

QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDING 31 DECEMBER 2023

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

Northern Territory Exploration

- Drilling completed at Fenton Gold Project, with assays from first two holes¹ reported during the December quarter¹.
- Both holes contained broad intercepts of low-grade gold mineralisation with same geological characteristics as the Homestake discovery holes.
- Wide zones of low-grade gold mineralisation were intersected, the stronger² result being in FMD0002 which included 23m @ 0.37g/t Au from 557mB containing 2m @ 1.78g/t Au.
- Post reporting period, the Company reported the assays from the final two DD-holes².
- Holes FMD0003 and FMD0004 intersected wide zones of low-grade gold mineralisation with the same geological characteristics as the original Homestake discovery holes. Best results include;
 - FMD0003 – 17m @ 0.62g/t Au from 578m, including 5m @ 1.09g/t Au, extending known mineralisation 350m to the south;
 - FMD0004 – 72m @ 0.43g/t Au from 528m, including 5m @ 1.02g/t Au;
 - The mineralised shear zone system has been intersected over more than 2km of strike and is open to the North and South.
- Also during the period, Geophysical contractor SkyTEM Australia completed ~830-line km of AEM over the Fenton Shear Zone (FSZ) corridor, the survey was co-funded by the NT Government.

¹ASX Announcement: First drill holes confirm Fenton gold mineralised system (2nd November 2023)

²ASX Announcement: Drilling and Geophysics confirm the scale of Fenton Gold System (29th January 2024)

- Geophysics has been key to focusing drilling on the right areas at Fenton and the new AEM survey results have highlighted the 'blue sky' potential of the project well beyond the drilled area.
- Three high priority AEM anomalies warrant immediate ground geophysical survey follow-up prior to any drill testing.

Manganese

- Per the Company's Prospectus, the Company has identified a number of high-priority opportunities generated internally, targeting manganese and other battery metals.
- The Company has progressed discussions regarding these opportunities and expects to announce its final manganese strategy in the coming weeks.

Corporate

- DeSoto is well funded with \$6.4 million in cash at 31 December 2023.

Northern Territory Exploration (Detailed)

A total of 2,683m of combined diamond and RC drilling was completed for the Fenton Gold Project exploration program in H2 2023 (Fig 1).

The Fenton drill program successfully intersected wide zones of gold mineralisation in the prospective Proterozoic Koolpin stratigraphy in all holes drilled. The program has demonstrated that the FSZ is continuous along strike to the north of FEND 14 and the south of FEND 18.

Refining the 3D geological model at Fenton with new drilling, structural and geophysical survey information remains the key to identifying a significant gold deposit at Fenton.

In total, 18 priority bedrock conductivity anomalies have been identified (Figure 1). 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 at FEND 18 and FEND 14.

Of note are 3 high priority conductivity targets, in particular Fenton North, a very strong late-time conductivity anomaly 2km north along strike of FEND 14. Fenton North is coincident with the intersection of an interpreted NW-SE dilational structure and the hinge position of the Fenton Antiform, which has not been tested by drilling.

3D geological modelling is underway to assist in the design of local scale ground geophysical surveys to follow-up new AEM targets prior to drill testing, which will include Identifying and ranking combined structural and geophysical anomalies with the potential to host higher grade zones of gold mineralisation.

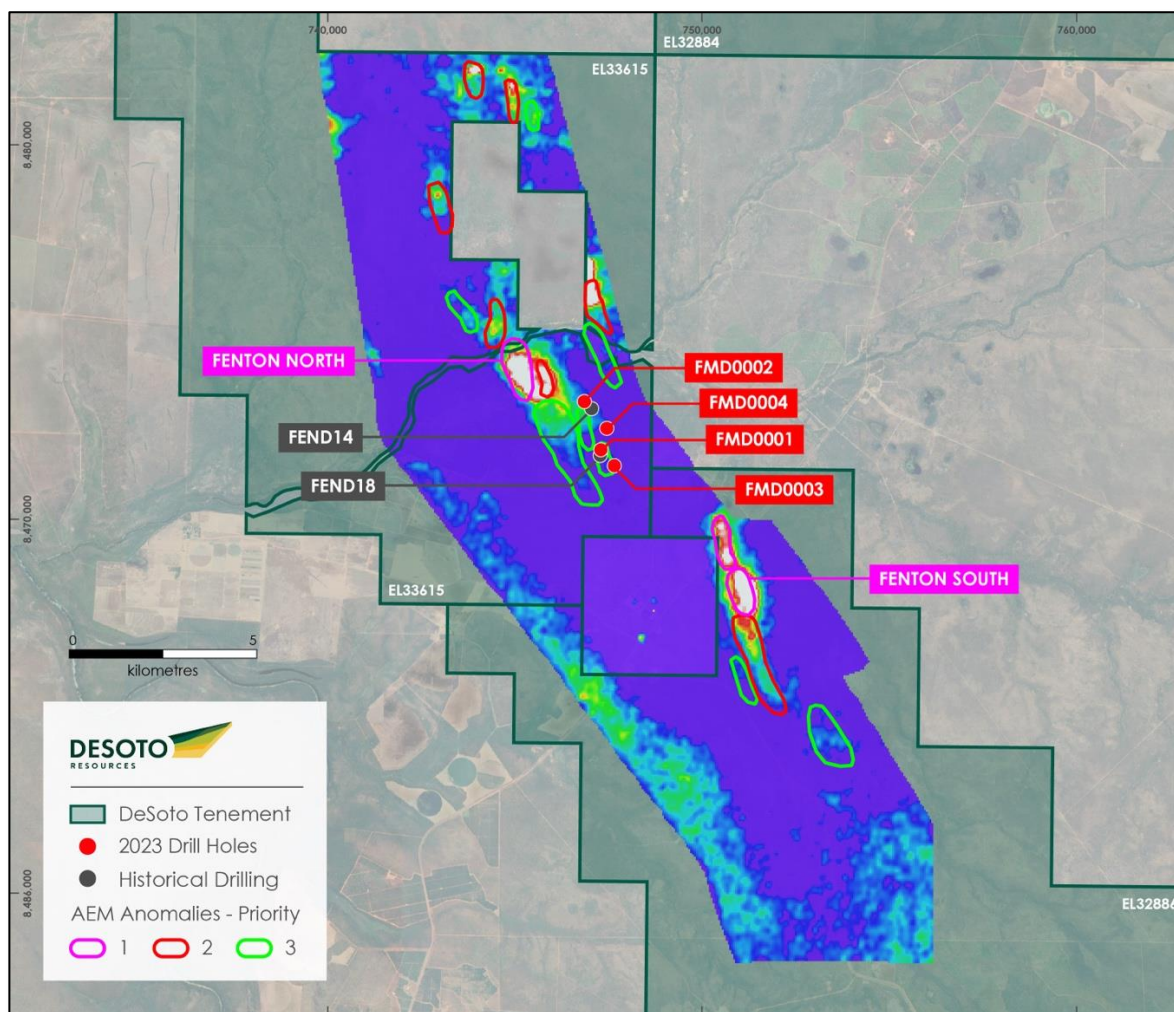


Figure 1 - Location of AEM Survey showing 2023 SKYTEM priority ranked anomalies on late time channel gate 35 image with drilling.

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\$1,318k.

Project	Cash Expenditure \$'000
Pine Creek Gold and Lithium Project	1,049
Exploration activities associated with potential new projects	269
Total	1,318

- As per ASX Listing Rule 5.3.2, there were no substantive mining production and development activities undertaken during the quarter.
- DeSoto is well funded with cash of \$6.4M at 31 December 2023.
- DeSoto continues to assess various project opportunities on an ongoing basis.

- In accordance with ASX Listing Rule 5.3.4, as the December 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 31 December 2023 against the estimated expenditure in the 'use of funds' statement:

Use Of Funds	Per IPO Prospectus (2 year period)	PTD 31 December 2023 ¹
Two (2) Year Exploration Expenditure: Pine Creek Project (Fenton and Fenix)	5,241,667	1,710,265
New Project Generation Due Diligence	80,000	43,300
Administration and Overheads	1,613,633	1,304,108
Capital Raising Expenses ²	893,354	625,399
Working Capital ³	3,052,497	607,575
Total	\$10,881,151	4,290,647

1. Period to date (Period: 14 December 2022 to 31 December 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 December quarter, the Company spent \$140k 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, \$18k for consulting fees and \$5k 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*			
EL33615 (granted) <i>(Amalgamated licence EL33615 was issued during the quarter to replace EL32885 and EL33450)</i>			

- Mining tenements acquired during the quarter and their location: EL33615 (see table above).
- 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 December 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:

21-Nov-23	Results of Meeting
02-Nov-23	First Drill Holes Confirm Fenton Gold Mineralised System
25-Oct-23	Fenton AEM Survey Underway
10-Oct-23	Notice of AGM

-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")

31 DECEMBER 2023

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	(216)	(375)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(118)	(250)
	(e) administration and corporate costs	(163)	(399)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	82	159
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)	(26)	(44)
1.9	Net cash from / (used in) operating activities	(441)	(909)

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	(1,102)	(1,379)
	(e) investments	(5)	(5)
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 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 (term deposit maturing)	2,000	2,000
2.6	Net cash from / (used in) investing activities	893	616

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	76
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(14)	(28)
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	(14)	48

4.	Net increase / (decrease) in cash and cash equivalents for the period	-	-
4.1	Cash and cash equivalents at beginning of period	5,981	6,664
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(441)	(909)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	893	616
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(14)	48

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 (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	6,419	6,419

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	2,419	3,981
5.2	Call deposits	4,000	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)	6,419	5,981

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	118
6.2	Aggregate amount of payments to related parties and their associates included in item 2	7
<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 <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
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)	(441)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(1,102)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(1,543)
8.4 Cash and cash equivalents at quarter end (item 4.6)	6,419
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	6,419
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	4.16
<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	

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: 30 January 2024.....

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

Notes

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