DeSoto Resources Limited

ACN 658 510 242

Annual Report
30 June 2022

DeSoto Resources Limited
Directors' report
30 June 2022

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of DeSoto Resources Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the period ended 30 June 2022.

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:

Christopher Swallow (appointed 01 April 2022)
Paul Roberts (appointed 22 April 2022)
Finbarr (Barry) Murphy (appointed 22 April 2022)
Barnaby Egerton-Warburton (appointed 01 April 2022, resigned 22 April 2022)
Gaetano (Tony) Tomba (appointed 01 April 2022, resigned 22 April 2022)

Principal activities
The principal activity of the Group is to explore and develop mineral projects, with a focus on its Northern Territory based gold and lithium projects.

Dividends
No dividends were paid or declared during the period.

Review of operations
The loss for the consolidated entity after providing for income tax amounted to $154,609.

The company was incorporated on 01 April 2022 for the purpose of applying for and subsequently exploring and developing the Pine Creek Project in the Northern Territory. The Pine Creek Project comprises six tenements, of which three have been granted and three remain under application.

Significant changes in the state of affairs
During the period, the following significant changes occurred in the state of affairs:

- The Company was incorporated on 1 April 2022;
- 22,650,000 shares and 33,975,000 options were issued to the Founders on incorporation of the Company. The Shares were issued at an issue price of $0.001 per share;
- On 01 April 2022, the company acquired 100% of the issued shares of Mangusta Minerals Pty Ltd (being 10 ordinary fully paid shares), for $10;
- In May 2022, 10,000,000 shares were issued to seed capital investors at an issue price of $0.10 per share, raising $1,000,000;
- On 17 June 2022, Northern Territory Exploration Licences EL32884, EL32885 and EL32886 were granted to Mangusta Minerals Pty Ltd.

There were no other significant changes in the state of affairs of the Company during the period.

Matters subsequent to the end of the financial year
The company is continuing the process of applying for admission to the Official List of the Australian Stock Exchange.

No other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations
Information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this report because the Directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

Environmental regulation
The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Information on directors

Name:	Paul Roberts
Title:	Non-Executive Chairman
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. Paul was the founder of Predictive Discovery Limited, where he served as CEO between 2007 and 2021. Paul was the architect of PDI's business model and was responsible for assembling PDI's project portfolio and West African team.
Special responsibilities:	None

Name:	Christopher Swallow
Title:	Managing Director (elect)
Qualifications:	BA.
Experience and expertise:	Mr Swallow has more than 15 years' experience in Executive roles spanning the Resource, Start-up, Marketing and Government sectors having worked across Australia, Asia and Africa. Previously he 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. Currently, Chris is the Chief Executive Officer of BPM Minerals Limited, a Western Australian-focused exploration Company with gold and base-metal projects and is also currently a Non-Executive Director of Lord Resources Limited. Chris is also a Partner at Modena Ventures, an ECM firm with Bespoke financing solutions for founders, entrepreneurs and companies, delivering access to capital from public markets.
Special responsibilities:	None

Name:	Finbarr (Barry) Murphy
Title:	Non-Executive Director
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.
Special responsibilities:	None

Company secretary

Tony Tomba (B,Bus, CA, GAICD) has held the role of Company Secretary since April 2022. He is an experienced Finance Executive, having held various Senior Finance and HQ 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') and of each Board committee held during the period ended 30 June 2022, and the number of meetings attended by each director were:

	Full Board	
	Attended	Held
Paul Roberts	1	1
Christopher Swallow	1	1
Barry Murphy	1	1
Barnaby Egerton-Warburton	-	-
Tony Tomba	-	-

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

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
01 April 2022	01 April 2027	$0.25	33,975,000

Indemnity and insurance of auditor
The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company 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 company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

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
Director

3 August 2022
Perth

HLB MANN JUDD
ADVISORY AND ACCOUNTING

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Desoto Resources Limited for the period ended 30 June 2022, 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	**N G Neill**
3 August 2022	**Partner**

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General information

The financial statements cover DeSoto Resources Limited as a consolidated entity 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.

DeSoto Resources Limited is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office	**Principal place of business**
2nd Floor	2nd Floor
10 Outram Street	10 Outram Street
West Perth WA 6005	West Perth WA 6005

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 3 August 2022. The directors have the power to amend and reissue the financial statements.

DeSoto Resources Limited
Statement of profit or loss and other comprehensive income
For the period from incorporation on 1 April 2022 to 30 June 2022

	Note	Consolidated 2022 $
Revenue		
Expenses		
Accounting and audit fees		(5,000)
Consultants and contractors		(18,610)
Corporate and administrative costs		(32,997)
Depreciation expense	3	(4,731)
Employee benefits expense		(64,083)
Tenement fees		(22,652)
Interest expense	3	(703)
Superannuation expense	3	(5,833)
Profit before income tax expense		(154,609)
Income tax expense	4	-
Profit after income tax expense for the period		(154,609)
Other comprehensive income		-
Total comprehensive income for the period		(154,609)

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

DeSoto Resources Limited
Statement of financial position
As at 30 June 2022

	Note	Consolidated 2022 $
Assets		
Current assets		
Cash and cash equivalents	5	881,151
Trade and other receivables	6	6,226
Other	7	2,123
		889,500
Total current assets		889,500
Non-current assets		
Exploration and evaluation assets	8	12,958
Leasehold improvements	9	49,749
Right-of-use assets	10	269,660
Total non-current assets		332,367
Total assets		1,221,867
Liabilities		
Current liabilities		
Trade and other payables	11	28,026
Lease liabilities	12	50,351
Employee benefits	13	5,750
Other	14	49,749
		133,876
Total current liabilities		133,876
Non-current liabilities		
Lease liabilities	15	219,950
Total non-current liabilities		219,950
Total liabilities		353,826
Net assets		868,041
Equity		
Issued capital	16	1,022,650
Accumulated losses	17	(154,609)
Total equity		868,041

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

DeSoto Resources Limited
Statement of changes in equity
For the period from incorporation to 30 June 2022

Consolidated	**Issued capital $**	**Accumulated Losses $**	**Total equity $**
Balance at 1 April 2022	-	-	-
Loss after income tax expense for the period	-	(154,609)	(154,609)
Other comprehensive income for the period, net of tax	-	-	-
Total comprehensive loss for the period	-	(154,609)	(154,609)
Transactions with owners in their capacity as owners:			
Contributions of equity, net of transaction costs (note 16)	1,022,650	-	1,022,650
Balance at 30 June 2022	1,022,650	(154,609)	868,041

DeSoto Resources Limited
Statement of cash flows
For the period from incorporation to 30 June 2022

	Note	Consolidated 2022 $
Cash flows from operating activities		
Payments for exploration and evaluation expensed (inclusive of GST)		(17,373)
Payments to suppliers and employees (inclusive of GST)		(111,168)
Net cash used in operating activities	25	(128,541)
Cash flows from investing activities		
Payment for exploration and evaluation		(12,958)
Net cash used in investing activities		(12,958)
Cash flows from financing activities		
Proceeds from issue of shares		1,022,650
Net cash from financing activities		1,022,650
Net increase in cash and cash equivalents		881,151
Cash and cash equivalents at the beginning of the financial year		-
Cash and cash equivalents at the end of the financial year	5	881,151

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

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below.

The Company was incorporated on 1 April 2022. These are the first financial statements of the Company and cover the period from incorporation to 30 June 2022.

New or amended Accounting Standards and Interpretations adopted
The consolidated entity 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.

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.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Parent entity information
In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 23.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of DeSoto Resources Limited ('company' or 'parent entity') as at 30 June 2022 and the results of all subsidiaries for the period then ended. DeSoto Resources Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Note 1. Significant accounting policies (continued)

Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:
- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

Exploration and evaluation expenditure
Costs arising from exploration and evaluation activities are carried forward where the rights to tenure for the area of interest are current and such costs are expected to be recouped through successful development, or by sale, or where exploration and evaluation activities have not, at reporting date, reached a stage to allow a reasonable assessment regarding the existence of economically recoverable reserves.

Note 1. Significant accounting policies (continued)

Cash flow hedges
Cash flow hedges are used to cover the consolidated entity's exposure to variability in cash flows that is attributable to particular risks associated with a recognised asset or liability or a firm commitment which could affect profit or loss. The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income through the cash flow hedges reserve in equity, whilst the ineffective portion is recognised in profit or loss. Amounts taken to equity are transferred out of equity and included in the measurement of the hedged transaction when the forecast transaction occurs.

Cash flow hedges are tested for effectiveness on a regular basis both retrospectively and prospectively to ensure that each hedge is highly effective and continues to be designated as a cash flow hedge. If the forecast transaction is no longer expected to occur, the amounts recognised in equity are transferred to profit or loss.

If the hedging instrument is sold, terminated, expires, exercised without replacement or rollover, or if the hedge becomes ineffective and is no longer a designated hedge, the amounts previously recognised in equity remain in equity until the forecast transaction occurs.

Property, plant and equipment
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 consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Right-of-use assets
A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Lease liabilities
A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Note 1. Significant accounting policies (continued)

Provisions
Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on 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; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Business combinations
The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

Note 1. Significant accounting policies (continued)

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

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 consolidated entity for the annual reporting period ended 30 June 2022. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 2. 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.

Fair value measurement hierarchy
The consolidated entity is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Estimation of useful lives of assets
The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Income tax
The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

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 consolidated entity'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 consolidated entity 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.

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 consolidated entity 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.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Employee benefits provision
As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Lease make good provision
A provision has been made for the present value of anticipated costs for future restoration of leased premises. The provision includes future cost estimates associated with closure of the premises. The calculation of this provision requires assumptions such as application of closure dates and cost estimates. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting the asset and the provision. Reductions in the provision that exceed the carrying amount of the asset will be recognised in profit or loss.

Note 3. Expenses

	Consolidated 2022 $
Loss before income tax includes the following specific expenses:	
Depreciation	
Right-of-use assets	4,731
Total depreciation	4,731
Finance costs	
Interest and finance charges paid/payable on lease liabilities	703
Finance costs expensed	703
Superannuation expense	
Defined contribution superannuation expense	5,833

Note 4. Income tax expense

	Consolidated 2022 $
Income tax expense	
Current tax	-
Deferred tax - origination and reversal of temporary differences	-
Aggregate income tax expense	-
Numerical reconciliation of income tax expense and tax at the statutory rate	
Lossfit before income tax expense	(154,609)
Tax at the statutory tax rate of 25%	(38,652)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:	
Revenue losses not recognised	35,841
Other deferred tax balances not recognised	2,811
Income tax expense	-

	Consolidated 2022 $
Deferred tax assets and liabilities not recognised	
Deferred tax assets and liabilities not recognised comprises temporary differences attributable to:	
Provisions and accruals	6,581
Prepayments	(531)
Exploration and evaluation expenditure	(3,239)
Carry forward revenue losses	35,841
	38,652

Note 5. Current assets - cash and cash equivalents

	Consolidated 2022 $
Cash at bank	881,151
	881,151

Reconciliation to cash and cash equivalents at the end of the financial year
The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows as follows:

Balances as above	881,151
Balance as per statement of cash flows	881,151

Note 6. Current assets - trade and other receivables

	Consolidated 2022 $
GST receivables	6,226
	6,226

Note 7. Current assets - other

	Consolidated 2022 $
Prepayments	2,123
	2,123

Note 8. Non-current assets – Exploration and evaluation assets

	Consolidated 2022 $
Exploration and evaluation – at cost	12,958

Reconciliation
Reconciliation of the written down values at the beginning and end of the current financial year are set out below:

Balance at 1 April 2022	-
Additions*	12,958
Disposals	-
Balance at 30 June 2022	12,958

* Capitalised exploration relates to fees for granted tenements.

Note 8. Non-current assets – Exploration and evaluation assets (continued)

Accounting policy for exploration and evaluation assets

Exploration and evaluation expenditure incurred by or on behalf of the consolidated entity 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.

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 consolidated entity's right of tenure to that area of interest is current.

Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

Note 9. Non-current assets – leasehold improvements

	Consolidated 2022 $
Leasehold improvements - at cost	49,749
Less: Accumulated depreciation	-
	49,749

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

	Leasehold improvements $	Total $
Balance at 1 April 2022	-	-
Additions	49,749	49,749
Disposals	-	-
Depreciation expense	-	-
Balance at 30 June 2022	49,749	49,749

Note 10. Non-current assets - right-of-use assets

	Consolidated 2022 $
Buildings - right-of-use	274,391
Less: Accumulated depreciation	(4,731)
	269,660

Additions to the right-of-use assets during the year were $274,391.

The consolidated entity leases buildings for its offices, under an agreement for five years. The lease has various escalation clauses. On renewal, the terms of the leases are renegotiated.

Note 11. Current liabilities - trade and other payables

	Consolidated 2022 $
Trade payables	23,246
Other payables	4,780
	28,026

Refer to Note 18 for further information on financial instruments.

Note 12. Current liabilities - lease liabilities

	Consolidated 2022 $
Lease liability	50,351

Refer to Note 18 for further information on financial instruments.

Note 13. Current liabilities - employee benefits

	Consolidated 2022 $
Employee benefits	5,750

Amounts not expected to be settled within the next 12 months
The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the consolidated entity does not have an unconditional right to defer settlement.

Note 14. Current liabilities - other

	Consolidated 2022 $
Other accruals – leasehold improvements	49,749
	49,749

Note 15. Non-current liabilities - lease liabilities

	Consolidated 2022 $
Lease liability	219,950

Refer to Note 18 for further information on financial instruments.

Note 16. Equity - issued capital

	Consolidated	
	2022 Shares	2022 $
Ordinary shares - fully paid	32,650,000	1,022,650

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance on incorporation	1 April 2022	-		-
Issue of shares to Founders	1 April 2022	22,650,000	$0.001	22,650
Issue of Seed Capital shares	3 May 2022	10,000,000	$0.10	1,000,000
Balance	30 June 2022	32,650,000		1,022,650

Reconciliation of options on issue
On 1 April 2022 the Company issued 33,975,000 options to the Company's founders on incorporation of the Company. The options are exercisable at $0.25 on or before 1 April 2027.

Details	Date	Options	Issue Price
Balance on incorporation	1 April 2022	-	-
Issue of options to Founders	1 April 2022	33,975,000	$0.25
Balance	30 June 2022	33,975,000	

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

Note 16. Equity - issued capital (continued)

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.

Capital risk management
The consolidated entity'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 consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Note 17. Equity – accumulated losses

	Consolidated 2022 $
Accumulated losses at the beginning of the financial year	-
Profit after income tax expense for the year	(154,609)
Accumulated losses at the end of the financial year	(154,609)

Note 18. Financial instruments

Financial risk management objectives
The consolidated entity'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 consolidated entity's overall risk management program seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and other price risks.

Risk management is carried out by the Board of Directors ('the Board'). The Board identifies, evaluates and hedges financial risks within the consolidated entity.

Market risk

Price risk
The consolidated entity is not exposed to any significant price risk.

Note 18. Financial instruments (continued)

Interest rate risk
The consolidated entity only has interest rate risk relating to its funds on deposit with banking institutions. Accordingly, the consolidated entity does not hedge its interest rate risk exposure.

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

	Consolidated 2022 $
Cash assets	881,151
	881,151

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

The consolidated entity is not exposed to any significant credit risk.

Liquidity risk
Vigilant liquidity risk management requires the consolidated entity 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 consolidated entity 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.

Remaining contractual maturities
The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial 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 - 2022	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Remaining contractual maturities $
Non-derivatives					
Non-interest bearing					
Trade payables	-	23,246	-	-	23,246
Other payables	-	4,780	-	-	4,780
Interest-bearing - fixed rate					
Lease liability	3.13%	50,351	53,718	166,232	270,301
Total non-derivatives		78,377	53,718	166,232	298,327

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

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

Note 19. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by HLB Mann Judd, the auditor of the company:

	Consolidated 2022 $
Audit services – HLB Mann Judd	
Audit or review of the financial statements	5,000
	5,000

Note 20. Contingent liabilities

There are no contingent liabilities as at 30 June 2022.

Note 21. Commitments

Any minimum exploration spend commitments are detailed below for tenements granted
As at 30 June 2022.

	Consolidated 2022 $
Capital commitments	
Committed at the reporting date but not recognised as liabilities, payable:	
Exploration and evaluation	620,000

Note 22. Related party transactions

Parent entity
DeSoto Resources Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 24.

Transactions with related parties
The following transactions occurred with related parties:

	Consolidated 2022 $
Payment for goods and services:	
Payment for branding and marketing services from Propel Agency Pty Limited (director-related entity of Christopher Swallow)	13,365

Loans to/from related parties
There is a loan arrangement in place with related party subsidiary at the current reporting date.

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

Note 23. Parent entity information

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

Statement of profit or loss and other comprehensive income

	Parent 2022 $
Loss after income tax	(131,331)
Total comprehensive loss	(131,331)

Statement of financial position

	Parent 2022 $
Total current assets	874,453
Total assets	1,239,866
Total current liabilities	128,597
Total liabilities	348,547
Equity	
Issued capital	1,022,650
Retained profits	(131,331)
Total equity	891,319

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 2022.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2022.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2022.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, 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 24. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly-owned subsidiaries in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Ownership interest 2022 %
Mangusta Minerals Pty Limited	Australia	100%

Note 25. Reconciliation of loss after income tax to net cash from operating activities

	Consolidated 2022 $
Loss after income tax expense for the year	(154,609)
Adjustments for:	
Depreciation and amortisation	4,731
Interest	703
Change in operating assets and liabilities:	
Decrease/(increase) in trade and other receivables	(6,226)
Increase in prepayments	(2,123)
Increase/(decrease) in trade and other payables	23,233
Increase in employee benefits	5,750
Net cash used in operating activities	(128,541)

Note 26. Non-cash investing and financing activities

	Consolidated 2022 $
Additions to the right-of-use assets	269,660
Leasehold improvements	49,749
	319,409

Note 27. Changes in liabilities arising from financing activities

Consolidated	Lease liability $
Balance at 1 April 2022	-
Net cash from/(used in) financing activities	-
Acquisition of leases	270,301
Balance at 30 June 2022	270,301

DeSoto Resources Limited
Directors' declaration
30 June 2022

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 1 to the financial statements;

- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2022 and of its performance for the financial period ended on that date; and

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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
Director

3 August 2022
Perth

HLB MANN JUDD
ADVISORY AND ACCOUNTING

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 2022, 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 period then ended, and notes to the financial statements, including a summary of significant accounting policies, 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 2022 and of its financial performance for the year then ended; and

b) complying with Australian Accounting Standards to the extent described in Note 1 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 Company 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* ("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.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's Special Purpose Financial Report for the year ended 30 June 2022, 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.

HLB MANN JUDD
ADVISORY AND ACCOUNTING

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Corporations Act 2001* and is appropriate to meet the needs of the members. The director's responsibility also includes such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view 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 Company 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 Company 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.

HLB MANN JUDD
ADVISORY AND ACCOUNTING

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, related safeguards.

HLB Mann Judd
Chartered Accountants

N G Neill
Partner

Perth, Western Australia
3 August 2022