DESOTO RESOURCES

QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDING 30 JUNE 2023

DeSoto Resources Limited (ASX:DES) ("DeSoto" or the "Company") is pleased to provide an update on its activities for the June 2023 quarter.

During the reporting period, DeSoto remained focused on advancing exploration activities in preparation for the forthcoming maiden drilling program in the Northern Territory. Additionally, the Company has progressed several high-priority manganese opportunities.

Northern Territory Exploration

- Diamond drill core review from the **Fenton Gold Project ("Fenton")** establishes the correlation between gold-bearing intervals and the prominent Fenton Shear Zone ("FSZ"), confirming the project's prospectivity for a significant shear zone-hosted gold discovery.
- Field exploration programs commenced at **Shoobridge Lithium Project**, directly abutting DeSoto's Fenton and Core Lithium's (ASX:CXO) Shoobridge Lithium Project to the East, West and South.
- Discovery of historical Bonanza-grade gold assays at the **Barrapool Regional Prospect,** north of **Fenton.**
- Commencement of major ground geophysical programs at **Fenton.**
- Planning for maiden drilling program at **Fenton,** expected to commence shortly after the completion of geophysical programs.
- The Company remains well funded with $8.7 million at the end of the quarter.

Project Generation

- The Company has advanced on evaluation of several high-priority manganese projects across two continents.
- The Company has received regulatory approval to pursue at least one opportunity with initial due diligence work completed and agreements being finalised with the potential joint venture partner.

Corporate

- During the quarter, DeSoto announced completion of the pro-rata non-renounceable entitlement offer, offered on the basis of one (1) Option (**Loyalty Option**) for every two (2) Shares held, at an issue price of $0.01 per New Option (**Offer**), which closed on 17 May 2023[1]. The Offer was well supported, with shareholders subscribing for 82.9% of their entitlement. The Company issued 36,870,338 Loyalty Options (ASX: DESO) and total funds raised from the Offer was $368,703.38 (before costs). Each Loyalty Option is exercisable at $0.25 on or before 23 May 2028.

- 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$245k.

Project	Cash Expenditure $'000
Pine Creek Gold and Lithium Project	152
Exploration activities associated with potential new projects	93
Total	**245**

- 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 $8.7M at 30 June 2023.
- DeSoto continues to assess various project opportunities on an ongoing basis.
- After the end of the reporting period, the Loyalty Option Shortfall Offer closed, under which the full amount of 7,604,672 Shortfall Options were issued[2], raising $76,046.72. 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.
- In accordance with ASX Listing Rule 5.3.4, as the June 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 June 2023 against the estimated expenditure in the 'use of funds' statement:

[1] DES ASX Announcement: Non-Renounceable Entitlement Issue Results (19th May 2023)
[2] DES ASX Announcement: Application for Quotation of Securities (17th July 2023)

Use Of Funds	Per IPO Prospectus (2 year period)	YTD 30 June 2023[1]
Two (2) Year Exploration Expenditure: Pine Creek Project (Fenton and Fenix)	5,241,667	350,070
New Project Generation Due Diligence	80,000	23,250
Administration and Overheads	1,613,633	568,803
Capital Raising Expenses[2]	893,354	625,399
Working Capital[3]	3,052,497	251,446
Total	**$10,881,151**	**1,818,968**

1. Year to date (Period: 14 December 2022 to 30 June 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 June quarter, the Company spent $89,177 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 $183k to related parties, being $69k for Directors salary, $57k for non-executive directors' fees, $54k 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)			

- 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 June 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:

15/6/2023	Fenton Geophysical Program Underway
13/6/2023	Historic Gold Grades up to 257g/t Au
7/6/2023	DeSoto Awarded Grant for Fenton Gold Project
6/6/2023	Field Work to Commence at Shoobridge Lithium Project
24/5/2023	Drill Core Review Confirms Fenton as Gold Bearing Structure

-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	**Quarter ended ("current quarter")**
75 658 510 242	30 JUNE 2023

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (12 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	(93)	(244)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(183)	(577)
	(e) administration and corporate costs	(126)	(382)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	58	82
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other – IPO Costs	(133)	(327)
	Other – Insurance refund	-	1
	Other – GST inflow/(outflow)	(38)	(53)
1.9	**Net cash from / (used in) operating activities**	**(515)**	**(1,500)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	(49)
	(c) property, plant and equipment	7	(43)
	(d) exploration & evaluation	(152)	(334)
	(e) investments	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter $A'000	Year to date (12 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**	**(145)**	**(426)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	369	10,371
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	(27)	(600)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (lease payments)	(21)	(63)
3.10	**Net cash from / (used in) financing activities**	**321**	**9,708**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	9,003	882
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(515)	(1,500)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(145)	(426)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	321	9,708

Consolidated statement of cash flows		Current quarter $A'000	Year to date (12 months) $A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**8,664**	**8,664**

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	4,664	5,003
5.2	Call deposits	4,000	4,000
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)**	**8,664**	**9,003**

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	150
6.2	Aggregate amount of payments to related parties and their associates included in item 2	33

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.

7.	**Financing facilities** *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.*	**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)	(515)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(152)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(667)
8.4	Cash and cash equivalents at quarter end (item 4.6)	8,664
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	8,664
8.7	**Estimated quarters of funding available (item 8.6 divided by item 8.3)**	13

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.

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: 27 July 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.