

## QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDING 31 MARCH 2024

**DeSoto Resources Limited (ASX:DES)** ("DES" or the "**Company**") is pleased to provide an update on its activities for the March 2024 Quarter.

Throughout the reporting period, DeSoto maintained its focus on exploration activities at the Fenton Gold Project in the Northern Territory. In addition, the company actively pursued various high-priority manganese opportunities, with these initiatives currently in progress.

### Northern Territory Exploration

- Final assays and results from an AEM survey at Fenton Gold Project received.
- Assays confirmed the presence of large gold system at Fenton with broad intercepts of mineralisation, extending the Fenton mineralised zone to the south.
- Results received from the 2023 NT Government co-funded AEM survey, identified 18 prospective conductivity targets both north, south and west of the drilled area, highlighting potential beyond drilled area (Fig. 1).

### Next Quarter Exploration In The Territory

- Regional exploration planning is underway, including mapping, sampling and further ground geophysics to follow-up EM anomalies to define new drill targets with a minimum of 1,500m of drilling planned and further targets expected to be drill tested in the 2024 exploration season.
- In addition, the Company is participating in the NTGIS Pine Creek Regional Infill Gravity Program, planning infill gravity over selected targets and prospects and also will make an application for the NTGIS Round 17 Resourcing the Territory Grants, for which it received a grant in 2023.
- The Company continues to assess opportunities up and down the Fenton Trend with the AEM survey highlighting a number of new and high-value targets, including precious and critical metals.
- Phase-1 work at Fenton was cut short due to a longer than expected rainy season in H1 2023, with drilling work not commencing until late August, cutting more than 3 months from the planned exploration season.

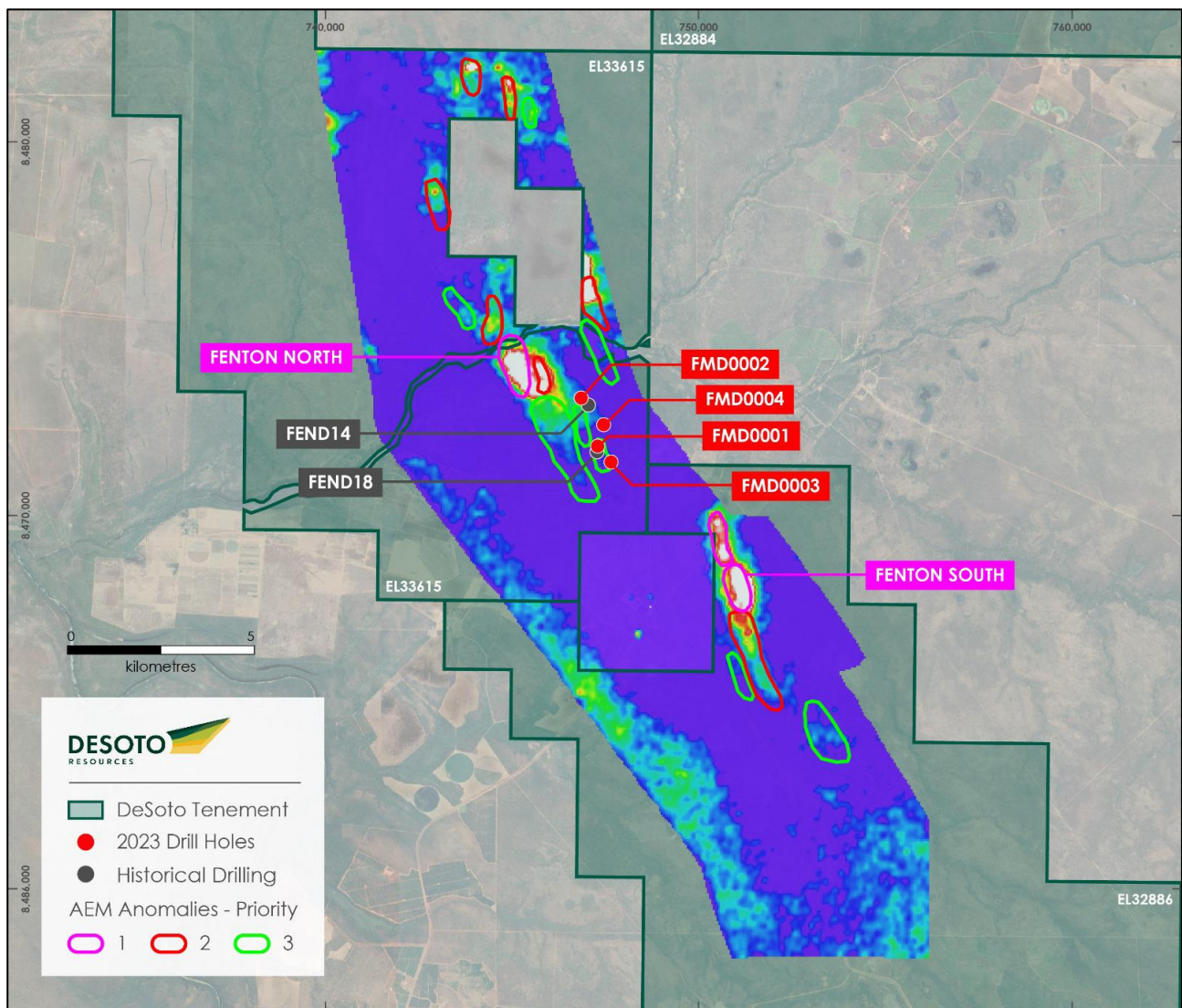


Figure 1 - Location of AEM Survey showing 2023 SKYTEM priority ranked anomalies on late time channel gate 35 image with drilling.

## Project Generation

- While the Company remains committed to its Projects in the Northern Territory and believes it can make a significant discovery within its licence areas, the Northern Territory only provides a 6–9-month exploration window (due to the rainy season).
- In line with the Company's prospectus and broader aims to pair a year-round manganese exploration project with its Northern Territory Projects, the Company has been engaged in a 12–18-month first principles review of global manganese opportunities.
- The Company can provide the following update on its manganese activities:
  - Barrie Bolton, formally BHP's global head of manganese exploration, has been spearheading a 12-month global review of manganese exploration opportunities, targeting underexplored areas to form a view of the best places globally for greenfield or brownfield manganese deposits.

- More than 15 new and existing Mn Projects across the global tropics have been identified and assessed for their suitability to produce feedstock for battery grade High Purity Manganese Sulphate Monohydrate (HPMSM).
- Manganese sulphate is the chemical used in fertilizers as well as in Manganese-based Lithium-Ion batteries.
- Importantly the Company is targeting manganese carbonate deposits (vs. oxide deposits) as the most cost-effective for producing HPMSM. This is because Mn Carbonates are easily leachable in acid whereas magnesium oxides must be calcined to convert  $\text{MnO}_2$  to  $\text{MnO}$ .
- HPMSM demand growth is driven by EV industry's overwhelming adoption of manganese-based lithium-ion batteries cathode chemistry in the immediate and into the future.
- LMFP is estimated to be +\$US20 Billion market by 2030 &  $\text{MnSO}_4$  is a key ingredient in LMFP production.
- Site visits are being undertaken for mapping and rock-chip sampling to ensure a high-grade/low impurity manganese carbonate or oxide ore.
- The Company expects any manganese project it takes on will produce Mn mainly for the US or EU as opposed to Chinese/SE Asian markets.
- Recent and significant supply side disruption to the global manganese market with South32 suspending operations at its Groote Eylandt Mining Co (12% of global Mn supply) in the Gulf of Carpentaria, due to tropical cyclone Megan.
- Manganese has historically been used in the steel industry to produce alloys and to a much smaller degree has been used in foundries and welding, it is integral to the steel industry with growth driven by rapid urbanisation in India and other parts of Asia.
- The Company is already engaged with potential project partners and deal opportunities with initial approaches being met positively, especially when traditional steel-focussed projects have been presented with a new HPMSM focus, with project due diligence and assessment ongoing.

## Corporate

- DeSoto is well funded with \$6.1 million in cash at 31 March 2024.

## Northern Territory Exploration (Detailed)

During the quarter, DeSoto received final assays from the Fenton Gold Project's initial drilling and the outcomes of an AEM survey backed by the NT government. These findings mark significant progress in understanding the project's potential.

The latest drilling results affirm the presence of a substantial gold system, with all drilled holes encountering extensive zones of gold mineralisation. Notably, the newly drilled holes, FMD0003 and FMD0004, have unveiled wide areas of low-grade gold mineralisation, mirroring the geological characteristics of the original Homestake discovery holes<sup>1</sup>. Key results include a 17-meter interval at 0.62g/t Au from 578 meters in FMD0003 and a 72-meter span at 0.43g/t Au from 528 meters in FMD0004. These findings have extended known mineralisation by 350 meters to the south, revealing a mineralised shear zone system extending over 2 kilometres in strike and remaining open to the north and south.

The AEM survey, conducted with support from the NT government, has identified 18 potential conductivity targets in various directions, outside the drilled area. Among these targets, three high-priority anomalies require ground geophysical surveying before further drilling. This survey has been instrumental in directing drilling efforts effectively and the results have highlighted significant potential beyond the current drilling area.

Moving forward, DeSoto plans to utilise 3D geological modelling to guide the design of localised ground geophysical surveys, particularly focusing on exploring the newly identified AEM targets before initiating further drilling. Additionally, efforts will be directed towards identifying and prioritising combined structural and geophysical anomalies with the potential to host higher-grade zones of gold mineralisation, optimising future exploration strategies.

## Financial Position

- As per ASX Listing Rule 5.3.1, a summary of the Company's exploration activities for the quarter is contained herein, with exploration expenditure incurred during the period of circa \$194k.

Project	Cash Expenditure \$'000
Pine Creek Gold and Lithium Project	91
Exploration activities associated with potential new projects	103
<b>Total</b>	<b>194</b>

- As per ASX Listing Rule 5.3.2, there were no substantive mining production and development activities undertaken during the quarter.
- DeSoto is well funded with cash of \$6.1M at 31 March 2024.
- DeSoto continues to assess various project opportunities on an ongoing basis.
- In accordance with ASX Listing Rule 5.3.4, as the March 2024 quarter was in a period covered by a 'use of funds' statement in the IPO Prospectus, below is a comparison of the Company's actual expenditure to 31 March 2024 against the estimated expenditure in the 'use of funds' statement:

<sup>1</sup>DES Announcement: Desoto Prospectus (14th December 2022)



Use Of Funds	Per IPO Prospectus (2 year period)	PTD 31 March 2024 <sup>1</sup>
Two (2) Year Exploration Expenditure: Pine Creek Project (Fenton and Fenix)	5,241,667	1,725,466
New Project Generation Due Diligence	80,000	45,400
Administration and Overheads	1,613,633	1,186,049
Capital Raising Expenses <sup>2</sup>	893,354	625,399
Working Capital <sup>3</sup>	3,052,497	1,047,458
<b>Total</b>	<b>\$10,881,151</b>	<b>4,629,773</b>

1. Period to date (Period: 14 December 2022 to 31 March 2024).

2. YTD only includes actual costs since date of admission to the official list, per ASX Listing Rule 5.3.4.

3. To the extent that: (a) the Company's exploration activities warrant further exploration activities; or (b) the Company identifies additional acquisition or investment opportunities (including manganese and project generation opportunities described in the Prospectus), the Company's working capital will also be utilised to fund such further exploration activities and/or acquisition or investment costs (including due diligence investigations and expert's fees in relation to such acquisitions or investments) as applicable. Any amounts not so expended will be applied toward corporate and administration costs for the period subsequent to the initial two-year period following Admission. During the March quarter, the Company spent \$100k on manganese project generation.

- As per ASX Listing Rule 5.3.5 and as disclosed in Sections 6.1 and 6.2 of the Appendix 5B, the company paid \$111k to related parties, being \$69k for Directors salary, \$33k for non-executive directors' fees, \$7k for consulting fees and \$2k for other corporate support costs.
- Tenement Schedule per ASX listing Rule 5.3.3:

#### Mining tenements held at the end of the quarter and their location

TENEMENT No.	LOCATION	INTEREST %	HOLDER
<b>Pine Creek Gold and Lithium Project</b>	NT	100%	Mangusta Minerals Pty Ltd
EL32884			
EL32886			
EL33188			
EL33189			
EL33225			
EL31356			
EL32148			
EL31899			
EL33615			

- Mining tenements acquired during the quarter and their location: Nil.
- Mining tenements disposed during the quarter and their location: Nil.
- The beneficial percentage interests held in farm-in or farm-out agreements at the end of the quarter: Nil.

- The beneficial percentage interests in farm-in or farm-out agreements acquired or disposed of during the quarter: Nil.

### 2024 March Quarter - ASX Announcements

This Quarterly Activities Report contains information extracted from ASX market announcements reported in accordance with the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" ("2012 JORC Code"). A full table of Announcements can be found below:

29-Jan-24	Drilling and Geophysics Confirm Scale of Fenton Gold System
-----------	---

**-END-**

This release is authorised by the Board of Directors of DeSoto Resources Limited.

For further information contact:

Chris Swallow

**Managing Director**

E: [cs@desotoresources.com](mailto:cs@desotoresources.com) P: +61 412 174 882

## Appendix 5B

### Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

DeSoto Resources Limited

ABN

75 658 510 242

Quarter ended ("current quarter")

31 MARCH 2024

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
<b>1.</b>	<b>Cash flows from operating activities</b>		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	(165)	(540)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(177)	(427)
	(e) administration and corporate costs	(86)	(485)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	57	216
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (GST paid)	91	47
<b>1.9</b>	<b>Net cash from / (used in) operating activities</b>	<b>(280)</b>	<b>(1,189)</b>

<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) exploration & evaluation	(29)	(1,408)
	(e) investments	-	(5)
	(f) other non-current assets	-	-

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (term deposit maturing)	-	2,000
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(29)</b>	<b>587</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	76
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(15)	(43)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(15)</b>	<b>33</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>	-	-
4.1	Cash and cash equivalents at beginning of period	6,419	6,664
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(280)	(1,189)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(29)	587
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(15)	33



## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	<b>Cash and cash equivalents at end of period</b>	<b>6,095</b>	<b>6,095</b>

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	2,095	2,419
5.2	Call deposits	4,000	4,000
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>6,095</b>	<b>6,419</b>

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	106
6.2	Aggregate amount of payments to related parties and their associates included in item 2	5
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

<b>7.</b>	<b>Financing facilities</b> <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	<b>Total financing facilities</b>	-	-
7.5	<b>Unused financing facilities available at quarter end</b>		-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

<b>8.</b>	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	(280)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(29)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(309)
8.4	Cash and cash equivalents at quarter end (item 4.6)	6,095
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	6,095
8.7	<b>Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>	19.7
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>		
8.8	If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/A		
8.8.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: N/A		

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

*Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.*

## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 24 April 2024.....

Authorised by: By the Board.....  
(Name of body or officer authorising release – see note 4)

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.