DESOTO
RESOURCES

Annual Report
2024

DeSoto Resources Limited
ABN 75 658 510 242

Corporate Directory

Directors
Paul Roberts
Non-Executive Chairperson

Finbarr (Barry) Murphy
Non-Executive Director

Christopher Swallow
Managing Director

Company secretary
Tony Tomba

Registered office
Level 2
10 Outram Street
West Perth WA 6005
Ph: +61 8 6149 7516
Email: info@desotoresources.com
Website: www.desotoresources.com

Share registry
Automic Registry Services
Level 2, 267 St George's Terrace
Perth WA 6000
Ph: 1300 288 664
Website: www.automic.com.au

Auditor
HLB Mann Judd
Level 4, 130 Stirling Street
Perth WA 6000

Solicitors
Steinepreis Paganin
Level 4, The Read Buildings
16 Milligan Street
Perth WA 6000

Securities exchange listing
Australian Securities Exchange
(ASX code: DES, DESO)

ACN
658 510 242

Contents

Directors' Report

The Directors present their financial report of DeSoto Resources Limited (referred to hereafter as the 'Company' or 'parent entity') and of the consolidated group (referred to hereafter as the 'Group'), being the Company and its controlled entities for the year ending 30 June 2024.

Directors

The following persons were Directors of DeSoto Resources Limited during the whole of the financial period and up to the date of this report, unless otherwise stated:

Paul Roberts (Non-Executive Chairperson)

Finbarr (Barry) Murphy (Non-Executive Director)

Christopher Swallow (Managing Director)

Information on directors

Name

Paul Roberts

Title

Independent Non-Executive Chairperson – appointed 22 April 2022

Qualifications

BSc, MSc, FAIG, MGSA

Experience and expertise

Mr. Roberts has a long and successful history in mineral exploration management and mine geology both in Australia and overseas. He was responsible for discovery of the world class Bankan Gold Project in Guinea, the Henty gold deposit and major extensions to the St Dizier tin deposit (both in Tasmania), as well as resource evaluations of the Kuridala copper gold deposit in North Queensland, the Bongara zinc deposit in Peru and a number of gold deposits in the Cue and Meekatharra districts in Western Australia.

Other current directorships

Apollo Minerals Limited,
appointed 11 September 2023 (ASX:AON)

Former directorships (last 3 years)

Predictive Discovery Limited
(July 2010 - June 2022)

Interests in shares

5,000,000

Interests in options

10,000,000

Interests in performance rights

Nil

Name

Finbarr (Barry) Murphy

Title

Independent Non-Executive Director - appointed 22 April 2022

Qualifications

BA (Nat Sci), Ph D, FAIG, MGSA, FGSL, MSGA

Experience and expertise

Dr Murphy has had a highly successful career in mineral exploration, consulting and research. He is a Geoscientist with expertise in structural geology, geophysics, remote sensing and GIS analysis. He has significant base and precious-metal exploration experience in Australia, West Africa, Sudan, DRC, South America, Indonesia and Europe and he was a member of the Bankan Gold discovery team in Guinea.

Other current directorships

None

Former directorships (last 3 years)

None

Interests in shares

3,050,000

Interests in options

6,025,000

Interests in performance rights

Nil

Name

Christopher Swallow

Title

Managing Director -
appointed 01 April 2022

Qualifications

BA.

Experience and expertise

Mr. Swallow has more than 15 years' experience in executive roles across Australia, Asia and Africa. He was previously the Chief Executive Officer of BPM Minerals Limited, a Western Australian-focused exploration company with gold and base-metal projects. Mr Swallow has also worked in an operational capacity as the Corporate Development Officer for Guinea-focused gold explorer Predictive Discovery Limited and Minbos Resources Limited and he has worked in strategic communications as an advisor to numerous ASX-listed Australian, North American and West African mineral explorers, covering a range of commodities including gold, nickel, zinc and copper.

Other current directorships

Lord Resources Ltd,
appointed 28 April 2021 (ASX:LRD)

Former directorships (last 3 years)

None

Interests in shares

2,700,000

Interests in options

4,050,000

Interests in performance rights

1,140,000

'Other current directorships' quoted above are current directorships for ASX listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for ASX listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretary

Mr Tony Tomba
(appointed 1 April 2022) (B,Bus, CA, GAICD)

Mr Tomba is an experienced Finance Executive, having held various Senior Finance and head office tax roles in Australia and overseas, during his 19 years with the Schlumberger Group, after which he held Senior Finance positions for companies operating in the international aviation and domestic offshore marine sectors.

Meetings of directors

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 30 June 2024, and the number of meetings attended by each director were:

	Full Board	
	Attended	**Held**
Paul Roberts	6	6
Finbarr (Barry) Murphy	6	6
Christopher Swallow	6	6

Held: represents the number of meetings held during the time the director held office.

Review of Operations

The loss for the Group after providing for income tax amounted to $1,694,311 (30 June 2023: $1,460,083).

The following is a summary of the activities of DeSoto for the year ended 30 June 2024. It is recommended that this report be read in conjunction with any public announcements made by the Company during the year.

In accordance with the continuous disclosure requirements, readers are referred to the announcements lodged with the Australian Securities Exchange (ASX) regarding the activities of the Company.

Projects Overview

Pine Creek Projects

DeSoto's Pine Creek Project is located approximately 150 km south of Darwin and 3 km north of Pine Creek in the NT (Figure 1) and includes EL33188, EL33225, EL33615, EL31899, EL32148, EL32884, EL31356, EL33189, EL32886 and the recently announced EL31475 (Spectrum Project), which the Company is currently earning into. Access to the Pine Creek Project is from the sealed Stuart Highway Hayes Creek which cuts through the eastern portion of the licenses. The eastern licenses are accessed via the sealed Dorat and Oolloo Roads and then via well maintained gravel roads.

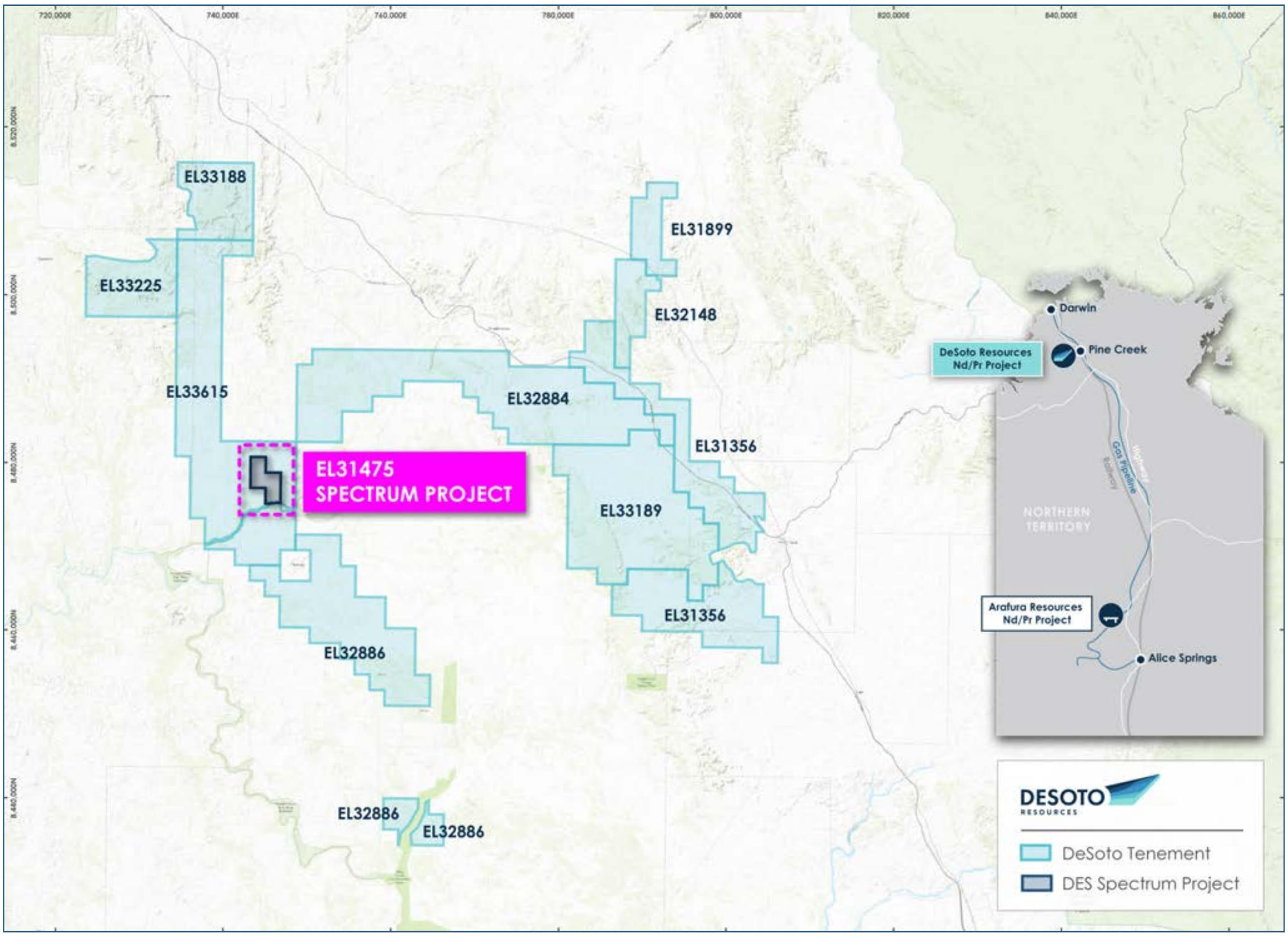

Figure 1 – Location of DeSoto's Pine Creek Projects, South of Darwin, Northern Territory.

During the reporting year, the Company completed a number of important exploration and drilling programs which have added significant momentum to making a large mineral discovery in this exciting and underexplored region. A total of 2,683m of combined diamond and RC drilling was completed, with encouraging results received from all four holes completed, including:

FMD0001	FMD0002	FMD0003	FMD0004
41m @ 0.21 g/t Au from 472m	**23m @ 0.37g/t Au from 557m, incl. 2m @ 1.78 g/t Au from 560m**	**17m @ 0.62g/t Au from 578m, incl. 5m @ 1.09g/t Au**	**72m @ 0.43g/t Au from 528m, incl. 5m @ 1.02g/t Au**

The Fenton drill program successfully intersected wide zones of gold mineralisation in the prospective Proterozoic Koolpin stratigraphy in all holes drilled. Drilling results affirm the presence of a substantial gold system, with all drilled holes encountering extensive zones of gold mineralisation.

The Pine Creek gold field contains approximately 17 Moz of recorded gold deposits hosted in a 60km-long and 1km-wide, NW-SE trending belt along the Pine Creek Shear Zone (PCSZ), the dominant gold hosting structure in the region. The Fenton Gold Project is an under-cover, structurally complex Palaeoproterozoic hosted gold target zone that extends for over 20km along strike by 4km across strike on the western edge of the Pine Creek inlier. It is covered by 50-200m of Cambrian limestones and mudstones of the Daly Basin (Fig. 2).

The Company's strategy has been to get belt-scale exposure to the Fenton Shear Zone (FSZ) through pegging ground acquisitions and systematically exploring for the best part of the FSZ.

In late July 2023, the Company completed a 4-week ground geophysical survey covering a 4km-long section of the FSZ. The survey comprised 16.3-line km of 2D pole-dipole induced polarisation (IP) and 32.8-line km of fixed loop electromagnetics (FLEM) (Fig. 2).

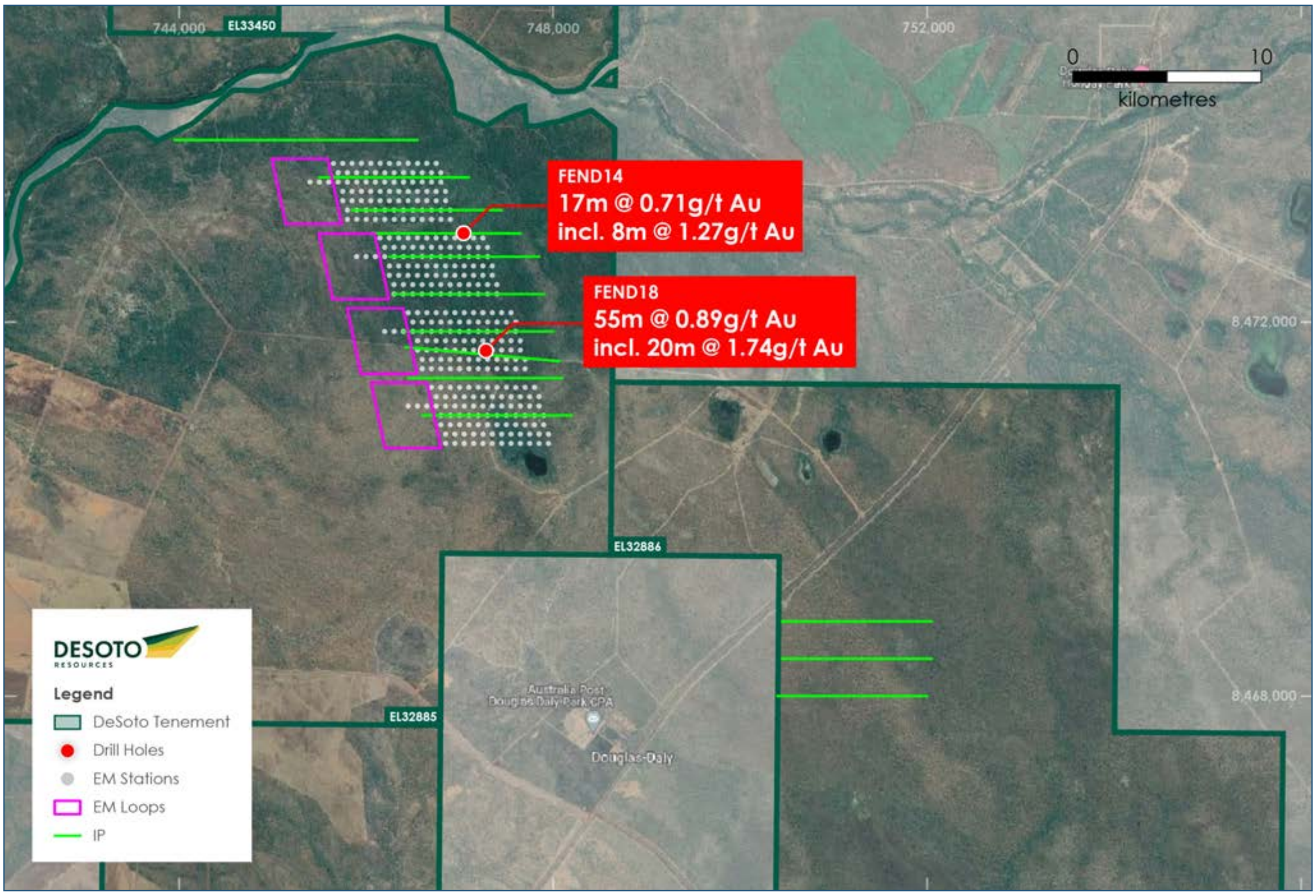

Figure 2 – Desoto Resources Fenton Gold Project, with Pole-Dipole IP and Fixed Loop EM program survey lines, stations and loops overlain a 4km-long section of the Fenton Shear Zone which includes previous Homestake drill holes FEND14 and FEND18.

During October 2023, a high resolution AEM survey was successfully completed over the FSZ corridor and the greater tenement package. The final dataset was received and the company reported excellent results. In total, 853 line-km of data was flown along 200m spaced east-west orientated flight lines. The program was designed as an infill to the existing regional scale Rum Jungle TEMPEST survey (1.5km and 5 km spaced lines). Re-processing of selected lines from the regional survey demonstrated the ability of AEM to map each of these responses in an undercover environment.

The objective of the 2023 AEM survey was to map the depth to basement interface and to identify conductivity responses / targets in the basement. In total, 18 priority bedrock conductivity anomalies were identified, the highest amplitude responses occur immediately to the west, north and south of the 2023 drill collar positions that focused on testing local scale ground geophysical anomalies proximal to historic drill intercepts.

The AEM survey also highlighted Vesper, a strong 2km long by 0.5km wide anomaly located approximately 1.5km to the southwest of the Quantum REE-Au-Ag discovery (Fig. 3). As part of the Company's strategy to "lock up" the FSZ, the Spectrum Project containing the Vesper EM anomaly and the Quantum REE discovery, was acquired during the year.

The structural, geochemical and geophysical setting of the Spectrum Project has been assessed to develop a mineralisation model and better understand the potential of the project. There is strong evidence that the Quantum REE-Au mineralisation and the Vesper EM anomaly are part of the same, complex mineralisation system that is associated with intersection of the FSZ and the Hayes Creek Fault (HCF) system (Fig. 4).

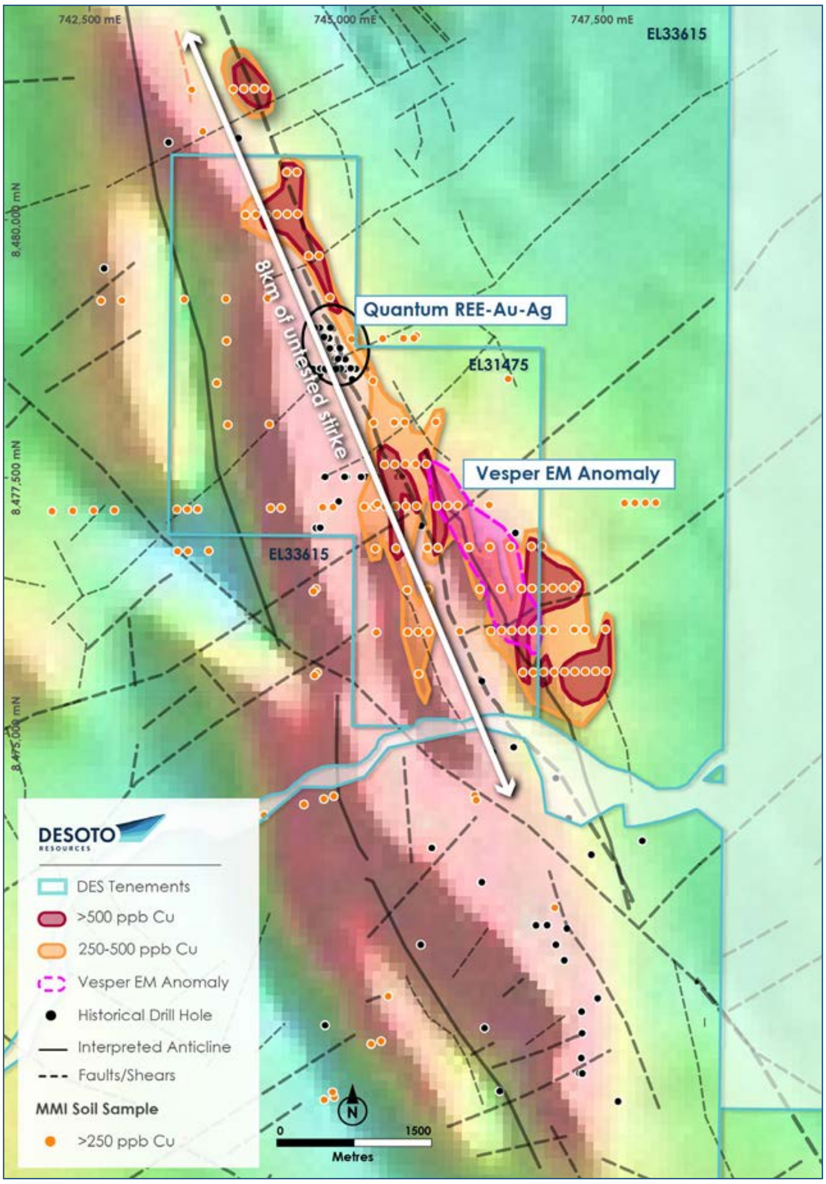

Figure 3 - Spectrum Project showing major structures, Spectrum REE-Au mineralisation, Vesper EM anomaly and Cu MMI soil anomaly over regional aeromagnetic image.

The Spectrum Project is located on the NNW-SSE striking FSZ and associated interpreted anticline at the intersection of the NE-SW striking HCF (Figs. 3-4). Both the Quantum REE-Au mineralisation and the Vesper EM anomaly are located on the same structure some 1.5km apart. The HCF is a known host for uranium and gold mineralisation with the Thunderball Uranium deposit and the Princess Louise gold deposits directly associated with the eastern end of the fault zone. Both the FSZ and HCF are regionally extensive, deep structures that have controlled the formation of mineralisation in the area.

The Spectrum Project is located at the intersection of these major structures and is seen as having significant mineralisation potential (Fig 4). Supporting this view is the presence of a discrete, coherent >250 ppb MMI Cu soil anomaly which is also associated with the FSZ within the area of the Spectrum Project area. It is strongest on the margins of the Vesper AEM anomaly and extends to the south-east. The Cu soil anomaly also extends to the north of the Quantum REE-Au mineralisation along the FSZ. It is interpreted that the Cu soil anomaly is sourced from a base metal sulphide source and has been remobilised through the Cambrian cover up the FSZ to surface. The Cu soil anomaly does not persist to the south of a major NW-SE striking fault suggesting that the anomaly is controlled by the FSZ and that the source is likely to be structurally controlled along the FSZ. In addition, the Quantum REE-Au-Ag mineralisation has not been effectively drill tested with mineralisation defined over a 500m strike and is open to both the north and south.

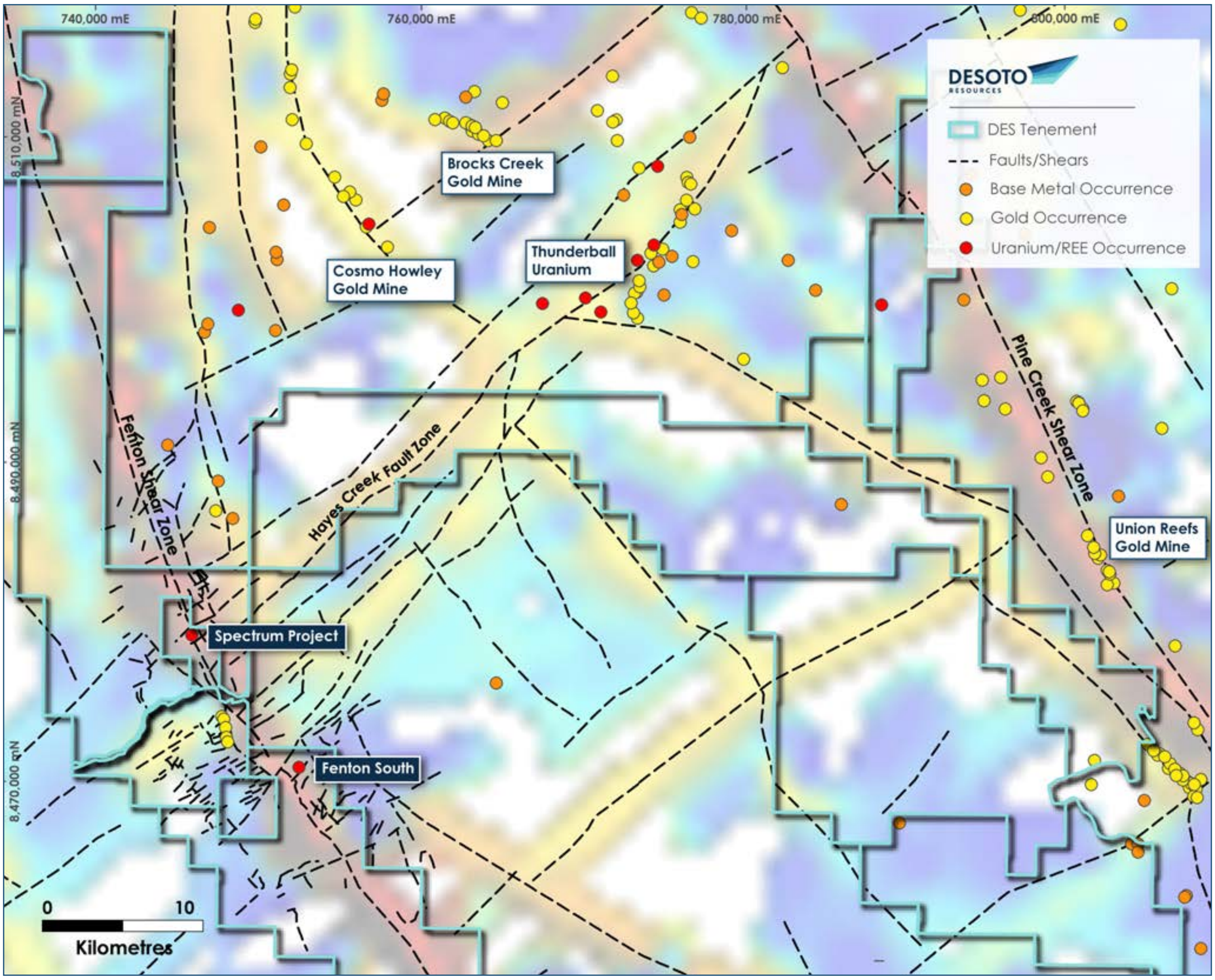

Figure 4 - Regional structural setting of the Spectrum Project at the intersection of the Fenton Shear Zone and the Hayes Creek Fault Zone and locations of known gold, base metal and uranium+/-REE mineralisation. The underlying colour image is of interpreted fault length (longer faults shown as warmer colours). This highlights long and by inference deep structures. The fault length image is derived from integrated interpretation of magnetic, gravity and mapped fault data sets.

Given that the known mineralisation is located on the FSZ, there is up to 8km of strike extent of potential mineralisation hosting structure to drill test. The interplay of the Cu soil anomaly, a strong EM anomaly, known REE-Au mineralisation hosted on the same structure in a structurally favourable location, is suggestive of a complex base metal + REE-Au mineralised system.

Risks Overview

The Group's activities have inherent risk and the Board is unable to provide certainty of the expected results of these activities. The material business risks that the Group faces that could influence the Group's future prospects and how these are managed, are outlined below.

Exploration and operational

Mineral exploration and development are speculative undertakings. As the Group is in the early stages of exploration there can be no assurance the exploration on its projects will result in the discovery of an economic mineral resource or that it can be economically exploited. In the event that exploration programmes prove to be unsuccessful this will lead to diminution in the value of the projects, a reduction in cash reserves and possible relinquishment of the mineral exploration licences associated with the projects.

The Group's future exploration activities may be affected by a range of factors including geological conditions, adverse weather and unanticipated operational or technical difficulties beyond the control of the Group. This is managed where possible by undertaking exploration activities when more favourable seasonal weather patterns are expected and extensive planning and completion of the work by experienced professionals.

Tenure Renewal

Mining and exploration tenements are subject to periodic renewal. The renewal of the term of granted tenements is subject to compliance with the applicable mining legislation and regulations and the discretion of the relevant mining authority. The Group considers the likelihood of tenure forfeiture to be low given the laws and regulations governing exploration in the Northern Territory and the ongoing expenditure budgeted for tenements held.

Capital

The development of the Group's projects may require additional funding. If the Group is unable to obtain additional funding as needed, it may be required to scale back its exploration programmes.

Government Regulations

The future development of the Group's projects will be subject to obtaining approvals from the relevant government authorities. Any material adverse changes in government policies or legislation in the Northern Territory and Australia that affect mining, processing, development and mineral exploration activities, income tax laws, royalty regulations, and environmental issues may affect the viability and profitability of any future development of the Group's projects. No assurance can be given that the new regulations will not be enacted or that the existing rules and regulations will not be applied in a manner which could adversely impact the Group's mineral properties.

Global market and financial conditions

The mineral resource industry and other industries are impacted by global market and financial conditions. Some of the key impacts of market uncertainty caused by the COVID-19 pandemic, global geopolitical tensions and inflationary economic environments may result in contraction in credit markets resulting in widening of credit risk, devaluations and volatility in global equity, commodity, foreign exchange and precious metal markets. Due to the current nature of the Group's activities a slowdown in the financial markets or other economic conditions may adversely affect the Group's share price, growth potential and ability to finance its activities.

Climate risk

There are a number of climate-related factors that may affect the operations and proposed activities of the Group. The climate change risks particularly attributable to the Group include:

- the emergence of new or expanded regulations associated with the transition to a lower-carbon economy and market changes related to climate change mitigation. While the Group endeavours to manage these risks and limit any consequential impacts, there can be no guarantee that the Group will not be impacted by these occurrences; and
- climate change may cause certain physical and environmental risks that cannot be predicted by the Group, including events such as increased severity of weather patterns, extreme weather events and longer term physical risks such as shifting climate patterns. These risks may significantly change the industry in which the Group operates.

Significant changes in the state of affairs

- On 17 July 2023, the Loyalty Option Shortfall Offer closed, under which the full amount of 7,604,672 Shortfall Options were issued[1], raising $76,047. The issue price for each Shortfall Option was $0.01 and each Shortfall Option is exercisable at $0.25 on or before 23 May 2028. Refer to note 18 for further details.
- On 17 August 2023, Mineral Exploration Licence EL33450 was granted.
- On 23 October 2023, amalgamated Mineral Exploration Licence EL33615 was issued to replace Mineral Exploration Licences EL32885 and EL33450.
- On 24 May 2024, the Company entered a binding terms sheet with Copperoz Pty Ltd, whereby Copperoz granted the Company an exclusive right to acquire up to an undivided 70% legal and beneficial interest in Mineral Exploration Licence EL31475 in the Northern Territory, in exchange for the issue of 3,636,000 shares, 1,600,000 options (exercisable at $0.23 and expiring 5 years from the date of issue) and a cash payment of $80,000. Refer to notes 14 and 18 for further details.

In the opinion of the Directors there were no other matters that significantly affected the state of affairs of the Group during the period, other than those matters noted above or referred to in the overview above.

There were no other significant changes in the state of affairs of the Group during the financial year.

Matters subsequent to the end of the financial year

No other matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Environmental regulation

The Group is subject to environmental regulation in relation to its exploration activities. It aims to ensure that the highest standard of environmental care is achieved, and that it complies with all relevant environmental legislation. The Directors are not aware of any breaches during the period covered by this report.

Corporate governance

In recognising the need for high standards of corporate behaviour and accountability, the Directors of the Company support and have adhered to the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations. The Company's detailed corporate governance policy statement can be found on the Company's web site at: desotoresources.com.

1 DES ASX Announcement: Application for Quotation of Securities (17 July 2023)

Remuneration report (audited)

The remuneration report details the key management personnel remuneration arrangements for the Group, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- Transparency

The Board has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the Group.

The reward framework is designed to align executive reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:

- focusing on sustained growth in shareholder wealth, raising capital for current and additional projects and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- attracting and retaining high calibre executives

Additionally, the reward framework should seek to enhance executives' interests by:

- rewarding capability and experience
- reflecting competitive reward for contribution to growth in shareholder wealth
- providing a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

Non-executive directors remuneration

Fees and payments to non-executive Directors reflect the demands and responsibilities of their role. Non-executive Directors' fees and payments are reviewed annually.

ASX listing rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting. The maximum annual aggregate remuneration was set at $300,000 by Shareholders at the annual general meeting held on 21 November 2023. Any variations in future periods will require shareholder approval.

Executive remuneration

The Group aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has four components:

- base pay and non-monetary benefits
- short-term performance incentives
- share-based payments
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Board based on individual and business performance, the overall performance of the Group and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the Group and provides additional value to the executive.

The long-term incentives ('LTI') include long service leave and share-based payments. Options are awarded to executives to encourage sustained performance in the realisation of strategic outcomes and growth in shareholder value. Options issued as remuneration are granted for no consideration and do not carry voting rights or dividend entitlements.

Use of remuneration consultants

The Board did not engage a remuneration consultant to make any recommendations in relation to its remuneration policies for any of the key management personnel for the Company during the period. However, the board did benchmark key management personnel and board remuneration against independently prepared remuneration reports during the period.

Link between Group performance and executive remuneration

The focus of executive remuneration over the financial year was fixed remuneration and performance rights (i.e., growing the value of the Company as reflected through share price and achieving certain JORC compliant resource estimate targets) which seeks to ensure that executive remuneration is appropriately aligned with the business strategy and shareholder interests.

There is currently no link between the Group's performance and any performance related remuneration.

The remuneration report for the year ended 30 June 2023 was passed by unanimous shareholder vote at the annual general meeting held on 21 November 2023.

Details of remuneration

Amounts of remuneration

Details of the remuneration of key management personnel of the Group are set out in the following tables.

	Short-term benefits			Post-employment benefits	Share-based payments	
2024	Cash salary and fees $	Cash bonus $	Non-monetary* $	Super-annuation $	Equity-settled $	Total $
Non-Executive Directors:						
Paul Roberts	80,000	-	-	-	-	80,000
Finbarr (Barry) Murphy	50,000	-	-	-	-	50,000
	130,000					130,000
Other Key Management Personnel:						
Christopher Swallow	250,000	-	35,769	27,500	36,100	349,369
Bianca Manzi	120,000	-	10,303	13,200	19,996	163,499
	500,000	**-**	**46,072**	**40,700**	**56,096**	**642,868**

*Relates to movement in annual leave provisions for the year ended 30 June 2024.

Refer to note 24 for additional transactions with related entities.

	Short-term benefits			Post-employment benefits	Share-based payments	
2023	Cash salary and fees $	Cash bonus $	Non-monetary $	Super-annuation $	Equity-settled $	Total $
Non-Executive Directors:						
Paul Roberts	43,287	-	-	-	-	43,287
Finbarr (Barry) Murphy	27,082	-	-	-	-	27,082
	70,369					70,369
Other Key Management Personnel:						
Christopher Swallow	166,667	-	14,244	17,500	59,135	257,546
Bianca Manzi	96,667	-	9,403	10,150	32,756	148,976
	333,703	**-**	**23,647**	**27,650**	**91,891**	**476,891**

The proportion of remuneration linked to performance and the fixed proportion are as follows:

	Fixed remuneration		At risk - STI		At risk - LTI	
Name	2024	2023	2024	2023	2024	2023
Non-Executive Directors:						
Paul Roberts	100%	100%	-	-	-	-
Finbarr (Barry) Murphy	100%	100%	-	-	-	-
Other Key Management Personnel:						
Christopher Swallow	90%	77%	-	-	10%	23%
Bianca Manzi	88%	78%	-	-	12%	22%

Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	Christopher Swallow
Title:	Managing Director
Agreement commenced:	1 November 2022
Term of agreement:	The employment agreement may be terminated by either Mr Swallow or the Company by providing three months' notice in writing.
Details:	Base fee: $250,000 (plus superannuation)

Name:	Bianca Manzi
Title:	Exploration Manager
Agreement commenced:	1 May 2022
Term of agreement:	The employment agreement may be terminated by either Ms Manzi or the Company by providing one months' notice in writing.
Details:	Base fee (for full time equivalent): $200,000 (plus superannuation)

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

Issue of shares

There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2024.

Options

There were no options issued to directors and other key management personnel as part of compensation during the year ended 30 June 2024.

Performance rights

The terms and conditions of each grant of performance rights over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Class	Grant date	Expiry date	Expensed in 2024 $	Fair value per right at grant date
Class A	1 December 2022	1 December 2027	35,916	$0.1932
Class B	1 December 2022	1 December 2027	31,850	$0.1932
Class C	1 December 2022	1 December 2027	9,998	$0.20
Class D	1 December 2022	1 December 2027	4,999	$0.20
Class E	1 December 2022	1 December 2027	4,999	$0.20
			87,762	

The performance measurement period for the above performance rights is 1 December 2022 to 1 December 2027.

The vesting conditions for each Class of Performance Rights are summarised below;

Class	Vesting conditions
Class A	Vesting and becoming exercisable upon the later of: a. the 12 month anniversary of the Company's IPO; and b. the Company's share price achieving a VWAP of $0.25 over any 20 consecutive trading days on which the shares are recorded on the ASX.
Class B	Vesting and becoming exercisable upon the later of: a. the 24 month anniversary of the Company's IPO; and b. the Company's share price achieving a VWAP of $0.30 over any 20 consecutive trading days on which the shares are recorded on the ASX.
Class C	The Company achieving a JORC compliant inferred mineral resource estimate of 100,000 ounce gold, with a cut-off grade of 0.5g/t.
Class D	The Company achieving a JORC compliant inferred mineral resource estimate of 250,000 ounce gold, with a cut-off grade of 0.5g/t.
Class E	The Company achieving a JORC compliant inferred mineral resource estimate of 500,000 ounce gold, with a cut-off grade of 0.5g/t.

The fair values at grant date in the table above have been determined using a Hoadley Barrier1 option pricing model (Classes A and B). For Classes C, D and E, which have non-market-based vesting conditions, the value is the IPO issue price of $0.20. The Classes A and B valuations take into consideration the following inputs:

- Exercise price of nil
- Volatility of 100%
- Implied life of 5 years
- Risk free rate of 3.17%
- Dividend yield of nil

Performance rights granted carry no dividend or voting rights.

The number of performance rights over ordinary shares granted to directors and other key management personnel as part of compensation during the year ended 30 June 2024 and 30 June 2023 are set out below:

Name	Number of rights granted during the year 2024	Number of rights granted during the year 2023	Number of rights vested during the year 2024	Number of rights vested during the year 2023
Non-Executive Directors:				
Paul Roberts	-	-	-	-
Finbarr (Barry) Murphy	-	-	-	-
Other Key Management Personnel:				
Christopher Swallow	-	1,140,000	-	-
Bianca Manzi	-	610,000	-	-

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the Company held during the financial year by each director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares					
Non-Executive Directors:					
Paul Roberts	5,000,000	-	-	-	5,000,000
Finbarr (Barry) Murphy	3,050,000	-	-	-	3,050,000
Other Key Management Personnel:					
Christopher Swallow	2,700,000	-	-	-	2,700,000
Bianca Manzi	625,000	-	-	-	625,000
	-	-	-	-	-
	11,375,000	**-**	**-**	**-**	**11,375,000**

Option holding

The number of options over ordinary shares in the Company held during the financial year by each director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Acquired	Balance at the end of the year
Options over ordinary shares					
Non-Executive Directors:					
Paul Roberts	10,000,000	-	-	-	10,000,000
Finbarr (Barry) Murphy	6,025,000	-	-	-	6,025,000
Other Key Management Personnel:					
Christopher Swallow	4,050,000	-	-	-	4,050,000
Bianca Manzi	1,250,000	-	-	-	1,250,000
	21,325,000	**-**	**-**	**-**	**21,325,000**

Performance rights

The number of performance rights over ordinary shares in the Company held during the financial year by each director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Acquired	Balance at the end of the year
Performance rights over ordinary shares					
Other Key Management Personnel:					
Christopher Swallow	1,140,000	-	-	-	1,140,000
Bianca Manzi	610,000	-	-	-	610,000
	1,750,000	**-**	**-**	**-**	**1,750,000**

Other related party transactions are disclosed in Note 24.

This concludes the remuneration report, which has been audited.

Shares under option

Unissued ordinary shares of DeSoto Resources Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
1 April 2022	1 April 2027	$0.25	33,975,000
1 December 2022	1 December 2027	$0.35	1,600,000
23 May 2023	23 May 2028	$0.25	36,870,338
17 July 2023	23 May 2028	$0.25	7,604,672
28 June 2024	28 June 2029	$0.23	1,600,000
			81,650,010

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the Company or of any other body corporate.

Shares under performance rights

Unissued ordinary shares of DeSoto Resources Limited under performance rights at the date of this report are as follows:

Grant date	Expiry date	Number under rights
1 December 2022	1 December 2027	2,750,000

No person entitled to exercise the performance rights had or has any right by virtue of the performance right to participate in any share issue of the Company or of any other body corporate.

Shares issued on the exercise of performance rights or options

There were no ordinary shares of the Company issued on the exercise of performance rights or options during the year ended 30 June 2024 and up to the date of this report.

Indemnity and insurance of officers

DeSoto Resources Limited has indemnified the Directors and executives of the Company for costs incurred, in their capacity as a Director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial period, DeSoto Resources Limited paid a premium in respect of a contract to insure the Directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

DeSoto Resources Limited has not, during or since the end of the financial period, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial period, DeSoto Resources Limited has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the DeSoto Resources Limited, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the DeSoto Resources Limited for all or part of those proceedings.

Officers of DeSoto Resources Limited who are former partners of HLB Mann Judd

There are no officers of DeSoto Resources Limited who are former partners of HLB Mann Judd.

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 immediately after this directors' report.

Auditor

HLB Mann Judd continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Paul Roberts
Non-Executive Chairperson

19 September 2024 | Perth, Western Australia

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of DeSoto Resources Limited for the year ended 30 June 2024, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) any applicable code of professional conduct in relation to the audit.

Perth, Western Australia
19 September 2024

N G Neill
Partner

hlb.com.au

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Annual Financial Statements

Statement of profit or loss and other comprehensive income

For the year ended 30 June 2024

	Note	Consolidated 2024 $	2023 $
Revenue			
Interest income		274,228	81,887
Other income	5	1,063	1,112
Expenses			
Accounting and audit fees		(62,178)	(51,089)
Consultants and contractors		(324,852)	(233,201)
Corporate costs		(116,144)	(105,032)
Depreciation and amortisation expense		(64,846)	(66,554)
Non-executive directors fees		(130,000)	(70,369)
Employee benefits expense		(486,880)	(412,151)
Exploration expenditure written off		(615,095)	(303,121)
Finance costs		(5,802)	(7,389)
Listing and compliance		(75,545)	(149,732)
Share-based payments	27	(87,762)	(143,764)
Unrealised foreign exchange loss		(498)	(680)
Loss before income tax expense		(1,694,311)	(1,460,083)
Income tax expense	6	-	-
Loss after income tax expense for the year attributable to the owners of DeSoto Resources Limited		(1,694,311)	(1,460,083)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive loss for the year attributable to the owners of DeSoto Resources Limited		(1,694,311)	(1,460,083)
		Cents	**Cents**
Loss per share attributable to the owners of DeSoto Resources Limited			
Basic loss per share	19	(1.90)	(2.24)
Diluted loss per share	19	(1.90)	(2.24)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Statement of financial position

As at 30 June 2024

	Note	Consolidated 2024 $	Consolidated 2023 $
Assets			
Current assets			
Cash and cash equivalents	7	5,659,619	6,663,680
Trade and other receivables	9	63,450	65,781
Other	11	51,919	2,042,733
Total current assets		5,774,988	8,772,194
Non-current assets			
Property, plant and equipment	12	79,896	38,598
Right-of-use assets	10	150,020	207,759
Exploration and evaluation assets	13	3,542,453	1,585,664
Other non-current assets		5,101	-
Total non-current assets		3,777,470	1,832,021
Total assets		9,552,458	10,604,215
Liabilities			
Current liabilities			
Trade and other payables	15	282,846	197,407
Lease liabilities	16	54,652	52,154
Employee benefits		71,339	39,991
Total current liabilities		408,837	289,552
Non-current liabilities			
Lease liabilities	16	102,702	161,390
Total non-current liabilities		102,702	161,390
Total liabilities		511,539	450,942
Net assets		9,040,919	10,153,273
Equity			
Issued capital	17	11,414,446	11,076,298
Reserves	18	935,476	691,667
Accumulated losses		(3,309,003)	(1,614,692)
Total equity		9,040,919	10,153,273

The above statement of financial position should be read in conjunction with the accompanying notes

Statement of changes in equity

For the year ended 30 June 2024

Consolidated	Issued capital $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2022	1,022,650	-	(154,609)	868,041
Loss after income tax expense for the year	-	-	(1,460,083)	(1,460,083)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive loss for the year	-	-	(1,460,083)	(1,460,083)
Transactions with owners in their capacity as owners:				
Issue of shares – IPO (note 17)	10,000,000	-	-	10,000,000
Issue of shares – Bacchus Resources Pty Ltd (note 17)	800,000	-	-	800,000
Issue of shares – compensation to Lead Manager (note 17)	460,000	-	-	460,000
Share-based payments (note 18)	-	322,964	-	322,964
Loyalty options (note 18)	-	368,703	-	368,703
Share issue costs	(1,206,352)	-	-	(1,206,352)
Balance at 30 June 2023	11,076,298	691,667	(1,614,692)	10,153,273

Consolidated	Issued capital $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2023	11,076,298	691,667	(1,614,692)	10,153,273
Loss after income tax expense for the year	-	-	(1,694,311)	(1,694,311)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive loss for the year	-	-	(1,694,311)	(1,694,311)
Transactions with owners in their capacity as owners:				
Issue of shares – Copperoz Pty Ltd (note 17)	338,148	-	-	338,148
Share-based payments (note 18)	-	167,762	-	167,762
Options – shortfall entitlement (note 18)	-	76,047	-	76,047
Balance at 30 June 2024	11,414,446	935,476	(3,309,003)	9,040,919

The above statement of changes in equity should be read in conjunction with the accompanying notes

Statement of cash flows

For the year ended 30 June 2024

	Note	Consolidated 2024 $	Consolidated 2023 $
Cash flows from operating activities			
Payments to suppliers and employees		(1,141,974)	(1,089,859)
Payments for exploration and evaluation expensed		(690,877)	(180,828)
Interest received		274,228	81,887
Net cash used in operating activities	8	(1,558,623)	(1,188,800)
Cash flows from investing activities			
Payments for property, plant and equipment		-	6,612
Payments for exploration and evaluation assets	13	(1,546,171)	(593,506)
Receipt of state government grant	13	87,530	-
Term deposit maturing	11	2,000,000	-
Investment in term deposit	11	-	(2,000,000)
Investment in subsidiaries		(5,101)	-
Net cash generated from/(used in) investing activities		536,258	(2,586,894)
Cash flows from financing activities			
Proceeds from IPO	17	-	10,002,300
Share issue costs		-	(748,653)
Repayment of lease liabilities	16	(57,743)	(64,128)
Funds received for loyalty options	18	76,047	368,703
Net cash generated from financing activities		18,304	9,558,223
Net (decrease)/increase in cash and cash equivalents		(1,004,061)	5,782,529
Cash and cash equivalents at the beginning of the financial year		6,663,680	881,151
Cash and cash equivalents at the end of the financial year	7	5,659,619	6,663,680

The above statement of cash flows should be read in conjunction with the accompanying notes

Notes to the financial statements

30 June 2024

Note 1. General information

The financial statements cover DeSoto Resources Limited as a Group consisting of DeSoto Resources Limited and the entities it controlled at the end of, or during, the period. The financial statements are presented in Australian dollars, which is DeSoto Resources Limited's functional and presentation currency.

A description of the nature of the Group's operations and its principal activities are included in the Director's report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 19 September 2024. The Directors have the power to amend and reissue the financial statements.

Significant accounting judgments and key estimates

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

In preparing this Group financial report, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group financial report for the year ended 30 June 2024.

Note 2. Statement of material accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Going concern

The Group has incurred a net loss after tax for the year ended 30 June 2024 of $1,694,311 (30 June 2023: $1,460,083) and had net cash outflows from operating, investing and financing activities of $1,004,061 (30 June 2023: net inflow of $5,782,529). As at 30 June 2024 the Group had a working capital surplus of $5,366,151 (30 June 2023: $8,482,642) and cash and cash equivalents of $5,659,619 (30 June 2023: $6,663,680).

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2024. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Exploration and evaluation costs

Identifiable exploration assets acquired are recognised as assets at their cost of acquisition. Exploration and evaluation expenditure incurred subsequent to acquisition in respect of an exploration asset acquired, is accounted for in accordance with the policy outlined at note 13 for exploration expenditure incurred by or on behalf of the Group.

The recoverability of exploration and evaluation assets is dependent on the successful development and exploitation, or alternatively, sale of an area of interest. The Group reviews the carrying value of exploration and evaluation expenditure on a regular basis to determine whether economic quantities of reserves have been found or whether further exploration and evaluation work is underway or planned to support the carrying value of capitalised costs.

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the Group estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment. For the office lease executed during the year ended 30 June 2022, the Group applied a discount rate of 4.00% to calculate the related lease liability and lease receivables. Refer to note 16 for further details.

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Group's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Group reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Note 4. Operating segments

Identification of reportable operating segments

The group has identified its operating segments on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources. The Group currently operates in one operating segment being mineral exploration and evaluation in the Northern Territory.

Reportable segments disclosed are based on aggregating leases where the evaluation and exploration interests are considered to form a single project. This is indicated by:

- having the same ownership structure; and
- exploration programs targeting the leases as a group, indicated by the use of the same exploration team, shared geological data and knowledge across the leases.

All amounts reported to the Board of Directors as the chief decision maker during the period were on a consolidated Group basis.

Note 5. Other income

	Consolidated	
	2024 $	2023 $
Lease adjustment gain	1,063	132
Insurance recovery	-	980
Other income	1,063	1,112

Note 6. Income tax expense

	Consolidated	
	2024 $	2023 $
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense	(1,694,311)	(1,460,083)
Tax at the statutory tax rate of 30%	(508,293)	(438,025)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Other deferred tax balances not recognized	(560,419)	(472,552)
Share based payments	26,329	43,129
	(1,042,383)	(867,448)
Current year tax losses not recognised	1,042,383	867,448
Income tax expense	-	-

Note 6. Income tax expense (continued)

	Consolidated 2024 $	Consolidated 2023 $
Deferred tax assets and liabilities not recognised		
Deferred tax assets and liabilities not recognised comprises temporary differences attributable to:		
Provisions and accruals	33,260	11,442
Prepayments	(2,756)	(12,182)
Exploration and evaluation expenditure	(590,923)	(471,812)
Share based payments	26,329	43,129
Carry forward revenue losses	1,042,383	867,448
Total net deferred tax assets not recognised	508,293	438,025

The above potential tax benefit, which excludes tax losses, for deductible temporary differences has not been recognised in the statement of financial position as the recovery of this benefit is uncertain.

Tax Consolidation

For the purpose of income taxation, the Company and its 100% Australian controlled eligible entities have formed a tax consolidated group.

Note 7. Cash and cash equivalents

	Consolidated 2024 $	Consolidated 2023 $
Current assets		
Cash at bank	5,659,619	6,663,680
	5,659,619	6,663,680

Note 8. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated	
	2024 $	2023 $
Loss after income tax expense for the year	(1,694,311)	(1,460,083)
Adjustments for:		
Depreciation and amortisation	64,846	66,554
Share-based payments	87,762	143,764
Lease adjustment gain	(1,063)	(132)
Finance expense	5,802	7,389
Unrealised foreign exchange loss	498	-
Change in operating assets and liabilities:		
Increase in prepayments	(60,776)	(40,610)
Increase in trade and other payables	4,940	119,632
Decrease/(increase) in trade and other receivables	2,331	(59,555)
Increase in employee benefits	31,348	34,241
Net cash used in operating activities	(1,558,623)	(1,188,800)

Non-cash investing activities

During the year, the Company entered into an agreement with Copperoz Pty Ltd whereby Copperoz granted the Company an exclusive right to acquire up to an undivided 70% legal and beneficial interest in Mineral Exploration Licence EL31475 in the Northern Territory, in exchange for the issue of 3,636,000 fully paid ordinary shares with a fair value of $0.093 per share, 1,600,000 options (exercisable at $0.23 and expiring 5 years from the date of issue), having a fair value of $0.05 per option and a cash payment of $80,000 (payable in November 2024). Total consideration was $498,148.

Note 9. Trade and other receivables

	Consolidated	
	2024 $	2023 $
Current assets		
Other receivables	30,738	5,988
GST receivable	32,712	59,793
	63,450	65,781

Note 10. Right-of-use assets

	Consolidated 2024 $	Consolidated 2023 $
Non-current assets		
Buildings - right-of-use	263,672	267,779
Less: Accumulated amortisation	(113,652)	(60,020)
	150,020	207,759

Movements in right-of-use asset

	Consolidated 2024 $	Consolidated 2023 $
Opening balance	207,759	269,660
Additions	-	-
Lease adjustment	(4,107)	(6,612)
Amortisation charge	(53,632)	(55,289)
	150,020	207,759

Note 11. Other

	Consolidated 2024 $	Consolidated 2023 $
Current assets		
Prepayments	51,919	42,733
Term deposits (> 3 months)	-	2,000,000
	51,919	2,042,733

Note 12. Property, plant and equipment

	Consolidated	
	2024 $	2023 $
Non-current assets		
Leasehold improvements - at cost	49,749	49,749
Additions: plant and equipment	51,590	-
Less: Accumulated depreciation	(21,443)	(11,151)
	79,896	38,598

Accounting policy for property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Leasehold improvements 5-10 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Note 13. Exploration and evaluation assets

	Consolidated	
	2024 $	2023 $
Non-current assets		
Exploration and evaluation - at cost	3,542,453	1,585,664

	Consolidated	
	2024 $	2023 $
Balance at 1 July 2023	1,585,664	12,958
Expenditure during the year	1,546,171	593,506
Additions through asset acquisition – Bacchus Resources	-	979,200
Additions through asset acquisition – Copperoz Pty Ltd*	498,148	-
Northern Territory government geophysics co-funding grant	(87,530)	-
Balance at 30 June 2024	3,542,453	1,585,664

*Refer to note 14 for details of asset acquisitions during the period.

Note 13. Exploration and evaluation assets (continued)

Accounting policy for exploration and evaluation assets

Exploration and evaluation expenditure incurred by or on behalf of the Group is accumulated separately for each area of interest. Such expenditure comprises net direct costs and an appropriate portion of related overhead expenditure but does not include general overheads or administrative expenditure not having a specific nexus with a particular area of interest.

Each area of interest is limited to a size related to a known or probable mineral resource capable of supporting a mining operation.

Exploration and evaluation expenditure for each area of interest is expensed as incurred unless one of the following conditions is met:

- such costs are expected to be recouped through successful development and exploitation of the area of interest or, alternatively, by its sale; or
- exploration and evaluation activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in relation to the area are continuing.

Expenditure which fails to meet the conditions outlined above is written off, furthermore, the directors regularly review the carrying value of exploration and evaluation expenditure and make write downs if the values are not expected to be recoverable.

Identifiable exploration assets acquired are recognised as assets at their cost of acquisition. Exploration assets acquired are reassessed on a regular basis and these costs are carried forward provided that at least one of the conditions referred to above is met.

Exploration and evaluation expenditure incurred subsequent to acquisition in respect of an exploration asset acquired, is accounted for in accordance with the policy outlined above for exploration expenditure incurred by or on behalf of the entity.

When an area of interest is abandoned, any expenditure carried forward in respect of that area is written off. Expenditure is not carried forward in respect of any area of interest unless the Group's right of tenure to that area of interest is current.

Note 14. Asset acquisitions

Copperoz Pty Ltd

During the year, the Company entered into an agreement with Copperoz Pty Ltd whereby Copperoz granted the Company an exclusive right to acquire up to an undivided 70% legal and beneficial interest in Mineral Exploration Licence EL31475 in the Northern Territory, in exchange for the issue of 3,636,000 fully paid ordinary shares with a fair value of $0.093 per share, 1,600,000 options (exercisable at $0.23 and expiring 5 years from the date of issue), having a fair value of $0.05 per option and a cash payment of $80,000. Total consideration was $498,148. The acquisition has been accounted for as an asset acquisition and the consideration has been accounted for as a share-based payment transaction using the principles of AASB 2 Share-Based Payments.

Refer to note 18 for details of Options issued to the vendor as consideration.

Note 15. Trade and other payables

	Consolidated	
	2024 $	2023 $
Current liabilities		
Trade payables	178,848	172,929
Accruals	103,998	24,478
	282,846	197,407

Refer to note 20 for further information on financial risk management.

Note 16. Lease liabilities

	Consolidated	
	2024 $	2023 $
Current liabilities		
Lease liability	54,652	52,154
Non-current liabilities		
Lease liability	102,702	161,390
	157,354	213,544

	Consolidated	
	2024 $	2023 $
Amounts recognised in profit or loss		
Interest on lease liability	5,661	7,389
Amounts recognised in statement of cash flows		
Payments for lease liability	57,743	64,128

Refer to note 20 for the lease liability maturity analysis based on contractual undiscounted cashflows.

Note 17. Issued capital

	Consolidated			
	2024 Shares	2023 Shares	2024 $	2023 $
Ordinary shares - fully paid	92,586,000	88,950,000	11,414,446	11,076,298

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	1 July 2022	32,650,000		1,022,650
Issued capital - compensation Lead Manager IPO	1 December 2022	2,300,000	$0.20	460,000
Issued capital - IPO	1 December 2022	50,000,000	$0.20	10,000,000
Issued capital - Bacchus Resources Pty Ltd	1 December 2022	4,000,000	$0.20	800,000
Share issue costs, net of tax		-		(1,206,352)
Balance	30 June 2023	88,950,000		11,076,298
Issued capital - Copperoz Pty Ltd (refer to note 14 and note 18)	28 June 2024	3,636,000	$0.093	338,148
Balance	30 June 2024	92,586,000		11,414,446

Reconciliation of options on issue

Details	Date	Options	Issue price	Exercise Price
Balance	1 July 2022	33,975,000		-
Issue of options to Bacchus Resources Pty Ltd	1 December 2022	1,600,000	$0.112	$0.35
Issued loyalty options	23 May 2023	36,870,338	$0.01	$0.25
Balance	30 June 2023	72,445,338		-
Issue of shortfall options (refer to note 18)	17 July 2023	7,604,672	$0.01	$0.25
Issue of options to Copperoz Pty Ltd (refer to note 14 and note 18)	28 June 2024	1,600,000	$0.05	$0.23
Balance	30 June 2024	81,650,010		-

Note 17. Issued capital (continued)

Capital risk management

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group would look to raise additional capital when an opportunity to invest in a business or company was seen as value adding relative to the company's share price at the time of the investment.

The Group is not subject to any financing arrangements or covenants.

Note 18. Reserves

	Consolidated	
	2024 $	2023 $
Share-based payments reserve	490,726	322,964
Options reserve	444,750	368,703
	935,476	691,667

Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

Options reserve

The reserve is used to recognise the value of options issued to investors that have been paid for in cash.

Movement in reserves

Movement in each class of reserve during the current financial year are set out below:

	Options $	Share-Based Payments $	Total $
Balance at 1 July 2023	368,703	322,964	691,667
Value of performance rights expensed (refer to note 27)	-	87,762	87,762
Issue of options – Copperoz Pty Ltd[2]	-	80,000	80,000
Options reserve - Shortfall Options[1]	76,047	-	76,047
	444,750	490,726	935,476

1. On 17 July 2023, the Group's Loyalty Option Shortfall Offer closed, under which the full amount of 7,604,672 Shortfall Options were issued, raising $76,047. The issue price of each Shortfall Option was $0.01 and each Shortfall Option is exercisable at $0.25 on or before 23 May 2028.

2. On 28 June 2024, the Company issued 1,600,000 options to Copperoz Pty Ltd as part consideration for an exclusive right to acquire up to an undivided 70% legal and beneficial interest in Mineral Exploration Licence EL31475 in the Northern Territory. The options were valued at $80,000 ($0.05 per option), using the Black & Scholes method with the following assumptions:

Underlying share price of $0.093
Expected volatility of 100%
Life of 5 years
Risk free rate of 4.14%
Fair value per option of $0.05

Note 19. Loss per share

	Consolidated 2024 $	Consolidated 2023 $
Loss after income tax attributable to the owners of DeSoto Resources Limited	(1,694,311)	(1,460,083)

	Number	Number
Weighted average number of ordinary shares used in calculating basic loss per share	88,969,923	65,285,440
Weighted average number of ordinary shares used in calculating diluted loss per share	88,969,923	65,285,440

	Cents	Cents
Basic loss per share	(1.90)	(2.24)
Diluted loss per share	(1.90)	(2.24)

At 30 June 2024, 81,650,010 options (30 June 2023: 72,445,338) were excluded from diluted weighted average number of ordinary shares calculation as their effect would have been anti-dilutive.

Note 20. Financial risk management

Financial risk management objectives

The Group's activities expose it to a variety of financial risks: market risk (including price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program seeks to minimise potential adverse effects on the financial performance of the Group. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

Risk management is carried out by senior management and the Board of Directors ('the Board') who evaluate and hedge financial risks within the Group.

Market risk

Price risk

The Group is not exposed to any significant price risk.

Interest rate risk

The Group only has interest rate risk relating to its funds on deposit with banking institutions. Accordingly, the Group does not hedge its interest rate risk exposure. At 30 June 2024, if interest rates had increased/(decreased) by 100 basis points from the weighted average effective rate for the year, with other variables constant, the loss for the year would have been $56,596 lower/(higher) (June 2023:$86,637).

Note 20. Financial risk management (continued)

As at the reporting date, the Group had the following financial assets with exposure to interest rate risk, which is not material to the Group:

	2024		2023	
Consolidated	Weighted average interest rate %	Balance $	Weighted average interest rate %	Balance $
Cash assets	2.49%	5,659,619	2.49%	6,663,680
Other assets	-	-	4.00%	2,000,000
Net exposure to cash flow interest rate risk		5,659,619		8,663,680

Other financial instruments of the Group that are not included in the table above are non-interest bearing or have fixed interest rates and are therefore not subject to interest rate risk.

An analysis by remaining contractual maturities is shown in 'Liquidity risk' below.

Credit risk

Credit risk represents the risk of financial loss to the Company if a customer or counterparty of the financial instrument fails to meet its contractual obligations. The Group is not exposed to any significant credit risk.

As the Group operates primarily in exploration activities, it does not have any other material trade receivables and therefore is not exposed to any further credit risk in relation to trade receivables. There are no financial assets past due and there is no management or credit risk through performing and aging analysis; therefore, an aging analysis has not been disclosed.

Liquidity risk

Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Note 20. Financial risk management (continued)

Remaining contractual maturities

The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities and lease liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities and lease liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2024	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade and other payables	-	282,846	-	-	-	282,846
Interest-bearing - variable						
Lease liability	4.00%	54,652	57,649	45,053	-	157,354
Total non-derivatives		337,498	57,649	45,053	-	440,200

Consolidated - 2023	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade and other payables	-	197,407	-	-	-	197,407
Interest-bearing – fixed rate						
Lease liability	4.00%	52,154	55,632	105,758	-	213,544
Total non-derivatives		249,561	55,632	105,758	-	410,951

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Note 20. Financial risk management (continued)

Fair value of financial instruments

Fair value of financial instruments

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and nonfinancial assets and liabilities.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurable date. Fair value for measurement and / or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of AASB 2 and measurements that have some similarities to fair value but are not fair value, such as net realisable value in AASB 2 or value in use in AASB 136.

Fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurable date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 21. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by HLB Mann Judd (WA Partnership), the auditor of the Company:

	Consolidated	
	2024 $	2023 $
Audit services - HLB Mann Judd (WA Partnership)		
Audit or review of the financial statements	38,458	45,744
Other services - HLB Mann Judd (WA Partnership)		
Preparation of the Independent Limited Assurance Report for the Company's prospectus	-	19,380
Taxation compliance services	-	1,890
	38,458	67,014

Note 22. Contingent liabilities

There were no contingent liabilities as at 30 June 2024.

Note 23. Commitments

The Group has the following commitments principally relating to the minimum expenditure requirements for its granted tenements;

	Consolidated	
	2024 $	2023 $
Exploration expenditure		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	754,500	563,000
	754,500	563,000

Note 24. Related party transactions

Parent entity

DeSoto Resources Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 26.

Key management personnel compensation

	Consolidated	
	2024 $	2023 $
Short-term benefits	546,072	357,350
Post-employment benefits	40,700	27,650
Share-based payments	56,096	91,891
	642,868	476,891

Detailed remuneration disclosures are provided in the remuneration report.

Other key management personnel transactions

A number of related companies transacted with the Company during the period. The terms and conditions of these transactions were no more favourable than those available, or which might reasonably be expected to be available, in similar transactions to non-key management personnel related companies on an arm's length basis.

The aggregate value of transactions and outstanding balances relating to key management personnel, including close family members and entities over which they have control or significant influence, were as follows:

- Fractore Pty Ltd, a Company of which Dr Finbarr (Barry) Murphy is a director, charged the company $40,450 for consulting services during the year (not included in remuneration report);
- Wireless Hill Pty Ltd, a company of which Mr Paul Roberts is a director, charged the company $12,150 for consulting services during the year (not included in remuneration report).
- Propel Agency Pty Ltd, a geological diagram and presentation company in which Mr Christopher Swallow has a 50% ownership interest, charged the company $16,300 for services during the year.
- Ms Bianca Manzi charged the company $20,370 for consulting services (not included in remuneration report).

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

There were no amounts payable at 30 June 2024.

Note 25. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2024 $	2023 $
Loss after income tax	(1,694,311)	(1,460,083)
Total comprehensive loss	(1,694,311)	(1,460,083)

Statement of financial position

	Parent	
	2024 $	2023 $
Total current assets	5,702,899	8,736,746
Total assets	9,352,133	10,469,099
Total current liabilities	208,512	154,436
Total liabilities	311,214	315,826
Equity		
Issued capital	11,414,446	11,076,298
Reserves	935,476	691,667
Accumulated losses	(3,309,003)	(1,614,692)
Total equity	9,040,919	10,153,273

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiary as at 30 June 2024 (30 June 2023: nil).

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2024 (30 June 2023: nil).

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2024 (30 June 2023: nil).

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 26. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest 2024 %	Ownership interest 2023 %
Mangusta Minerals Pty Ltd	Australia	100.00	100.00
MN25 Investments Pty Ltd	Australia	100.00	100.00
Benin Aust Minerals[1]	Benin	100.00	-
DeSoto Brasil Mineracao Ltda[2]	Brazil	100.00	-
Solorico SUARL[3]	Gabon	100.00	-

1. Incorporated on 8 November 2023

2. Incorporated on 13 November 2023

3. Incorporated on 12 September 2023

Note 27. Share-based payments

Total share-based payments expenses recognised in profit or loss during the period were as follows;

	Consolidated	
	2024 $	2023 $
Performance Rights	87,762	143,764
	87,762	143,764

Consideration Shares and Options Issued to Copperoz Pty Ltd

During the year, the Company issued 3,636,000 consideration shares and 1,600,000 consideration options to Copperoz Pty Ltd, for an exclusive right to acquire up to an undivided 70% legal and beneficial interest in Mineral Exploration Licence EL31475 in the Norther Territory. The consideration shares were valued at $0.093 per share (being the market price on date of issue) and the consideration options were valued at $0.05 per option. Refer to notes 14 and 18 for further details.

Note 27. Share-based payments (continued)

Accounting policy for share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Note 28. Events after the reporting period

No matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Consolidated entity disclosure statement

30 June 2024

Name	Entity type	Place formed / Country of incorporation	Ownership interest %	Tax residency
DeSoto Resources Ltd	Body corporate	Australia	100.00%	Australia
Mangusta Minerals Pty Ltd	Body corporate	Australia	100.00%	Australia
MN25 Investments Pty Ltd	Body corporate	Australia	100.00%	Australia
Benin Aust Minerals	Body corporate	Benin	100.00%	Australia/Benin
DeSoto Brasil Mineracao Ltda	Body corporate	Brazil	100.00%	Australia/Brazil
Solorico SUARL	Body corporate	Gabon	100.00%	Australia/Gabon

Directors' declaration

30 June 2024

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2024 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- the consolidated entity disclosure statement is true and correct.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Paul Roberts
Non-Executive Chairperson

19 September 2024
Perth, Western Australia

INDEPENDENT AUDITOR'S REPORT

To the Members of DeSoto Resources Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of DeSoto Resources Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2024, 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 year then ended, notes to the financial statements, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2024 and of its financial performance for the year then ended; and

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group 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 our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

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Key Audit Matter	How our audit addressed the key audit matter
Carrying value of deferred exploration expenditure Note 13	
The Group has capitalised exploration and evaluation expenditure of $3,542,453 as at 30 June 2024. Our audit procedures determined that the carrying value of exploration and evaluation expenditure was a key audit matter as it was an area which required the most audit effort, communication with those charged with governance and was determined to be of key importance to the users of the financial statements	Our procedures included but were not limited to the following: – We obtained an understanding of the key processes associated with management's review of the exploration and evaluation asset carrying values; – We considered the Directors' assessment of potential indicators of impairment; – We obtained evidence that the Group has current rights to tenure of its areas of interest; – We discussed with management the nature of planned ongoing activities; – We tested additions to exploration expenditure on a sample basis during the year; – We enquired with management, and reviewed ASX announcements and minutes of Directors' meetings to ensure that the Group had not decided to discontinue exploration and evaluation at its areas of interest; and – We examined the disclosures made in the financial report

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2024, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of:

(a) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and

(b) the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and for such internal control as the directors determine is necessary to enable the preparation of:

(a) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and

(b) the consolidated entity disclosure statement that is true and correct and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON THE REMUNERATION REPORT

Opinion on the Remuneration Report

We have audited the Remuneration Report included within the Directors' Report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of DeSoto Resources Limited for the year ended 30 June 2024 complies with Section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
19 September 2024

Norman Glad

N G Neill
Partner

Shareholder information

Additional information required by ASX Limited and not shown elsewhere in this report is as follows. This information is current as at 16 September 2024.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Ordinary shares		Options over ordinary shares		Performance Shares/ Rights	
	Number of holders	% of total shares issued	Number of holders	% of total options issued	Number of holders	% of total securities issued
1 to 1,000	15	0.01	6	0.00	-	-
1,001 to 5,000	22	0.14	43	0.45	-	-
5,001 to 10,000	92	1.45	18	0.33	-	-
10,001 to 100,000	198	13.89	101	8.19	-	-
100,001 and over	96	84.51	64	91.03	3	100.00
	423	100.00	232	100.00	3	100.00
Holding less than a marketable parcel	31	0.01	95	0.02	-	-

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
HUGH BUSINESS ENTERPRISES LIMITED	17,700,000	19.12%
PAUL ANTHONY ROBERTS & ESPERANZA A G BEJARANO <WIRELESS HILL A/C>	5,000,000	5.40%
WHISTLER STREET PTY LTD <WARBURTON DISCRETIONARY A/C>	4,700,000	5.08%
CORAL BROOK PTY LTD <LLOYD SUPER FUND A/C>	4,510,000	4.87%
BACCHUS RESOURCES PTY LTD	4,000,000	4.32%
ERNST KOHLER	3,636,000	3.93%
FRACTORE PTY LTD <ARDGILLAN ESTATE SUPER FUND>	3,000,000	3.24%
LEONIE SWALLOW <C+L SWALLOW FAMILY A/C>	2,700,000	2.92%
CROFTBANK PTY LTD <WATTS FAMILY SUPER FUND A/C>	1,500,000	1.62%
MR PETER DARREN RUSSELL	1,200,000	1.30%
CORAL BROOK PTY LTD	1,190,000	1.29%
MR GAVIN JEREMY DUNHILL	1,100,000	1.19%
ROCK THE POLO PTY LTD <ROCK THE POLO A/C>	1,093,074	1.18%
EQUITY TRUSTEES LIMITED <LOWELL RESOURCES FUND A/C>	1,022,000	1.10%
MR IAIN MILTON MCDOUGALL	1,006,721	1.09%
BUDWORTH CAPITAL PTY LTD <ROLLING HILLS CAPITAL A/C>	1,000,000	1.08%
ROCK THE POLO PTY LTD <ROCK THE POLO A/C>	1,000,000	1.08%
GOTHA STREET CAPITAL PTY LTD <BLUE SKY NO 2 A/C>	892,640	0.96%
MR DANNY ALLEN PAVLOVICH <PAVLOVICH FAMILY SPEC 2 A/C>	790,000	0.85%
BXW VENTURES PTY LTD	766,735	0.83%
CORAL BROOK PTY LTD <LLOYD SUPER FUND A/C>	750,000	0.81%
GPT SUPER WA PTY LTD <GPT SUPER FUND A/C>	750,000	0.81%
ROCKAWAY VENTURES PTY LTD	750,000	0.81%
	60,057,170	64.87%

	Options over ordinary shares	
	Number held	% of total options issued
HUGH BUSINESS ENTERPRISES LIMITED	8,850,000	19.90%
PARANOID ENTERPRISES PTY LTD	3,197,336	7.19%
PAUL ANTHONY ROBERTS & ESPERANZA A G BEJARANO <WIRELESS HILL A/C>	2,500,000	5.62%
WHISTLER STREET PTY LTD <WARBURTON DISCRETIONARY A/C>	2,350,000	5.28%
CORAL BROOK PTY LTD <LLOYD SUPER FUND A/C>	2,255,000	5.07%
BACCHUS RESOURCES PTY LTD	2,000,000	4.50%
FRACTORE PTY LTD <ARDGILLAN ESTATE SUPER FUND>	1,500,000	3.37%
BUDWORTH CAPITAL PTY LTD <ROLLING HILLS CAPITAL A/C>	1,127,336	2.53%
PATRAS CAPITAL PTE LTD	1,000,000	2.25%
GOTHA STREET CAPITAL PTY LTD <BLUE SKY NO 2 A/C>	946,320	2.13%
ROCK THE POLO PTY LTD <ROCK THE POLO A/C>	850,000	1.91%
ROCK THE POLO PTY LTD <ROCK THE POLO A/C>	696,778	1.57%
BXW VENTURES PTY LTD	623,000	1.40%
RIYA INVESTMENTS PTY LTD	600,000	1.35%
CORAL BROOK PTY LTD	595,000	1.34%
MR STEPHEN BRENDON SHREEVE	500,000	1.12%
STORICO HOLDINGS PTY LTD <MAPLE LEAF INVESTMENT A/C>	500,000	1.12%
NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	477,465	1.07%
EQUITY TRUSTEES LIMITED <LOWELL RESOURCES FUND A/C>	450,000	1.01%
MR GAVIN JEREMY DUNHILL	450,000	1.01%
PATH HOLDINGS PTY LTD	400,000	0.90%
ROCKAWAY VENTURES PTY LTD	375,000	0.84%
GPT SUPER WA PTY LTD <GPT SUPER FUND A/C>	375,000	0.84%
CORAL BROOK PTY LTD <LLOYD SUPER FUND A/C>	375,000	0.84%
	32,993,235	74.18%

Unquoted/restricted equity securities

	Number on issue	Number of holders
ESCROWED SHARES, 24M FROM QUOTATION (ESCROW ENDING 16 DECEMBER 2024)	29,023,500	26
ESCROWED SHARES, 12M FROM ISSUANCE (ESCROW ENDING 28 JUNE 2025)	3,636,000	1
UNL OPT @ $0.25 EXP 01/04/2027 - ESC 24M (ESCROW ENDING 16 DECEMBER 2024)	33,975,000	21
UNL OPT @ $0.35 EXP 01/12/2027 - ESC 24M (ESCROW ENDING 16 DECEMBER 2024)	1,600,000	1
UNL OPT @ $0.23 EXP 28/06/2029	1,600,000	1
PERFORMANCE RIGHTS CLASS A - ESC 24M (ESCROW ENDING 16 DECEMBER 2024)	1,070,000	2
PERFORMANCE RIGHTS CLASS B - ESC 24M (ESCROW ENDING 16 DECEMBER 2024)	1,070,000	2
PERFORMANCE RIGHTS CLASS C - ESC 24M (ESCROW ENDING 16 DECEMBER 2024)	305,000	1
PERFORMANCE RIGHTS CLASS D - ESC 24M (ESCROW ENDING 16 DECEMBER 2024)	152,500	1
PERFORMANCE RIGHTS CLASS E - ESC 24M (ESCROW ENDING 16 DECEMBER 2024)	152,500	1

The following persons hold 20% or more of unquoted equity securities:

Name	Class	Number held
PAUL ANTHONY ROBERTS & ESPERANZA A G BEJARANO <WIRELESS HILL A/C>	UNL OPT @ $0.25 EXP 01/04/2027 - ESC 24M	7,500,000
BACCHUS RESOURCES PTY LTD	UNL OPT @ $0.35 EXP 01/12/2027 - ESC 24M	1,600,000
ERNST KOHLER	UNL OPT @ $0.23 EXP 28/06/2029	1,600,000
CHRISTOPHER SWALLOW	PERFORMANCE RIGHTS CLASS A - ESC 24M	570,000
GAETANO TOMBA	PERFORMANCE RIGHTS CLASS A - ESC 24M	500,000
CHRISTOPHER SWALLOW	PERFORMANCE RIGHTS CLASS B - ESC 24M	570,000
GAETANO TOMBA	PERFORMANCE RIGHTS CLASS B - ESC 24M	500,000
BIANCA MANZI	PERFORMANCE RIGHTS CLASS C - ESC 24M	305,000
BIANCA MANZI	PERFORMANCE RIGHTS CLASS D - ESC 24M	152,500
BIANCA MANZI	PERFORMANCE RIGHTS CLASS E - ESC 24M	152,500

Substantial holders

Substantial holders in the Company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
HUGH BUSINESS ENTERPRISES LIMITED	17,700,000	19.12
PAUL LLOYD	6,450,000	6.97
BARNABY EGERTON-WARBURTON	6,216,735	6.71
PAUL ANTHONY ROBERTS & ESPERANZA A G BEJARANO <WIRELESS HILL A/C>	5,000,000	5.40

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Options, performance rights and performance shares

No voting rights attached until conversion into ordinary shares.

There are no other classes of equity securities.

On-Market Buy Back

There is no current on-market buy back.

Tenements

Description	Tenement number	Interest owned %
Fenton Gold Project	EL32884	100.00
Fenton Gold Project	EL32886	100.00
Fenton Gold Project	EL33188	100.00
Fenton Gold Project	EL33189	100.00
Fenton Gold Project	EL33225	100.00
Fenton Gold Project	EL31356	100.00
Fenton Gold Project	EL32148	100.00
Fenton Gold Project	EL31899	100.00
Fenton Gold Project	EL33615	100.00

Use of Funds

The Company has used the funds that it had at the time of admission in a way consistent with its initial business objectives.

Corporate Governance Statement

The Company's 2024 Corporate Governance Statement has been released as a separate document and is located on our website at www.desotoresources.com/about/corporate-governance/.

DESOTO
RESOURCES

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