

QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDING 30 SEPTEMBER 2023

DeSoto Resources Limited (ASX:DES) (“DeSoto” or the “Company”) is pleased to provide an update on its activities for the September 2023 Quarter.

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

Northern Territory Exploration

- Drilling commenced at Fenton Gold Project, with assays pending.
- Drill hole definition via geophysical programs successfully identified chargeable/conductive responses along the Fenton Shear Zone (FSZ).
- Further high-grade copper-gold results returned from rock samples from Copperfield Regional Prospect.

Project Generation

- Per the Company’s Prospectus, the Company continues to assess a number of high-priority opportunities generated internally, targeting manganese and other battery metals.

Corporate

- During the quarter, the Company’s Loyalty Option Shortfall Offer closed, under which the full amount of 7,604,672 Shortfall Options were issued¹, raising \$76,046.72. 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.
- DeSoto is well funded with \$8.0 million in cash and investments (term deposits) at 30 September 2023.

Northern Territory Exploration (Detailed)

During the quarter DeSoto initiated Reverse Circulation (RC) drilling at the Fenton Gold Project in the Pine Creek Region of the Northern Territory, aiming to explore gold-bearing intervals aligned with the FSZ using both RC and Diamond Drilling (DD). The project holds historical significance with a notable gold discovery by Homestake Mining in the mid-1990s, including intersections such as 20m @ 1.74g/t Au (FEND18).

¹ DES ASX Announcement: Application for quotation of securities - DES (17 July 2023)

Significant progress has been achieved, marked by the completion of the first drill hole and the commencement of the second, totalling over 1,000m of DD since mid-August. More than 250 core samples have been cut and sent to North Australia Laboratories in Pine Creek for a comprehensive analysis of gold and multi-elements, with results pending.

The drilling campaign is ongoing, with plans for a total of 5 holes, and a continuous release of results is expected in the coming weeks and months. Additionally, a High-Resolution Airborne Electro-Magnetic (AEM) survey has commenced in early October. This survey will cover the FSZ corridor at a regional scale, reinforcing our commitment to unlocking the full potential of the Fenton Gold Project.

Regional Exploration

Further regional geochemical results from its Pine Creek Gold Project in the Northern Territory. Over a three-week period, the company conducted regional exploration sampling at Shoobridge, Tabletop, and Copperfield, collecting a total of 34 rock, 96 stream, and 90 soil samples. The primary focus of this regional program was to assess the potential for lithium, copper, and gold mineralization.

This report specifically details 34 rock and 90 soil samples from the Copperfield, Copperfield, and Shoobridge areas. The geological composition of the Copperfield area includes promising Paleoproterozoic sediments of the Burrell Creek Formation, intruded by the Tabletop Granite. Notably, several NW-SE trending shears have been identified within this geological framework.

Financial Position

- As per ASX Listing Rule 5.3.1, a summary of the Company’s exploration activities for the quarter is contained herein, with exploration expenditure incurred during the period of circa A\$436k.

Project	Cash Expenditure \$'000
Pine Creek Gold and Lithium Project	401
Exploration activities associated with potential new projects	35
Total	436

- As per ASX Listing Rule 5.3.2, there were no substantive mining production and development activities undertaken during the quarter.
- DeSoto is well funded with cash and investments (term deposits) of \$8.0M at 30 September 2023.
- DeSoto continues to assess various project opportunities on an ongoing basis.
- In accordance with ASX Listing Rule 5.3.4, as the September 2023 quarter was in a period covered by a ‘use of funds’ statement in the IPO Prospectus, below

is a comparison of the Company's actual expenditure to 30 September 2023 against the estimated expenditure in the 'use of funds' statement:

Use Of Funds	Per IPO Prospectus (2 year period)	PTD 30 September 2023 ¹
Two (2) Year Exploration Expenditure: Pine Creek Project (Fenton and Fenix)	5,241,667	898,420
New Project Generation Due Diligence	80,000	33,350
Administration and Overheads	1,613,633	971,737
Capital Raising Expenses ²	893,354	625,399
Working Capital ³	3,052,497	310,596
Total	\$10,881,151	2,839,502

1. Period to date (Period: 14 December 2022 to 30 September 2023).

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

3. To the extent that: (a) the Company's exploration activities warrant further exploration activities; or (b) the Company identifies additional acquisition or investment opportunities (including manganese and project generation opportunities described in the Prospectus), the Company's working capital will also be utilised to fund such further exploration activities and/or acquisition or investment costs (including due diligence investigations and expert's fees in relation to such acquisitions or investments) as applicable. Any amounts not so expended will be applied toward corporate and administration costs for the period subsequent to the initial two-year period following Admission. During the September quarter, the Company spent \$35k on manganese project generation.

- As per ASX Listing Rule 5.3.5 and as disclosed in Sections 6.1 and 6.2 of the Appendix 5B, the company paid \$125k to related parties, being \$69k for directors salary, \$33k for non-executive directors' fees, \$20k for consulting fees and \$3k for other corporate support costs.
- Tenement Schedule per ASX listing Rule 5.3.3:

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

TENEMENT No.	LOCATION	INTEREST %	HOLDER
Pine Creek Gold and Lithium Project	NT	100%	Mangusta Minerals Pty Ltd
EL32884			
EL32885*			
EL32886			
EL33188			
EL33189			
EL33225			
EL31356			
EL32148			
EL31899			
EL33450 (application)* <i>This application was granted after end of reporting period. Amalgamated licence EL33615 will be issued, to replace EL32885 and EL33450</i>			

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

2023 September Quarter - ASX Announcements

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

19-Sep-23	Fenton Drilling Update
30-Aug-23	Further Encouraging Results from Copperfield Prospect
17-Aug-23	Drilling Underway at Fenton
27-Jul-23	Geophysics and Regional Programs Completed
5-Jul-23	Strong EM & IP Anomalies Identified at Fenton Gold Project

-END-

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

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Appendix 5B

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

Name of entity

DeSoto Resources Limited

ABN

75 658 510 242

Quarter ended ("current quarter")

30 SEPTEMBER 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(159)	(159)
(b) development	-	-
(c) production	-	-
(d) staff costs	(132)	(132)
(e) administration and corporate costs	(236)	(236)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	77	77
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (GST paid)	(18)	(18)
1.9 Net cash from / (used in) operating activities	(468)	(468)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) exploration & evaluation	(277)	(277)
(e) investments	-	-
(f) other non-current assets	-	-

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(277)	(277)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	76	76
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(14)	(14)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	62	62
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	6,664	6,664
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(468)	(468)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(277)	(277)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	62	62

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	5,981	5,981

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	3,981	4,664
5.2	Call deposits	2,000	2,000
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	5,981	6,664

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	116
6.2	Aggregate amount of payments to related parties and their associates included in item 2	9
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

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

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

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(468)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(277)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(745)
8.4 Cash and cash equivalents at quarter end (item 4.6)	5,981
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	5,981
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	8.02
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/A	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: N/A	

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

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

Answer: N/A

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

Compliance statement

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

Date: 27 October 2023.....

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

Notes

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