred and nineteen holes for 170,357 metres were drilled from surface and 491 holes for 49,382 metres were drilled from the underground workings. Only the underground holes with lengths greater than 50 metres were included after Snowden Mining Industry Consultants (Snowden) in November 2011 identified a significant assay bias with the less than 50 metre underground drill holes. Since the resource estimate completed in November 2011 by Snowden, Prodigy has completed a total of 242 surface DDHs for a total of 67,848 metres, with an average length of 280 metres all of which were NQ or NQ2 diameter and 12 of which were drilled as geotechnical holes.

A Vulcan™ block model with cell dimensions of 10 metres (X) x 10 metres (Y) x 5 metres (Z) was coded to reflect the surface topography, base of overburden, Webb Lake granodiorite contacts, Lovell Lake granodiorite contacts, intermediate metavolcanics, mineralization domain solids, and the late stage diabase dyke. The cell dimensions are based on the average 40 metre spaced current drill pattern at Magino. A 3D wireframe model of the underground development and stopes was used to code a variable in the model “mined” to ensure that the reported mineral resource estimates are depleted for the prior mining activities. The Prodigy geologists have interpreted some eight structural domains for the Webb Lake Stock, and three mineralized domains for the Lovell Lake Stock and 14 mineralization domains for the North and South Metavolcanics, based on identified zones of mineralization in the drill cores. The four domains which comprise the Webb Lake Stock, Lovell Lake Stock and the South and North Metavolcanics were sampled by a total of 167,630 assays, raw data statistics, including standard deviation, are shown in the table below:

Domain	Field	No. of Samples	Minimum g/t	Maximum g/t	Mean g/t	Standard Deviation g/t
Webb Lake Stock	Gold	157,530	0	5,365	0.736	15.34
Lovell Lake Stock	Gold	1,249	0	5.1	0.585	1.75
South Metavolcanics	Gold	7,522	0	166.5	0.572	4.098
North Metavolcanics	Gold	1,329	0	59.4	0.538	2.453

Gold grades were estimated from 5 metre length-weighted uncut composites into the interpreted mineralized blocks by ordinary kriging (OK), using parameters established from analysis of domain variography. The impact of the high gold grades was controlled using a combination of “sample per hole”, maximum distance extrapolation restrictions for grades above 28 g/t gold for the Webb Lake Stock, and 4.5 g/t gold for the Lovell Lake Stock, 7 g/t gold for the South Metavolcanics and 6 g/t for the North Metavolcanics. The table below summarizes the threshold values determined per domain for composited samples; only about 0.1% of samples exceed the threshold value for the principal Webb Lake Stock domain, thus demonstrating the minor influence of the high grade samples.

Domain	No. of Samples	No. of Samples > Threshold	+Threshold Grade Range g/t	Capping Value g/t	(%) Capped
Webb Lake Stock	28,292	28	28.01 to 355.97	28	0.10
Lovell Lake Stock	297	6	4.73 to 7.802	4.5	2.02
South Metavolcanics	1,654	20	8.587 to 44.542	7	1.21
North Metavolcanics	328	5	7.407 to 20.8	6	1.52

Minimum/maximum numbers of composites used for the estimations were set to 2 and 32 for the first pass searches; minimums were reduced to 1 for the second pass searches for all domains respectively. A maximum of three composites was allowed to be selected per drill hole for each estimate. The discretizations were set to 4 metres x 4 metres x 4 metres, for all domains and estimations. All of these parameters were

based on extensive Quantitative Kriging Neighborhood Analysis (QKNA) of the model and composite dataset. Density factors of 2.72 gm/cc were applied to the Webb Lake and Lovell Lake granodiorite stocks, based on 3,707 specific gravity determinations of this rock type from the core specimens by Prodigy. A density factor of 2.86 gm/cc was applied to the South and North Metavolcanics mineralized domains based on 816 specific gravity determinations of this rock type from the core specimens also by Prodigy.

Tetra Tech applied an Indicated Resource category to any blocks that were estimated in the first estimation pass, and an Inferred Resource category to any blocks that were estimated in the second estimation pass. Tetra Tech and the Company have determined that it is most appropriate to report the mineral resource unconstrained by a pit shell, to fully reflect the deep potential typical of shear-zone-hosted gold deposits. The Ordinary Kriged (OK) estimates were validated by comparing them with Inverse Distance Squared (ID2) and Nearest Neighbour (NN) estimates, and they generally compared well.

Validation of assay files against the certificates was carried out on 172 of the holes drilled by Prodigy between September 2011 and June 2012, which equates to 71% of the holes drilled in this period and 14% of the database provided as a whole. For all the 1,193 assay records checked that were greater than 2 g/t there was a 100% match between the database records and the certificates. Data verification was also completed on collar coordinates, end-of-hole depths, down-hole survey measurements, from and to intervals, measurements of assay sampling intervals, and gold grades for about 35% of the database provided, and no major issues were found. In August 2012, Tetra Tech carried out rigorous validation of the pre-1999 surface drill holes and underground drill holes (greater than 50 metres), to enable them to be included in this resource estimate. A minimum of 10% of these drill holes were checked for collar co-ordinates, end-of-hole depths, down-hole survey measurements, from and to intervals, measurements of assay sampling intervals, and gold grades. Error rates were generally within acceptable parameters.

About Prodigy Gold:

Prodigy Gold Inc. (PDG: TSX.V) is currently evaluating the development of the Magino mine gold project in Ontario as an open-pit mining opportunity with the potential for deeper, higher grade gold production. The Magino Project contains an Indicated resource of 6,250,990 ounces of gold (223.5 million tonnes grading 0.87 gpt gold and an Inferred resource of 355,190 ounces of gold (13.8 million tonnes grading 0.80 gpt gold) at a cutoff grade of 0.35 gpt gold. Included within this resource estimate is a higher grade zone consisting of 4,778,760 ounces grading 1.16 gpt gold (128.1 million tonnes) of Indicated resource and 254,530 ounces of Inferred gold resources grading 1.13 gpt gold (7.0 million tonnes). Please see the Prodigy Gold press release dated October 4, 2012 and a NI 43-101 compliant technical report filed on SEDAR (available on Prodigy's web site), for more details. 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.

A Prefeasibility Study for the proposed open pit mining project at Magino is scheduled for completion early in 2013. Bringing the Magino mine project through the feasibility process and towards production is a catalyst for growing Prodigy Gold and building substantial value for Prodigy shareholders: Today's Discovery, Tomorrow's Future.

All scientific and technical information for the Magino project, has been reviewed and approved by Tom Pollock, P.Geo., Prodigy Gold’s Vice President – Exploration, who is a qualified person under the definitions established by National Instrument 43-101. Drill core at Magino is boxed, covered, and sealed at the drill rig and moved to the Prodigy logging and sample preparation facilities by Prodigy Gold personnel. The core is then split down the centre using a typical table fed circular rock saw normally at one-metre intervals. One half of the core is sent for assay to Activation Laboratories Ltd., 33 Iroquois Road, ON, P4N 7C5, while the other half is returned to the core box and stored at Prodigy’s sampling facility in a secure, fenced off, area. Activation Laboratories are ISO/IEC 17025 certified and are at arm's length to Prodigy. Prodigy QA/QC procedures include the regular use of blanks, standards and duplicate samples in addition to sending 10% of the samples to ALS Chemex, 2090 Riverside Dr., Timmins, ON, P4R 0A2 for check assays. ALS Chemex is at arm's length to Prodigy and is ISO 9001:2008 certified. Samples assaying > 3.0 gpt gold are automatically re-assayed by the metallic screen method. Gold assays greater than 40 gpt are capped at 40 gpt when calculating composite intervals in drill holes. Drill holes are directed as much as possible perpendicular to the strike and dip of the mineralization at Magino. As a rough estimate the true thickness of the above intercepts is approximately 76%.

On behalf of the Board of Directors

Brian J. Maher
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This news release includes certain forward-looking statements or information. All statements other than statements of historical fact included in this release, including, without limitation, statements relating to the potential mineralization and geological merits of the Magino mine property and other future plans, objectives or expectations of Prodigy Gold Incorporated (the "Company") are forward-looking statements that involve various risks and uncertainties. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from the Company's plans or expectations include risks relating to the actual results of current exploration activities, fluctuating gold prices, possibility of equipment breakdowns and delays, exploration cost overruns, availability of capital and financing, general economic, market or business conditions, regulatory changes, timeliness of government or regulatory approvals and other risks detailed herein and from time to time in the filings made by the Company with securities regulators. The Company expressly disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise except as otherwise required by applicable securities legislation. Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.