DESOTO RESOURCES

Annual Report
2023

DeSoto Resources Limited
ABN 75 658 510 242

Corporate Directory

Directors
Paul Roberts - Non-Executive Chairperson
Finbarr (Barry) Murphy - Non-Executive Director
Christopher Swallow - Managing Director

Company secretary
Tony Tomba

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

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

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

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

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

ACN
658 510 242

Contents

Directors' Report

The Directors present their financial report of DeSoto Resources Limited (referred to hereafter as the 'Company' or 'parent entity') and of the consolidated group (referred to hereafter as the 'Group'), being the Company and its controlled entities for the year ending 30 June 2023.

Directors

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

Paul Roberts (Non-Executive Chairperson)
Finbarr (Barry) Murphy (Non-Executive Director)
Christopher Swallow (Managing Director)

Information on directors

Name: Paul Roberts

Title: Independent Non-Executive Chairperson – appointed 22 April 2022

Qualifications: BSc, MSc, FAIG, MGSA

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

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

Former directorships (last 3 years): Predictive Discovery Limited (July 2010 - June 2022)

Interests in shares: 5,000,000

Interests in options: 10,000,000

Interests in performance rights: Nil

Name: Finbarr (Barry) Murphy

Title: Independent Non-Executive Director - appointed 22 April 2022

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

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

Other current directorships: None

Former directorships (last 3 years): None

Interests in shares: 3,050,000

Interests in options: 6,025,000

Interests in performance rights: Nil

Name: Christopher Swallow

Title: Managing Director - appointed 01 April 2022

Qualifications: BA.

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

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

Former directorships (last 3 years): None

Interests in shares: 2,700,000

Interests in options: 4,050,000

Interests in performance rights: 1,140,000

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

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

Company secretary

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

Mr Tomba is an experienced Finance Executive, having held various Senior Finance and 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') held during the year ended 30 June 2023, and the number of meetings attended by each director were:

	Full Board	
	Attended	Held
Paul Roberts	4	4
Finbarr (Barry) Murphy	4	4
Christopher Swallow	4	4

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

Review of operations

The loss for the Group after providing for income tax amounted to $1,460,083 (30 June 2022: $154,609).

On 1 December 2022, the company finalised the acquisition agreement with Bacchus Resources Pty Ltd through the issue of 4,000,000 shares and 1,600,000 options (exercisable at $0.35 and expiring 5 years from date of issue), in consideration for 100% of Mineral Exploration Licences EL31356, EL32148 and EL31899.

On 14 December 2022, the Company was admitted to the Official List of the Australian Securities Exchange (ASX). Official quotation of the Company's shares commenced 16 December 2022. The Company raised $10,000,000 (before costs) pursuant to the Offer under its Prospectus dated 5 October 2022 by the issue of 50,000,000 shares at an issue price of $0.20 per share.

In May 2023, the Company raised $368,703 (before costs) through a pro-rata renounceable rights issue. The Company issued 36,870,338 Loyalty Options (one new option to acquire a fully paid ordinary share in the capital of the Company for every two shares held, at an issue price of $0.01 per New Option and expiring 23 May 2028).

The following is a summary of the activities of DeSoto for the year ended 30 June 2023. It is recommended that this report be read in conjunction with any public announcements made by the Company during the year.

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

Projects Overview

Fenton Gold Project

For over a century the Pine Creek Orogen (PCO) in the Northern Territory has produced gold, beginning in the 1870s through to the early 1900s, about 2.3 tonne of gold extracted. Since the 1980's, systematic geological mapping, geochemical surveys and drilling, were conducted around previously known occurrences such as Enterprise, Cosmo Howley and Golden Dyke.

The Pine Creek gold field contains approximately 17 Moz of recorded gold deposits hosted in a 60km-long and 1km-wide, NW-SE trending belt along the Pine Creek Shear Zone (PCSZ), the dominant gold hosting structure in the region.

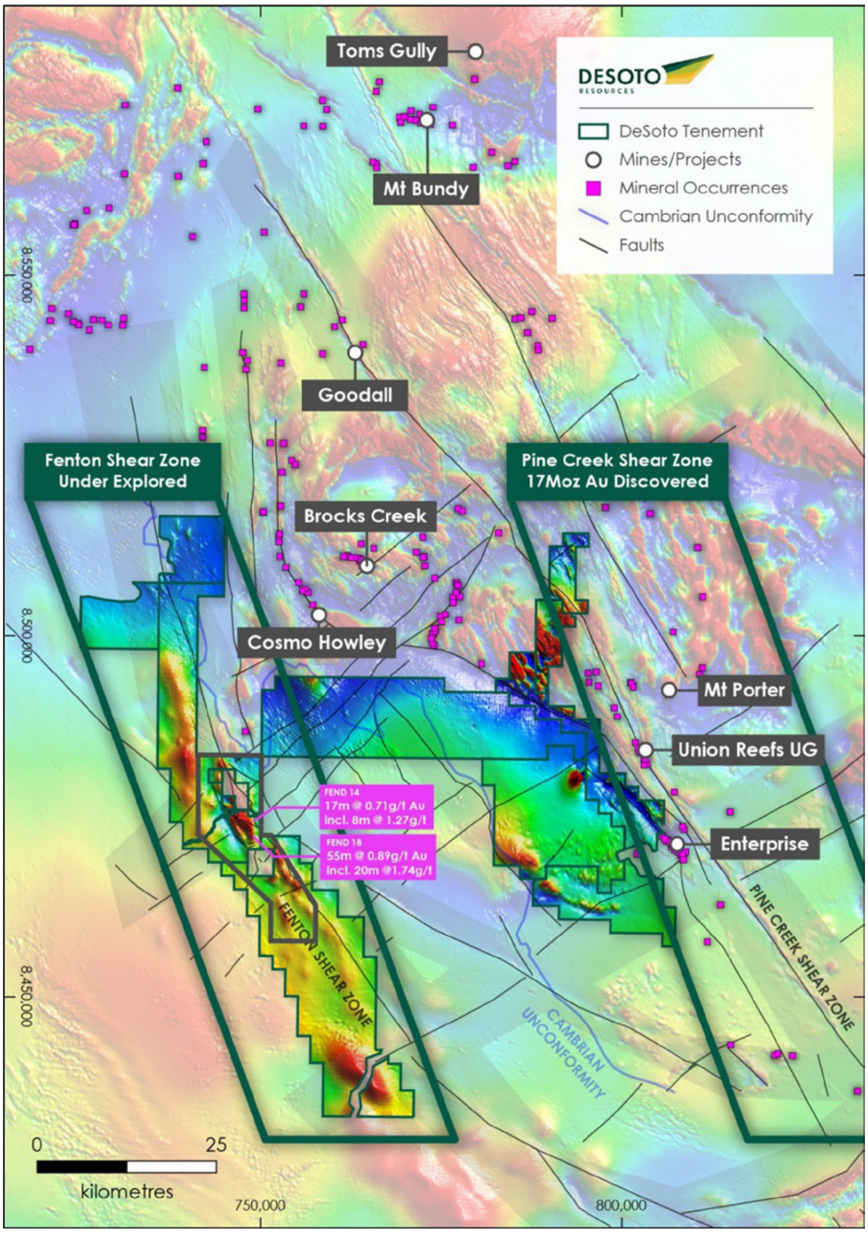

Figure 1 - Fenton and Regional gold-lithium projects located in the Northern Territory, overlain historic drilling and sampling.

The Fenton Gold Project is an under-cover, structurally complex Palaeoproterozoic hosted gold target zone that extends for over 20km along strike by 4km across strike on the western edge of the Pine Creek inlier. It is covered by 50-200m of Cambrian limestones and mudstones of the Daly Basin (Fig. 1).

In the mid-1990's, Homestake Gold (now Barrick Gold), conducted a global search for deposits analogous to the +40Moz Lead Gold deposit in South Dakota. During this search, Fenton was identified as a potential candidate due to its similarities with the host rocks and structure found at Lead, particularly within the South Alligator Group.

Subsequent drilling by Homestake Gold at Fenton returned good grades including FEND18 (55m at 0.89g/t Au, incl. 20m at 1.74 g/t Au) and FEND14 (17m at 0.71g/t Au, incl. 8m @ 1.27g/t Au).

In early January 2022, DeSoto undertook a petrophysical study on 15 samples of drill core from the Fenton Gold Project. Samples were collected from Homestake drill holes FEND18 and FEND14.

The petrophysical study was undertaken to develop an understanding of physical properties of rocks in the Pine Creek region and to assist with the interpretation of geophysical field data for the upcoming gold exploration program.

The results of the study successfully demonstrated a correlation of pyrrhotite sulphide mineralisation with high magnetic susceptibility, conductivity and chargeability responses. This new data confirmed that geophysics and in particular electrical methods, would be key to successful exploration at Fenton. The results were used to design geophysical acquisition programs including magnetics, IP and EM.

Recent observations on historic drill core demonstrate the correlation of elevated gold intervals with intensely sheared pyrrhotite rich zones, confirming the potential to host gold mineralisation along a significant shear zone (FSZ).

The deformed mineralised zones in FEND18 and FEND14 are located towards the end of hole and are interpreted as part of a continuous shear zone (FSZ). This sulphide charged structure is correlated with high magnetic susceptibility in core and a strong aeromagnetic gradient is detected along the eastern edge of the folded stratigraphy.

The target ore zones are predicted to have a high conductivity response to Electrical Magnetic surveys and a high resistivity/chargeability response to an Induced Polarization (IP) geophysical survey.

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

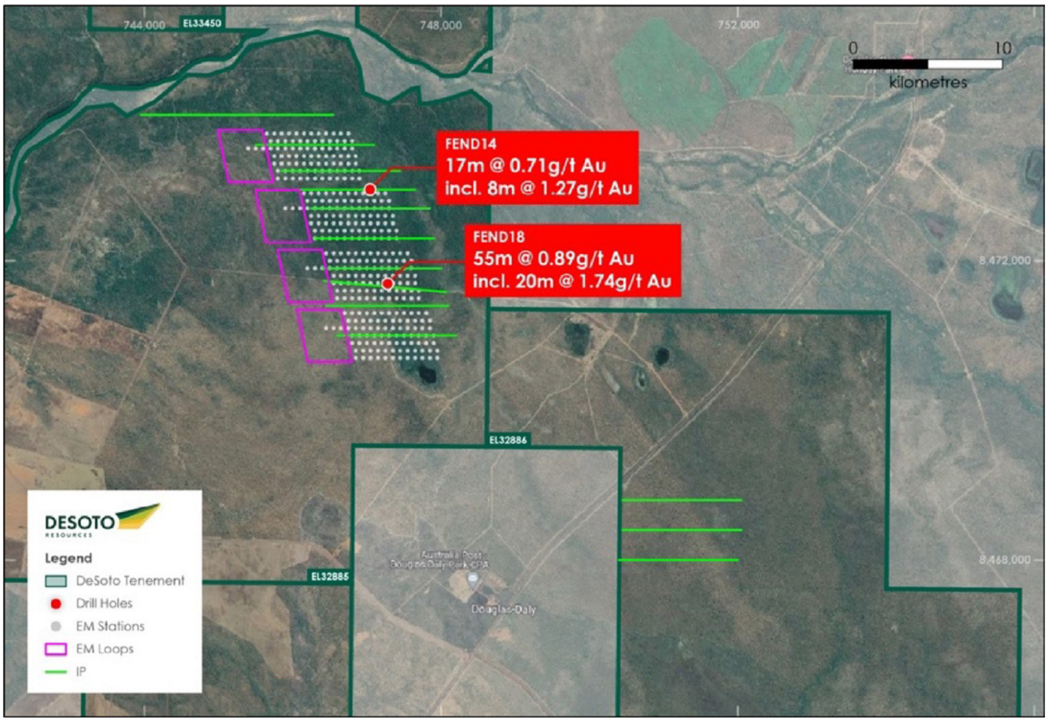

Figure 2 – Desoto Resources Fenton Gold Project, with Pole-Dipole IP and Fixed Loop EM program survey lines, stations and loops overlain a 4km-long section of the Fenton Shear Zone which includes previous Homestake drill holes FEND14 and FEND18.

Post reporting period, the Company commenced an initial 3,000m RC/DD drilling program across targets in the central discovery zone of the Fenton Shear Zone (FSZ). The first phase of drilling comprises two deep +500m RC/DD holes targeting the gold bearing intervals of the FSZ. First assays are expected within a month of drill hole completion.

Regional Results

During the reporting period, the Company undertook two regional reconnaissance programs designed to generate new targets and prospects.

Initial gold reconnaissance sampling completed in late 2022 comprised 81 samples across licences EL31356, EL31899 and EL32148 in 2022 (Fig. 3), also known as the Fenix or eastern-limb projects.

The sampling and mapping program was designed to field validate existing datasets, confirm historical targets and conduct a regolith assessment to determine the amenability of the new project area for soil sampling.

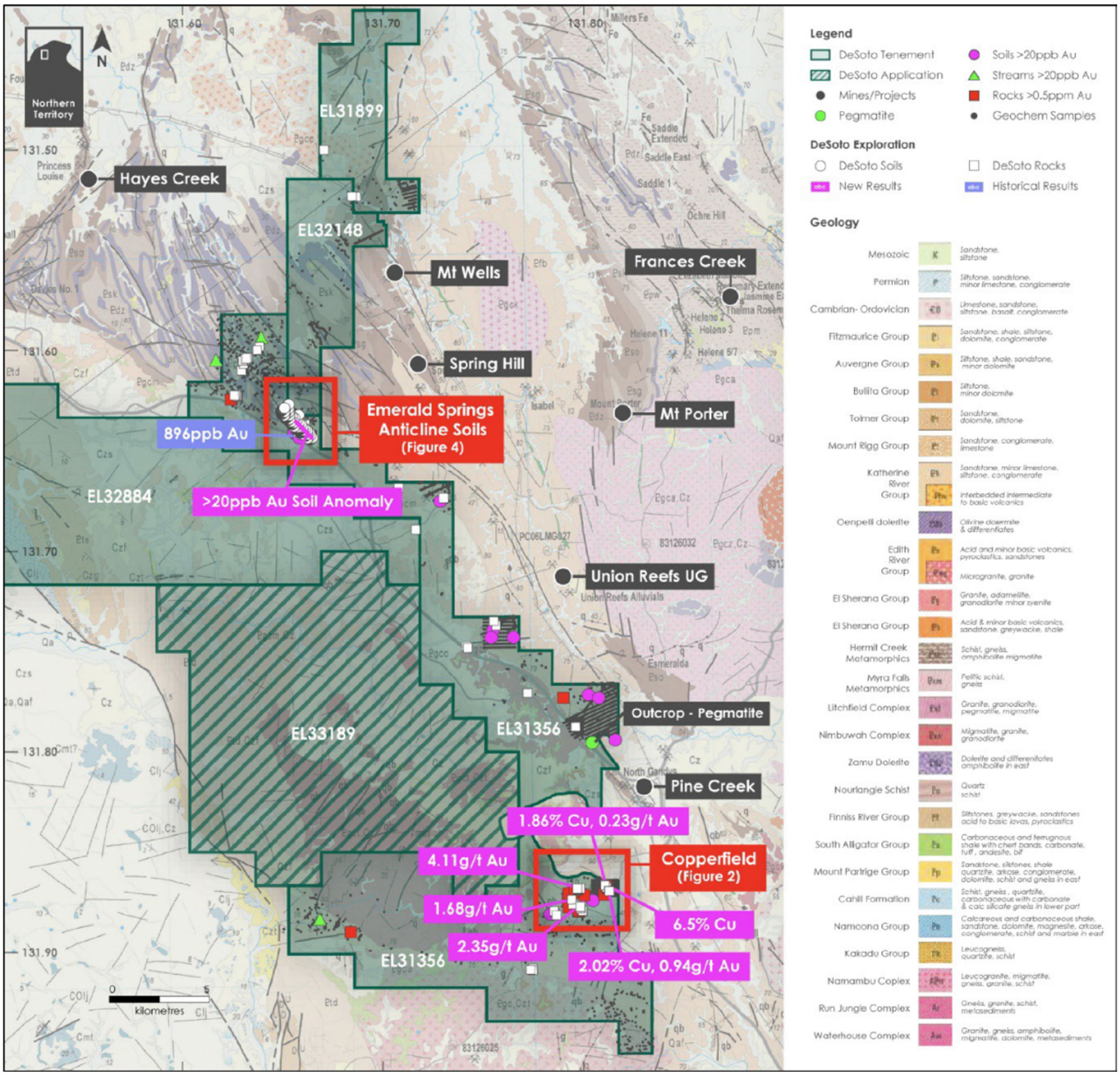

Figure 3 – Fenix Cu-Au-Li Project, with new and historic results overlain Pine Creek geology.

Copperfield Prospect

The geology of the Copperfield area consists of prospective Paleoproterozoic sediments of the Burrell Creek Formation intruded by the Tabletop Granite where several NW-SE trending shears have been identified.

A total of 35 reconnaissance rock samples were collected over an 8km2 area collectively known as Copperfield where numerous small historical copper-gold workings occur, particularly in the east of the area where up to 2.0g/t Au (CR1984-0255) and 0.32% Cu (CR1997-0022) have been reported in separate rock chips (Copperfield 5 workings; Figure 4).

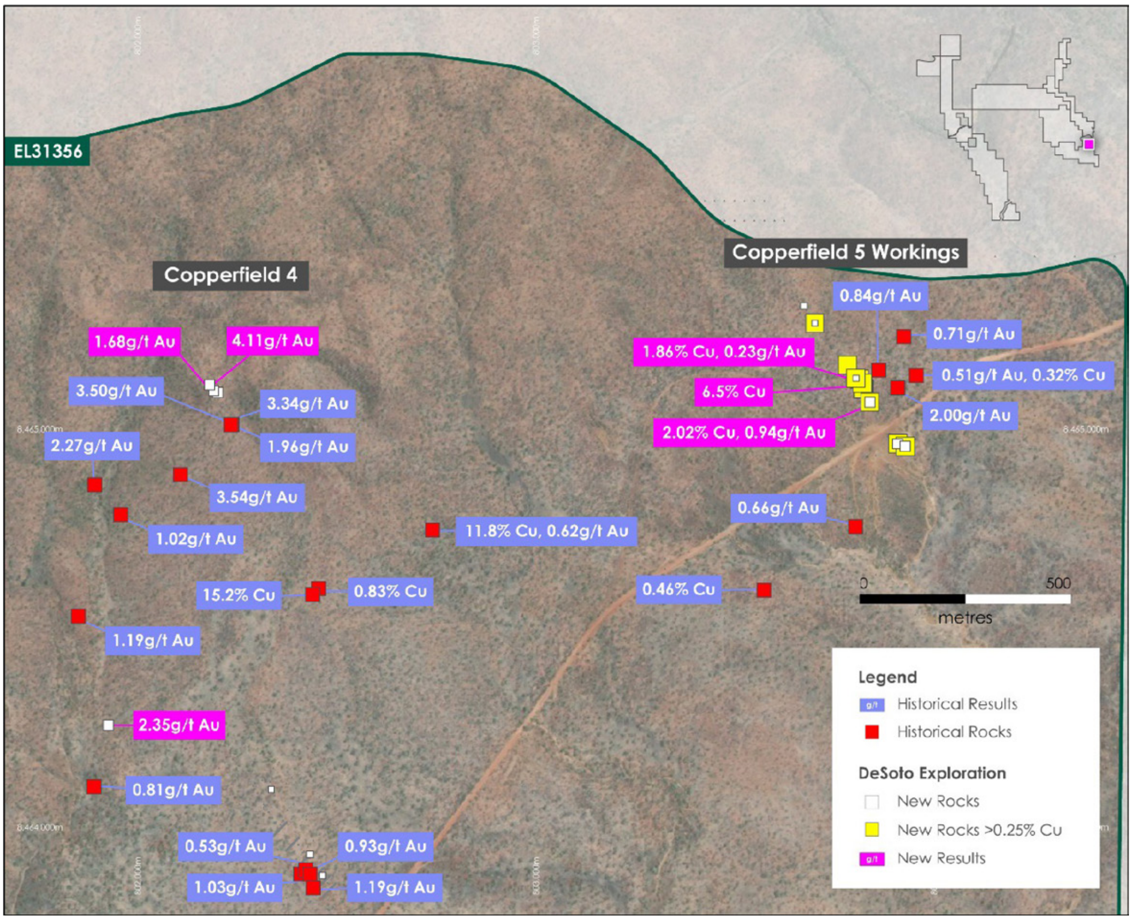

Figure 4 – Fenix Project, Copperfield Target with new and historic results reported.

In the west of the area, numerous anomalous gold and copper results have been historically reported including a best gold rock chip of 3.54 g/t Au (Copperfield 4; CR1997-0022) and a 15.2% Cu rock chip in the central area (CR1997-0022).

Desoto collected a total of 13 rock samples (DSRK0040-52) from the eastern Copperfields area. These samples were taken along a 1-5m wide SW dipping shear with laminated and weakly brecciated ferruginous quartz veining that was mapped coincident with the historical workings. A total of three samples reported greater than 1% Cu with a best result of 6.5% Cu (DSRK0044) returned from a 10cm quartz-malachite-goethite vein adjacent to historical workings.

Reconnaissance mapping has extended the structure over a strike of 620m, to the tenement boundary in the north and to the SE where it is concealed under thin (<20cm), unconsolidated pisolithic soils.

In the western Copperfield area (Copperfield 4), a total of 8 rock samples (DSRK0059-66) were collected with best results including 4.11g/t Au (DSRK0066) and 1.68g/t Au (DSRK0064).

Reconnaissance mapping of the area identified SW dipping veining throughout with individual veins mapped over strikes up to 300m. Veins vary in size from centimeter scale up to 2m width with multiple styles observed including bucky opaque, gossanous breccia veins and extension veins. The new rock chips have extended the area of known mineralisation 860m NNW of historical gold rock chips. The aerial extent of parallel veining, coupled with grades of up to 3.45g/t Au observed in previous work is considered encouraging for the area, pointing to a mineralised fluid corridor of significant scale.

Emerald Springs Anticline Target

At Emerald Springs, exploration comprised field validation of regional geology, regolith, historical gold rock and soil sample results and a new auger soil sampling survey.

The initial field program confirmed local geology to be a gold prospective Pine Creek anticline position comprising the Koolpin and Welltree Formation stratigraphy and Zamu Dolerite at the southern extent of the Burrundie Dome. Of encouragement was the high degree of outcrop and sub-crop in the area, indicating that most soil areas are comprised of locally derived colluvium, including the location of the historical >20ppb Au soil anomaly where a best result of 896ppb Au was reported (Fig. 5).

An auger soil sampling programme comprising 269 samples was completed to validate the historical gold soil anomaly. A total of fifteen 160m spaced traverses were sampled on 20m centres along SW-NE oriented lines, approximately perpendicular to the regional anticlinal trend.

Encouraging results were received for the Emerald Springs anticline soil survey with a coherent >20ppb Au anomaly now defined over a 900m strike (Fig 5). This gold anomaly is associated with elevated As values up to 642ppm and falls within a wider >150ppm As halo, characteristic of Pine Creek gold mineralisation.

These new soil results confirm the gold prospectivity of the Emerald Springs anticline trend and will be followed up with drilling in the upcoming field season.

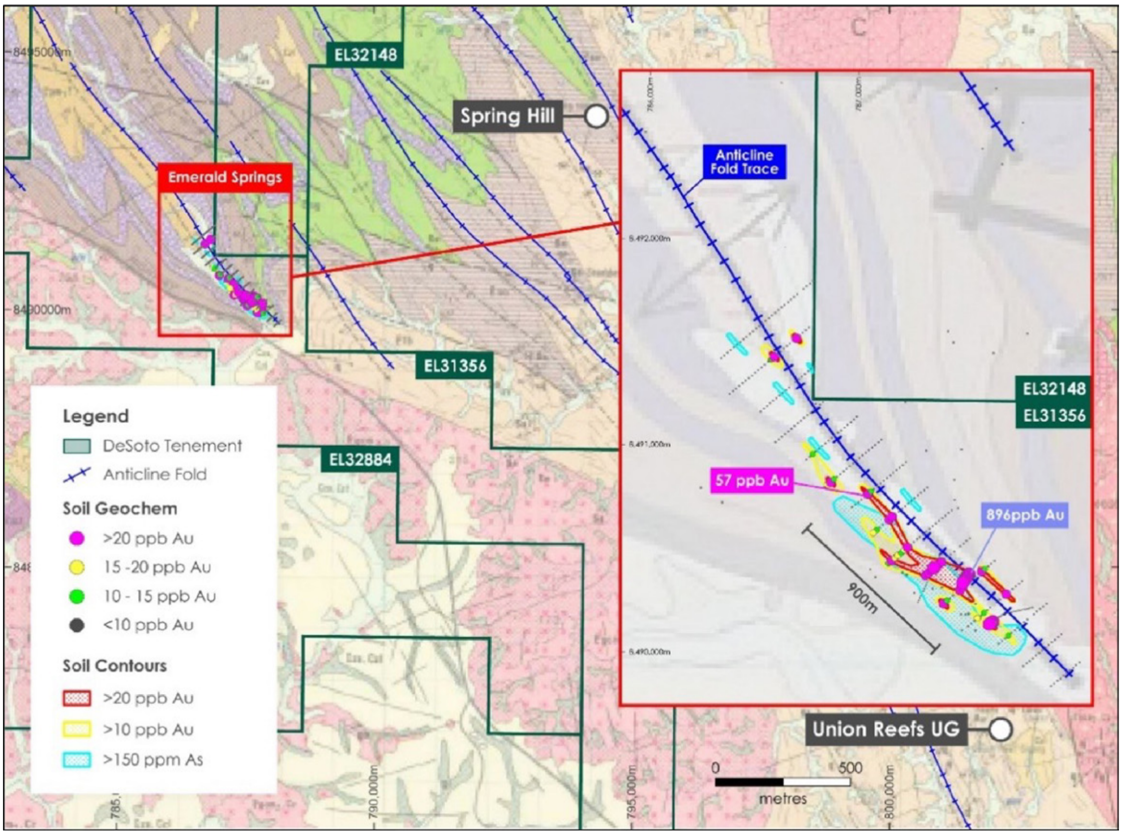

Figure 5 – Emerald Springs Anticline soil survey locations showing coincident contoured Au and As anomalies.

Post reporting period, the Company announced further regional exploration results from work undertaken at the Shoobridge, Tabletop and Copperfield regional targets, with a total of 34 rock, 96 stream and 90 soil samples collected over a three-week period. The regional program targeted potential lithium, copper and gold mineralisation.

A total of 34 rock and 90 soil samples are reported herein for the Copperfield 4, Copperfield 5 and Shoobridge areas (Figure 6). The geology of the Copperfield area consists of prospective Paleoproterozoic sediments of the Burrell Creek Formation intruded by the Tabletop Granite where several NW-SE trending shears have been identified.

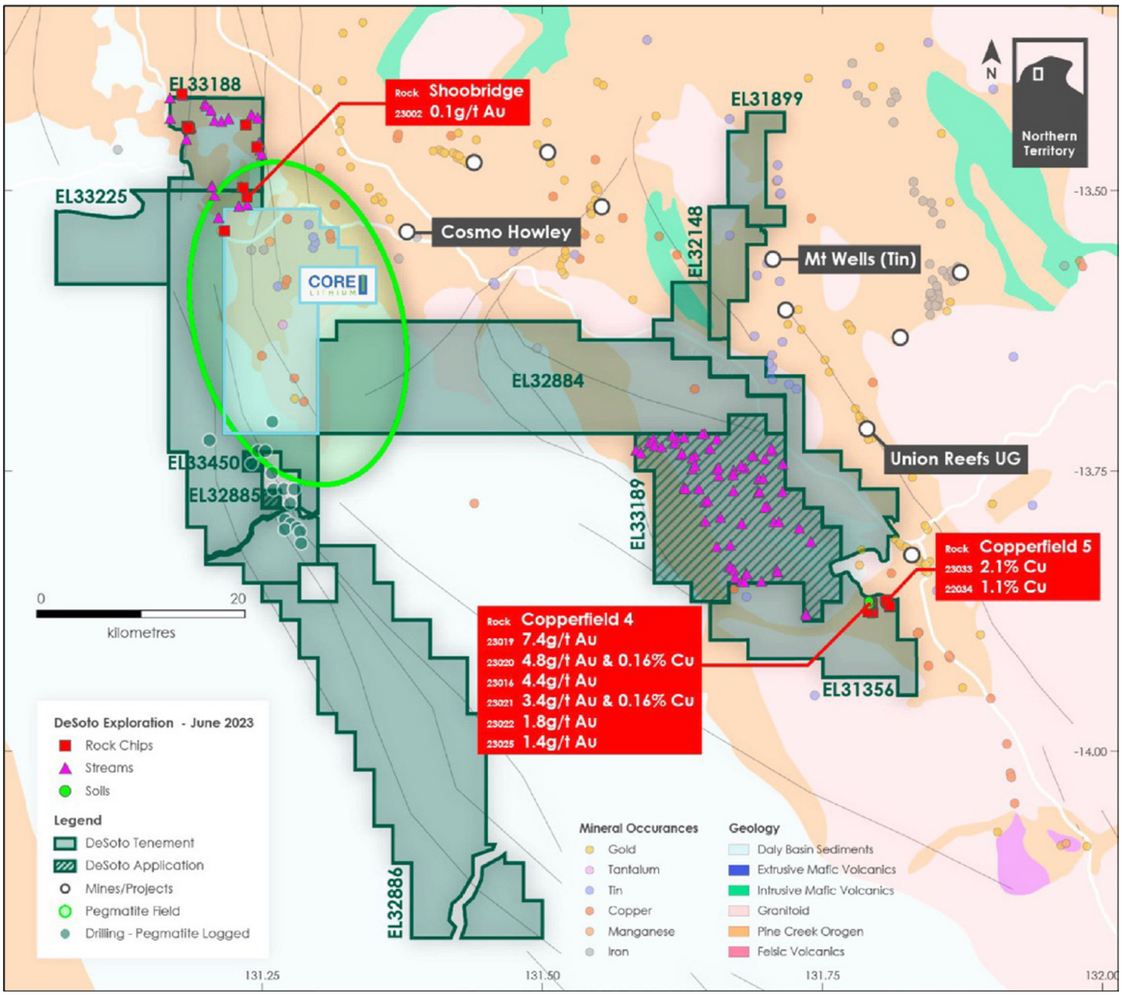

Figure 6 – Location of new regional geochemical samples and best rock assays.

At Copperfield 4, new soil and rock sampling was designed to investigate the anomalous gold rock assays reported in January 2023[1].

Multiple >1g/t Au results were returned from the new rock samples along a northwest trend, with a best result of 7.4g/t Au (23019), and anomalous Cu up to 0.16% (23020 & 23021; Figure 3). Elevated bismuth up to the anomalous gold-copper assays were reported from in-situ brecciated iron-stained quartz veins in sandstone which partly correlate with a wider >3ppb Au in soil anomaly (Figure 7).

These encouraging new results have extended the strike of the previously defined Copperfield 4 prospect by approximately 200m to the northwest and require follow-up mapping to define target structures.

1 ASX Announcement: Encouraging initial rock results from Fenix up to 4.1g/t Au & 6.5% Cu (31st January 2023)

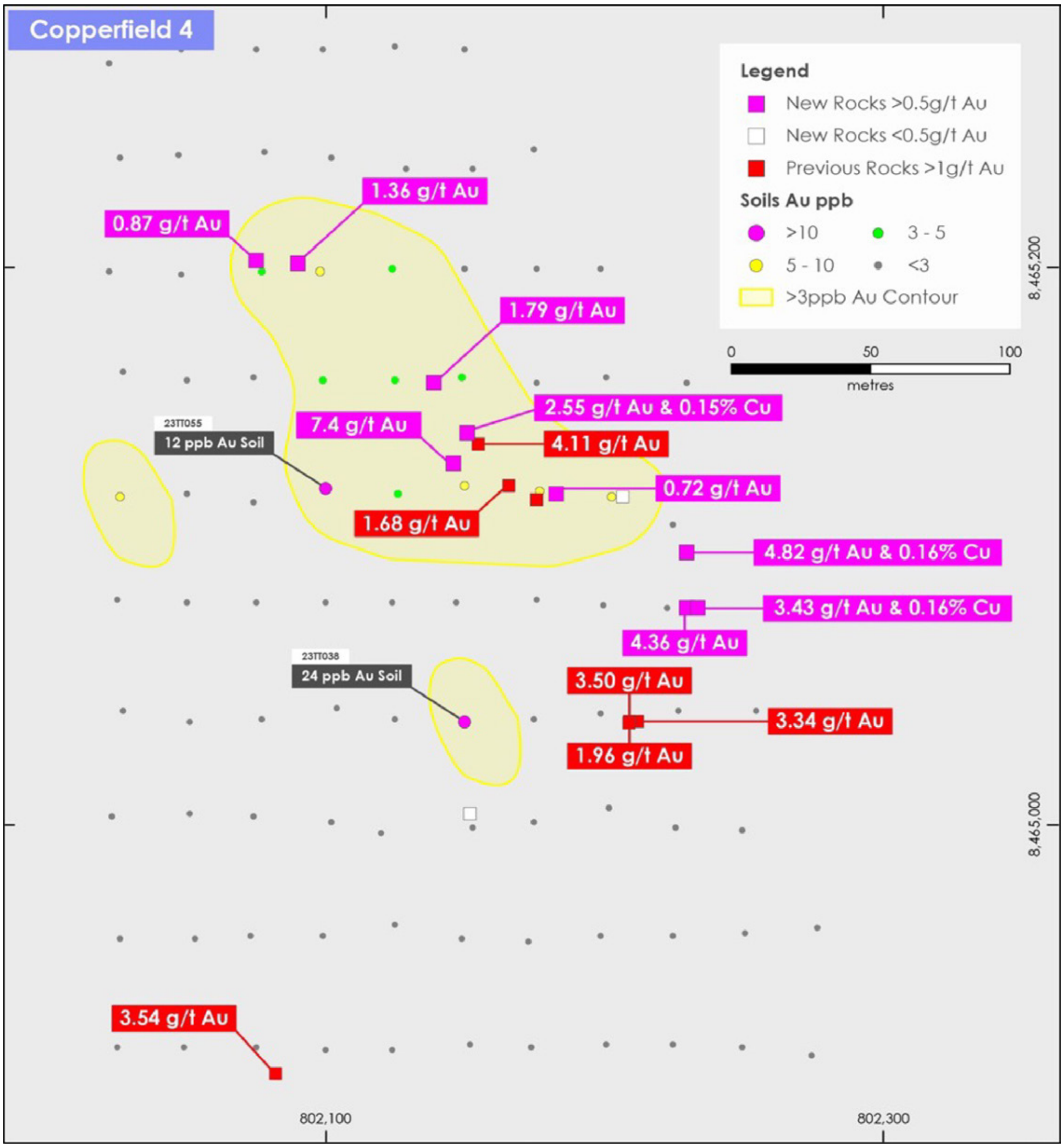

Figure 7 – Copperfield 4 prospect with current and historical rockchip and soil samples.

At Copperfield 5, a total of 9 rock samples were collected with best results up to 2.1% Cu returned from gossanous quartz rich sandstones with malachite and chalcopyrite adjacent to workings.

The Company will continue to undertake work across its licenses in the Northern Territory and globally for its Manganese Project Generation activities.

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Risks overview

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

Exploration and operational

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

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

Tenure

Renewal

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

Capital

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

Government Regulations

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

Global market and financial conditions

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

Climate risk

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

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

Significant changes in the state of affairs

- On 1 December 2022, the Company finalised the acquisition agreement with Bacchus Resources Pty Ltd through the issue of 4,000,000 shares and 1,600,000 options (exercisable at $0.35 and expiring 5 years from date of issue), in consideration for 100% of Mineral Exploration Licences EL31356, EL32148 and EL31899. Refer to notes 15 and 18 for further details.
- On 1 December 2022, the Company issued 50,000,000 fully paid ordinary shares at $0.20 per share (raising A$10.0m before costs); Refer to note 18 for further details.
- On 1 December 2022, the Company issued 2,300,000 fully paid ordinary shares at $0.001 per share, to the Lead Manager of the Initial Public Offering (IPO). Refer to note 18 for further details
- On 1 December 2022, the Company issued 2,750,000 performance rights per the Management Offer contained in the IPO prospectus. Refer to notes 19 and 28 for further details.
- On 14 December 2022, the Company was admitted to the official list of the ASX and official quotation of the company's securities commenced on 16 December 2022 under code DES.
- On 23 May 2023, the Company issued 36,870,338 Loyalty Options (one new option to acquire a fully paid ordinary share in the capital of the Company for every two Shares held, at an issue price of $0.01 per New Option and expiry 23 May 2028) raising $368,703 (before costs).

The Company confirms that it expects to utilise the funds raised under its Prospectus in accordance with the use of funds statement and the key business objectives underlying the expected use of funds remain intact.

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

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

Matters subsequent to the end of the financial year

On 17 July 2023, the Company issued 7,604,672 Shortfall Options (one new option to acquire a fully paid ordinary share in the capital of the Company for every two Shares held, at an issue price of $0.01 per Shortfall Option and expiry 23 May 2028) raising $76,047.

On 17 August 2023, Mineral Exploration Licence EL33450 was granted.

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Environmental regulation

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

Corporate governance

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

Remuneration report (audited)

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

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

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

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

Principles used to determine the nature and amount of remuneration

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

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

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

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

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

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

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

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

Non-executive directors remuneration

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

ASX listing rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting. The maximum annual aggregate remuneration was set at $150,000 by the Board. Any variations in future periods will require shareholder approval.

Executive remuneration

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

The executive remuneration and reward framework has four components:

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

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

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

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

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

Use of remuneration consultants

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

Link between Group performance and executive remuneration

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

There is currently no link between the Groups performance and any performance related remuneration.

Details of remuneration

Amounts of remuneration

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

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

*Relates to movement in annual leave provisions for the year ended 30 June 2023. Refer to note 25 for additional transactions with related entities.

2022	Short-term benefits: Cash salary and fees $	Short-term benefits: Cash bonus $	Short-term benefits: Non-monetary $	Post-employment benefits: Super-annuation $	Share-based payments: Equity-settled $	Total $
Other Key Management Personnel:						
Christopher Swallow	-	-	-	-	-	-
Bianca Manzi	13,333	-	1,135	1,333	-	15,801
	13,333	**-**	**1,135**	**1,333**	**-**	**15,801**

The Directors did not receive any remuneration for the year ended 30 June 2022. Directors fees were received from the date of the Company's admission to the ASX.

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

Name	Fixed remuneration 2023	Fixed remuneration 2022	At risk - STI 2023	At risk - STI 2022	At risk - LTI 2023	At risk - LTI 2022
Non-Executive Directors:						
Paul Roberts	100%	-	-	-	-	-
Finbarr (Barry) Murphy	100%	-	-	-	-	-
Other Key Management Personnel:						
Christopher Swallow	77%	-	-	-	23%	-
Bianca Manzi	78%	100%	-	-	22%	-

Service agreements

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

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

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

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

Share-based compensation

Issue of shares

There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2023.

Options

There were no options issued to directors and other key management personnel as part of compensation during the year ended 30 June 2023.

Performance rights

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

Class	Grant date	Expiry date	Fair value per right at grant date
Class A	1 December 2022	1 December 2024	$0.1932
Class B	1 December 2022	1 December 2024	$0.1932
Class C	1 December 2022	1 December 2024	$0.20
Class D	1 December 2022	1 December 2024	$0.20
Class E	1 December 2022	1 December 2024	$0.20

The performance measurement period for the above performance rights is 1 December 2022 to 1 December 2024.

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

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

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

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

Performance rights granted carry no dividend or voting rights.

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

Name	Number of rights granted during the year 2023	Number of rights granted during the year 2022	Number of rights vested during the year 2023	Number of rights vested during the year 2022
Non-Executive Directors:				
Paul Roberts	-	-	-	-
Finbarr (Barry) Murphy	-	-	-	-
Other Key Management Personnel:				
Christopher Swallow	1,140,000	-	-	-
Bianca Manzi	610,000	-	-	-

Additional disclosures relating to key management personnel

Shareholding

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

Name	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Non-Executive Directors:					
Paul Roberts	5,000,000	-	-	-	5,000,000
Finbarr (Barry) Murphy	3,000,000	-	50,000	-	3,050,000
Other Key Management Personnel:					
Christopher Swallow	2,700,000	-	-	-	2,700,000
Bianca Manzi	625,000	-	-	-	625,000
	-	-	-	-	-
	11,325,000	**-**	**50,000**	**-**	**11,375,000**

Option holding

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

Name	Balance at the start of the year	Granted	Exercised	Acquired*	Balance at the end of the year
Options over ordinary shares Non-Executive Directors:					
Paul Roberts	7,500,000	-	-	2,500,000	10,000,000
Finbarr (Barry) Murphy	4,500,000	-	-	1,525,000	6,025,000
Other Key Management Personnel:					
Christopher Swallow	4,050,000	-	-	-	4,050,000
Bianca Manzi	937,500	-	-	312,500	1,250,000
	16,987,500	**-**	**-**	**4,337,500**	**21,325,000**

*Options acquired during the year relate to the purchase of one Loyalty Option for $0.01 for every two shares held in the Company. The options are exercisable at $0.25 on or before 23 May 2028.

Other related party transactions are disclosed in Note 25.

This concludes the remuneration report, which has been audited.

Shares under option

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

Grant date	Expiry date	Exercise price	Number under option
1 April 2022	1 April 2027	$0.250	33,975,000
1 December 2022	1 December 2027	$0.350	1,600,000
23 May 2023	23 May 2028	$0.250	36,870,338
17 July 2023	23 May 2028	$0.250	7,604,672
			80,050,010

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

Shares under performance rights

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

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

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

Shares issued on the exercise of performance rights or options

There were no ordinary shares of the Company issued on the exercise of performance rights or options during the year ended 30 June 2023 and up to the date of this report.

Indemnity and insurance of officers

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

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

Indemnity and insurance of auditor

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

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

Proceedings on behalf of the Company

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

Non-audit services

No non-audit services were provided during the year by the independent auditors of the Company other than the preparation of an Independent Limited Assurance Report, invoiced at $19,380, included in the prospectus lodged by the Company in October 2022 and providing general tax compliance advice, for which the company was invoiced $1,890.

The Board of Directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the services disclosed above did not compromise the external auditor's independence as the nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional Standards Board, nor did they adversely affect the integrity and objectivity of the auditors.

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

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

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

Auditor

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

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

On behalf of the directors

Paul Roberts
Non-Executive Chairperson

22 September 2023
Perth, Western Australia

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 year ended 30 June 2023, 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**
22 September 2023	**Partner**

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Annual Financial Statements

Statement of profit or loss and other comprehensive income

For the year ended 30 June 2023

	Note	Consolidated 2023 $	2022 $
Revenue			
Interest income		81,887	-
Other income	6	1,112	-
Expenses			
Accounting and audit fees		(51,089)	(5,000)
Consultants and contractors		(233,201)	(18,610)
Corporate costs		(105,032)	(32,997)
Depreciation and amortisation expense		(66,554)	(4,731)
Non-executive directors fees		(70,369)	-
Employee benefits expense		(412,151)	(69,916)
Exploration expenditure		(303,121)	(22,652)
Finance costs		(7,389)	(703)
Listing and compliance		(149,732)	-
Share-based payments	28	(143,764)	-
Unrealised foreign exchange loss		(680)	-
Loss before income tax expense		(1,460,083)	(154,609)
Income tax expense	7	-	-
Loss after income tax expense for the year attributable to the owners of DeSoto Resources Limited		(1,460,083)	(154,609)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive loss for the year attributable to the owners of DeSoto Resources Limited		(1,460,083)	(154,609)
		Cents	**Cents**
Loss per share attributable to the owners of DeSoto Resources Limited			
Basic loss per share	20	(2.24)	(2.15)
Diluted loss per share	20	(2.24)	(2.15)

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

Statement of financial position

As at 30 June 2023

	Note	Consolidated 2023 $	Consolidated 2022 $
Assets			
Current assets			
Cash and cash equivalents	8	6,663,680	881,151
Trade and other receivables	10	65,781	6,226
Other	12	2,042,733	2,123
Total current assets		8,772,194	889,500
Non-current assets			
Property, plant and equipment	13	38,598	49,749
Right-of-use assets	11	207,759	269,660
Exploration and evaluation assets	14	1,585,664	12,958
Total non-current assets		1,832,021	332,367
Total assets		10,604,215	1,221,867
Liabilities			
Current liabilities			
Trade and other payables	16	197,407	28,026
Lease liabilities	17	52,154	50,351
Employee benefits		39,991	5,750
Other		-	49,749
Total current liabilities		289,552	133,876
Non-current liabilities			
Lease liabilities	17	161,390	219,950
Total non-current liabilities		161,390	219,950
Total liabilities		450,942	353,826
Net assets		10,153,273	868,041
Equity			
Issued capital	18	11,076,298	1,022,650
Reserves	19	691,667	-
Accumulated losses		(1,614,692)	(154,609)
Total equity		10,153,273	868,041

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

Statement of changes in equity

For the year ended 30 June 2023

Consolidated	Issued capital $	Reserves $	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 21)	1,022,650	-	-	1,022,650
Share-based payments (note 32)	-	-	-	-
Balance at 30 June 2022	1,022,650	-	(154,609)	868,041

Consolidated	Issued capital $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2022	1,022,650	-	(154,609)	868,041
Loss after income tax expense for the year	-	-	(1,460,083)	(1,460,083)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive loss for the year	-	-	(1,460,083)	(1,460,083)
Transactions with owners in their capacity as owners:				
Issue of shares - IPO (note 21)	10,000,000	-	-	10,000,000
Issue of shares – Bacchus Resources Pty Ltd (note 21)	800,000	-	-	800,000
Issue of shares – compensation to Lead Manager (note 21)	460,000	-	-	460,000
Share-based payments (note 32)	-	322,964	-	322,964
Loyalty Options (note 23)	-	368,703	-	368,703
Share issue costs	(1,206,352)			(1,206,352)
Balance at 30 June 2023	11,076,298	691,667	(1,614,692)	10,153,273

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

Statement of cash flows

For the year ended 30 June 2023

	Note	Consolidated 2023 $	2022 $
Cash flows from operating activities			
Payments to suppliers and employees		(1,037,272)	(111,168)
Payments for exploration and evaluation expensed		(180,828)	(17,373)
Interest received		81,887	-
Other operating		(52,587)	-
Net cash used in operating activities	9	(1,188,800)	(128,541)
Cash flows from investing activities			
Payments for property, plant and equipment		6,612	-
Payments for exploration and evaluation assets		(593,506)	(12,958)
Investment in term deposit	12	(2,000,000)	-
Net cash used in investing activities		(2,586,894)	(12,958)
Cash flows from financing activities			
Proceeds from issue of shares	18	-	1,022,650
Proceeds from IPO	18	10,002,300	-
Share issue costs		(748,653)	-
Repayment of lease liabilities		(64,128)	-
Funds received for loyalty options	19	368,703	-
Net cash from financing activities		9,558,223	1,022,650
Net increase in cash and cash equivalents		5,782,529	881,151
Cash and cash equivalents at the beginning of the financial year		881,151	-
Cash and cash equivalents at the end of the financial year	8	6,663,680	881,151

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

Note 1. General information

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

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

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 22 September 2023. The Directors have the power to amend and reissue the financial statements.

Note 2. Comparatives

As DeSoto Resources Limited was incorporated on 1 April 2022, the comparative period presented in this financial report is for the period from incorporation to 30 June 2022.

Note 3. Significant accounting policies

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

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

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

Going concern
The Group has incurred a net loss after tax for the year ended 30 June 2023 of $1,460,083 (30 June 2022: $154,609) and had net cash inflows from operating, investing and financing activities of $5,782,529 (30 June 2022: $881,151). As at 30 June 2023 the Group had a working capital surplus of $8,482,642 (30 June 2022: $755,624) and cash and cash equivalents of $6,663,680 (30 June 2022: $881,151).

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

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

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.

Note 3. Significant accounting policies (continued)

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.

DeSoto Resources Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

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 Group'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 Group'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.

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.

Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the assets carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Note 3. Significant accounting policies (continued)

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 Group for the annual reporting period ended 30 June 2023. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 4. Critical accounting judgements, estimates and assumptions

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

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

Exploration and evaluation costs
Identifiable exploration assets acquired are recognised as assets at their cost of acquisition. Exploration and evaluation expenditure incurred subsequent to acquisition in respect of an exploration asset acquired, is accounted for in accordance with the policy outlined at note 14 for exploration expenditure incurred by or on behalf of the Group.

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

Incremental borrowing rate
Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the Group estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment. For the office lease executed during the year ended 30 June 2023, the Group applied a discount rate of 4.00% to calculate the related lease liability and lease receivables. Refer to note 17 for further details.

Note 4. Critical accounting judgements, estimates and assumptions (continued)

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

Note 5. Operating segments

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

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

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

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

Note 6. Other income

	Consolidated	
	2023 $	2022 $
Lease adjustment gain	132	-
Insurance recovery	980	-
Other income	1,112	-

Note 7. Income tax expense

	Consolidated 2023 $	Consolidated 2022 $
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense	(1,460,083)	(154,609)
Tax at the statutory tax rate of 25%	(365,021)	(38,652)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Other deferred tax balances not recognized	(393,793)	2,811
Share based payments	35,941	-
	(722,873)	(35,841)
Current year tax losses not recognised	722,873	35,841
Income tax expense	-	-

	Consolidated 2023 $	Consolidated 2022 $
Deferred tax assets and liabilities not recognised		
Deferred tax assets and liabilities not recognised comprises temporary differences attributable to:		
Provisions and accruals	9,536	6,581
Prepayments	(10,152)	(531)
Exploration and evaluation expenditure	(393,177)	(3,239)
Share based payments	35,941	-
Carry forward revenue losses	722,873	35,841
Total net deferred tax assets not recognised	365,021	38,652

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

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

Note 8. Cash and cash equivalents

	Consolidated 2023 $	Consolidated 2022 $
Current assets		
Cash at bank	6,663,680	881,151
	6,663,680	881,151

Accounting policy for 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.

Note 9. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated 2023 $	Consolidated 2022 $
Loss after income tax expense for the year	(1,460,083)	(154,609)
Adjustments for:		
Depreciation and amortisation	66,554	4,731
Share-based payments	143,764	-
Lease adjustment gain	(132)	-
Finance expense	7,389	703
Change in operating assets and liabilities:		
Increase in prepayments	(40,610)	(2,123)
Increase/(decrease) in trade and other payables	119,632	23,233
Decrease/(increase) in trade and other receivables	(59,555)	(6,226)
Increase in employee benefits	34,241	5,750
Net cash used in operating activities	(1,188,800)	(128,541)

Note 10. Trade and other receivables

	Consolidated 2023 $	Consolidated 2022 $
Current assets		
Other receivables	5,988	-
GST receivable	59,793	6,226
	65,781	6,226

Accounting policy for trade and other receivables
Trade and other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Expected credit losses are based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate on overall expected credit loss rate for each group. No allowance for expected credit losses has been recognised as at 30 June 2023 (30 June 2022: nil). Refer to note 21 for further information on financial risk management.

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST. Cash flows are presented in the statement of cash flows on a gross basis, except for the GST components of investing and financing activities, which are disclosed as operating cash flows.

Note 11. Right-of-use assets

	Consolidated 2023 $	Consolidated 2022 $
Non-current assets		
Buildings - right-of-use	267,779	274,391
Less: Accumulated amortisation	(60,020)	(4,731)
	207,759	269,660

Movements in right-of-use asset

	Consolidated 2023 $	Consolidated 2022 $
Opening balance	269,660	-
Additions	-	274,391
Lease adjustment	(6,612)	-
Amortisation charge	(55,289)	(4,731)
	207,759	269,660

Accounting policy for right-of-use (ROU) assets
A right-of-use asset is recognised at the commencement date of a lease. The ROU 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.

ROU 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 Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. ROU assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

Note 12. Other

	Consolidated 2023 $	Consolidated 2022 $
Current assets		
Prepayments	42,733	2,123
Term deposits (> 3 months)	2,000,000	-
	2,042,733	2,123

Notes to the financial statements

30 June 2023

Note 13. Property, plant and equipment

	Consolidated 2023 $	2022 $
Non-current assets		
Leasehold improvements - at cost	49,749	49,749
Less: Accumulated depreciation	(11,151)	-
	38,598	49,749

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

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

Leasehold improvements	5-10 years

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

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

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

Note 14. Exploration and evaluation assets

	Consolidated 2023 $	2022 $
Non-current assets		
Exploration and evaluation - at cost	1,585,664	12,958

Consolidated	**$**	**$**
Balance at 1 July 2022	12.958	-
Expenditure during the year	593,506	12,958
Additions through asset acquisition – Bacchus Resources*	979,200	-
Balance at 30 June 2023	1,585,664	12,958

*Refer to note 15 for details of asset acquisitions during the period.

Accounting policy for exploration and evaluation assets

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

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

Note 14. Exploration and evaluation assets (continued)

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

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

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

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

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

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

Note 15. Asset acquisitions

Bacchus Resources Pty Ltd
During the period, the Company entered into an agreement with Bacchus Resources Pty Ltd to acquire certain mineral exploration licences in the Northern Territory (EL31356, EL32148 and EL31899), for consideration of 4,000,000 fully paid ordinary shares with a fair value of $0.20 per share and 1,600,000 options (exercise price of $0.35, expiring 5 years from issue date), having a fair value of $0.112 per option. Total consideration was $979,200. The acquisition has been accounted for as an asset acquisition and the consideration has been accounted for as a share-based payment transaction using the principles of AASB 2 *Share-Based Payments.*

Refer to note 19 for details of Options issued to the vendor as consideration.

Note 16. Trade and other payables

	Consolidated	
	2023	**2022**
	$	**$**
Current liabilities		
Trade payables	172,929	23,246
Accruals	24,478	4,780
	197,407	28,026

Accounting policy for trade and other payables
These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial period and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted.

Refer to note 21 for further information on financial risk management.

Note 17. Lease liabilities

	Consolidated 2023 $	2022 $
Current liabilities		
Lease liability	52,154	50,351
Non-current liabilities		
Lease liability	161,390	219,950
	213,544	270,301

	Consolidated 2023 $	2022 $
Amounts recognised in profit or loss		
Interest on lease liability	7,389	703
Amounts recognised in statement of cash flows		
Payments for lease liability	64,128	4,793

Accounting policy for 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 Group'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.

Refer to note 21 for the lease liability maturity analysis based on contractual undiscounted cashflows.

Note 18. Issued capital

	Consolidated 2023 Shares	2022 Shares	2023 $	2022 $
Ordinary shares - fully paid	88,950,000	32,650,000	11,076,298	1,022,650

Note 18. Issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	1 April 2022	-		-
Issued capital - founding capital	1 April 2022	22,650,000	$0.001	22,650
Issued capital - seed investors	3 May 2022	10,000,000	$0.10	1,000,000
Balance	30 June 2022	32,650,000		1,022,650
Issued capital - compensation Lead Manager IPO	1 December 2022	2,300,000	$0.200	460,000
Issued capital - IPO	1 December 2022	50,000,000	$0.200	10,000,000
Issued capital - Bacchus Resources Pty Ltd	1 December 2022	4,000,000	$0.200	800,000
Share issue costs, net of tax		-		(1,206,352)
Balance	30 June 2023	88,950,000		11,076,298

Reconciliation of options on issue

Details	Date	Options	Issue price	Exercise Price
Balance	1 April 2022	-		-
Issue of options to Founders	1 April 2022	33,975,000	$0.00	$0.25
Balance	30 June 2022	33,975,000		-
Issue of options to Bacchus Resources Pty Ltd (refer to note 19)	1 December 2022	1,600,000	$0.112	$0.35
Issued loyalty options (refer to note 19)	23 May 2023	36,870,338	$0.01	$0.25
Balance	30 June 2023	72,445,338		-

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.

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.

Accounting policy for 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.

Note 18. Issued capital (continued)

Capital risk management

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

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

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

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

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

Note 19. Reserves

	Consolidated	
	2023 $	2022 $
Share-based payments reserve	322,964	-
Options reserve	368,703	-
	691,667	-

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

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

Note 19. Reserves (continued)

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

	Options $	Share-Based Payments $	Total $
Balance at 1 July 2022	-	-	-
Value of performance rights expensed (refer to note 28)	-	143,764	143,764
Issue of options – Bacchus Resources Pty Ltd[2]	-	179,200	179,200
Options reserve - Loyalty Options[1]	368,703	-	368,703
	368,703	322,964	691,667

1. On 17 April 2023, the Company announced a pro-rata non-renounceable entitlements offer of (1) Loyalty Option for every two (2) Shares held by those shareholders registered at 21 April 2023 at an issue price of $0.01 per New Option (Loyalty Offer). On 23 May 2023, a total of 36,870,338 options exercisable at $0.25 each on or before 23 May 2028 were issued raising $368,703, before costs.

2. On 1 December 2022, the Company issued 1,600,000 options as part consideration for the acquisition of certain tenements from Bacchus Resources Pty Ltd. The options were valued at $179,200 ($0.112 per option), using the Black & Scholes method with the following assumptions:

   Underlying share price of $0.20
   Expected volatility of 100%
   Life of 5 years
   Risk free rate of 3.93%
   Fair value per option of $0.112

Note 20. Loss per share

	Consolidated 2023 $	2022 $
Loss after income tax attributable to the owners of DeSoto Resources Limited	(1,460,083)	(154,609)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic loss per share	65,285,440	7,193,681
Weighted average number of ordinary shares used in calculating diluted loss per share	65,285,440	7,193,681
	Cents	**Cents**
Basic loss per share	(2.24)	(2.15)
Diluted loss per share	(2.24)	(2.15)

At 30 June 2023, 72,445,338 options (30 June 2022: 35,575,000) were excluded from diluted weighted average number of ordinary shares calculation as their effect would have been anti-dilutive.

Note 20. Loss per share (continued)

Accounting policy for earnings/(loss) per share

Basic earnings/(loss) per share
Basic earnings/(loss) per share is calculated by dividing the profit or loss attributable to the owners of DeSoto Resources Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial period, adjusted for bonus elements in ordinary shares issued during the financial period.

Diluted earnings/(loss) per share
Diluted earnings/(loss) per share adjusts the figures used in the determination of basic earnings/loss per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Note 21. Financial risk management

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

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

Market risk

Price risk
The Group is not exposed to any significant price risk.

Interest rate risk
The Group only has interest rate risk relating to its funds on deposit with banking institutions. Accordingly, the Group does not hedge its interest rate risk exposure. The Group's net exposure to cash flow interest rate risk at 30 June 2023 was $8,663,680 (30 June 2022: $881,151).

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

	2023		2022	
Consolidated	**Weighted average interest rate %**	**Balance $**	**Weighted average interest rate %**	**Balance $**
Cash assets	2.49%	6,663,680	-	881,151
Other assets	4.00%	2,000,000	-	-
Net exposure to cash flow interest rate risk		8,663,680		881,151

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

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

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

Note 21. Financial risk management (continued)

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

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

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

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

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

Consolidated - 2022	**Weighted average interest rate %**	**1 year or less $**	**Between 1 and 2 years $**	**Between 2 and 5 years $**	**Over 5 years $**	**Remaining contractual maturities $**
Non-derivatives						
Non-interest bearing						
Trade and other payables	-	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.

Note 21. Financial risk management (continued)

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

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

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

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

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

Note 22. Remuneration of auditors

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

	Consolidated	
	2023	**2022**
	$	**$**
Audit services - HLB Mann Judd (WA Partnership)		
Audit or review of the financial statements	45,744	5,000
Other services - HLB Mann Judd (WA Partnership)		
Preparation of the Independent Limited Assurance Report for the Company's prospectus	19,380	-
Taxation compliance services	1,890	-
	67,014	5,000

Note 23. Contingent liabilities

There were no contingent liabilities as at 30 June 2023.

Note 24. Commitments

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

	Consolidated 2023 $	Consolidated 2022 $
Exploration expenditure		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	563,000	620,000
	563,000	620,000

Note 25. Related party transactions

Parent entity
DeSoto Resources Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 27.

Key management personnel compensation

	Consolidated 2023 $	Consolidated 2022 $
Short-term benefits	357,352	14,468
Post-employment benefits	27,650	1,333
Share-based payments	91,891	-
	476,893	15,801

Detailed remuneration disclosures are provided in the remuneration report.

Other key management personnel transactions

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

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

Note 25. Related party transactions (continued)

- Fractore Pty Ltd (Fractore), a Company of which Dr Finbarr (Barry) Murphy is a director, purchased 50,000 IPO shares in the Company for an issue price of $0.20 and 1,525,000 loyalty options for $0.01 (exercisable at $0.25 on or before 23 May 2028) during the year. Fractore also charged the company $95,308 for consulting services during the year (not included in remuneration report);
- Wireless Hill Pty Ltd, a company of which Mr Paul Roberts is a director, charged the company $21,100 for consulting services during the year (not included in remuneration report).
- Paul Anthony Roberts and Esperanza A G Bejarano ATF the Wireless Hill Trust (a trust which Mr Paul Roberts is a beneficiary of), purchased 2,500,000 loyalty options for $0.01 during the year (exercisable at $0.25 on or before 23 May 2028).
- Propel Agency Pty Ltd, a geological diagram and presentation company in which Mr Christopher Swallow has a 50% ownership interest, charged the company $17,285 for services during the year.
- Modena Ventures Pty Ltd, a company in which Mr Christopher Swallow has a 5% ownership interest, charged the company $132,500 for services in relation to the Company's Initial Public Offering and $30,000 for corporate advisory fees.
- Mr Christopher Swallow was granted 1,140,000 Performance Rights for nil consideration. Refer to note 28 for terms of Performance Rights.
- Ms Bianca Manzi was granted 610,000 Performance Rights for nil consideration. Refer to note 28 for terms of Performance Rights. Ms Manzi also purchased 312,500 loyalty options for $0.01 during the year (exercisable at $0.25 on or before 23 May 2028) and charged the company $19,698 for consulting services (not included in remuneration report).

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.
There were no amounts payable at 30 June 2023.

Note 26. Parent entity information

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

Statement of profit or loss and other comprehensive income

	Parent	
	2023	**2022**
	$	**$**
Loss after income tax	(1,369,937)	(131,331)
Total comprehensive loss	(1,369,937)	(131,331)

Note 26. Parent entity information (continued)

Statement of financial position

	Parent	
	2023 $	2022 $
Total current assets	8,736,746	874,453
Total assets	10,582,523	1,239,866
Total current liabilities	154,436	128,597
Total liabilities	315,826	348,547
Equity		
Issued capital	11,076,298	1,022,650
Reserves	691,667	-
Accumulated losses	(1,501,268)	(131,331)
Total equity	10,266,697	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 2023 (30 June 2022: nil).

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2023 (30 June 2022: nil).

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2023 (30 June 2022: nil).

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 3, 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 27. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 3:

Name	Principal place of business / Country of incorporation	Ownership interest 2023 %	Ownership interest 2022 %
Mangusta Minerals Pty Ltd	Australia	100.00%	100.00%

Note 28. Share-based payments

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

Note 28. Share-based payments (continued)

	Consolidated 2023 $	Consolidated 2022 $
Performance Rights	143,764	-
	143,764	-

Performance Rights

During the year, performance rights have been granted to executives and are subject to vesting conditions related to achieving a matrix of performance targets measured over a two-year period. On 1 December 2022, 2,750,000 performance rights were issued under the Employee Securities Incentive Plan with a fair value at grant date of $535,448. The fair value is allocated as a share-based payment expense to each reporting period evenly over the performance measurement period.

On vesting, each right automatically converts to one ordinary share. Prior to their conversion into ordinary shares, rights do not entitle the holder to any dividends.

The terms and conditions of the Performance Rights, including the relevant performance hurdles are provided in the remuneration report.

For the performance Rights granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Implied life (years)	Expected volatility	Dividend yield	Risk-free interest rate
01/12/2022	30/11/2027	$0.20	5.00	100.00%	-	3.17%

The fair values at grant date for the Performance Rights issued during the year have been determined using (i) a Hoadley Barrier1 option pricing model (for performance rights with market-based vesting conditions) and (ii) IPO issue price of $0.20 (for performance rights with non-market-based vesting conditions).

Consideration Shares and Options Issued to Bacchus Resources Pty Ltd

During the year, the Company issued 4,000,000 consideration shares and 1,600,000 consideration options to Bacchus Resources Pty Ltd, for the purchase of certain mineral exploration licences in the Northern Territory. The consideration shares were valued at $0.20 per share (being the IPO issue price) and the consideration options were valued at $0.112 per option. Refer to notes 15 and 19 for further details.

Consideration Shares Issued to Lead Manager

During the year, the Company issued 2,300,000 consideration shares to the Lead Manager, for services provided in respect of the IPO. The shares were issued for consideration $0.001 per share and were valued at $0.20 per share (being the IPO issue price).

Accounting policy for share-based payments
Equity-settled and cash-settled share-based compensation benefits are provided to employees.

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

Note 28. Share-based payments (continued)

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

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

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

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

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

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

Note 29. Events after the reporting period

On 17 July 2023, the Group’s Loyalty Option Shortfall Offer closed, under which the full amount of 7,604,672 Shortfall Options were issued, raising $76,046.72. The issue price of each Shortfall Option was $0.01 and each Shortfall Option is exercisable at $0.25 on or before 23 May 2028.

On 17 August 2023, Mineral Exploration Licence EL33450 was granted.

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Directors' declaration

30 June 2023

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 3 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the financial year 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.

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

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

On behalf of the directors

Paul Roberts
Non-Executive Chairperson

22 September 2023
Perth, Western Australia

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 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, 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 2023 and of its financial performance for the year then ended; and

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

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Key Audit Matters

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

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ADVISORY AND ACCOUNTING

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

Key Audit Matter	How our audit addressed the key audit matter
Carrying value of deferred exploration expenditure Note 14	
The Group has capitalised exploration and evaluation expenditure of $1,585,664 as at 30 June 2023 in relation to its Pine Creek projects. Our audit procedures determined that the carrying value of exploration and evaluation expenditure was a key audit matter as it was an area which required the most audit effort, required the most communication with those charged with governance and was determined to be of key importance to the users of the financial statements.	Our procedures included but were not limited to the following: - We obtained an understanding of the key processes associated with management's review of the exploration and evaluation asset carrying values; - We considered the Directors' assessment of potential indicators of impairment; - We obtained evidence that the Group has current rights to tenure of its areas of interest; - We discussed with management the nature of planned ongoing activities; - We tested additions to exploration expenditure on a sample basis during the year; - We enquired with management, and reviewed ASX announcements and minutes of Directors' meetings to ensure that the Group had not decided to discontinue exploration and evaluation at its areas of interest; and - We examined the disclosures made in the financial report

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 annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for 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 Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

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

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

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

REPORT ON THE REMUNERATION REPORT

Opinion on the Remuneration Report

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of DeSoto Resources Limited for the year ended 30 June 2023 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

HLB Mann Judd
Chartered Accountants

N G Neill
Partner

Perth, Western Australia
22 September 2023

Additional information required by ASX Limited and not shown elsewhere in this report is as follows. This information is current as at 11 September 2023.

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

	Ordinary shares		Options over ordinary shares		Performance Shares/ Rights	
	Number of holders	% of total shares issued	Number of holders	% of total options issued	Number of holders	% of total securities issued
1 to 1,000	18	0.01	5	0.00	-	-
1,001 to 5,000	13	0.08	49	0.50	-	-
5,001 to 10,000	102	1.64	18	0.33	-	-
10,001 to 100,000	195	13.66	117	9.58	-	-
100,001 and over	89	84.61	65	89.59	3	100.00
	417	100.00	254	100.00	1	100.00
Holding less than a marketable parcel	28	0.06	145	4.33	-	-

Equity security holders

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

	Ordinary shares	
	Number held	% of total shares issued
HUGH BUSINESS ENTERPRISES LIMITED	17,700,000	19.90%
PAUL ANTHONY ROBERTS & ESPERANZA A G BEJARANO <WIRELESS HILL A/C>	5,000,000	5.62%
WHISTLER STREET PTY LTD <WARBURTON DISCRETIONARY A/C>	4,700,000	5.28%
CORAL BROOK PTY LTD <LLOYD SUPER FUND A/C>	4,510,000	5.07%
BACCHUS RESOURCES PTY LTD	4,000,000	4.50%
FRACTORE PTY LTD <ARDGILLAN ESTATE SUPER FUND>	3,000,000	3.37%
LEONIE SWALLOW <C+L SWALLOW FAMILY A/C>	2,700,000	3.04%
CROFTBANK PTY LTD <WATTS FAMILY SUPER FUND A/C>	1,800,000	2.02%
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	1,632,500	1.84%
MR GAVIN JEREMY DUNHILL	1,550,000	1.74%
BXW VENTURES PTY LTD	1,246,000	1.40%
CORAL BROOK PTY LTD	1,190,000	1.34%
BUDWORTH CAPITAL PTY LTD <ROLLING HILLS CAPITAL A/C>	1,000,000	1.12%
PATRAS CAPITAL PTE LTD	1,000,000	1.12%
EQUITY TRUSTEES LIMITED <LOWELL RESOURCES FUND A/C>	900,000	1.01%
GOTHA STREET CAPITAL PTY LTD <BLUE SKY NO 2 A/C>	892,640	1.00%
MR DANNY ALLEN PAVLOVICH <PAVLOVICH FAMILY SPEC 2 A/C>	790,000	0.89%
ROCKAWAY VENTURES PTY LTD	750,000	0.84%
CORAL BROOK PTY LTD <LLOYD SUPER FUND A/C>	750,000	0.84%
GPT SUPER WA PTY LTD <GPT SUPER FUND A/C>	750,000	0.84%
PARANOID ENTERPRISES PTY LTD	740,000	0.83%
PAC PARTNERS SECURITIES PTY LTD	700,000	0.79%
VIVIEN ENTERPRISES PTE LTD	698,035	0.78%
	57,999,175	65.20%

Shareholder information

30 June 2023

	Options over ordinary shares Number held	% of total options issued
HUGH BUSINESS ENTERPRISES LIMITED	8,850,000	19.90%
PARANOID ENTERPRISES PTY LTD	3,197,336	7.19%
PAUL ANTHONY ROBERTS & ESPERANZA A G BEJARANO <WIRELESS HILL A/C>	2,500,000	5.62%
WHISTLER STREET PTY LTD <WARBURTON DISCRETIONARY A/C>	2,350,000	5.28%
CORAL BROOK PTY LTD <LLOYD SUPER FUND A/C>	2,255,000	5.07%
BACCHUS RESOURCES PTY LTD	2,000,000	4.50%
FRACTORE PTY LTD <ARDGILLAN ESTATE SUPER FUND>	1,500,000	3.37%
BUDWORTH CAPITAL PTY LTD <ROLLING HILLS CAPITAL A/C>	1,127,336	2.53%
PATRAS CAPITAL PTE LTD	1,000,000	2.25%
GOTHA STREET CAPITAL PTY LTD <BLUE SKY NO 2 A/C>	946,320	2.13%
RIYA INVESTMENTS PTY LTD	936,000	2.10%
ROCK THE POLO PTY LTD <ROCK THE POLO A/C>	850,000	1.91%
SEASCAPE CAPITAL PTY LTD	750,000	1.69%
BXW VENTURES PTY LTD	623,000	1.40%
CORAL BROOK PTY LTD	595,000	1.34%
MR ROLAND GEORGE EGERTON-WARBURTON	500,000	1.12%
STORICO HOLDINGS PTY LTD <MAPLE LEAF INVESTMENT A/C>	500,000	1.12%
MR GAVIN JEREMY DUNHILL	450,000	1.01%
EQUITY TRUSTEES LIMITED <LOWELL RESOURCES FUND A/C>	450,000	1.01%
ROCKAWAY VENTURES PTY LTD	375,000	0.84%
CORAL BROOK PTY LTD <LLOYD SUPER FUND A/C>	375,000	0.84%
GPT SUPER WA PTY LTD <GPT SUPER FUND A/C>	375,000	0.84%
MR OLIVER JUDD	360,833	0.81%
MRS ANGELA JURMAN <THE PJAG INVESTMENT A/C>	345,000	0.78%
	33,210,825	74.67%

Unquoted/restricted equity securities

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

Shareholder information

30 June 2023

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

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

Substantial holders
Substantial holders in the Company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
HUGH BUSINESS ENTERPRISES LIMITED	17,700,000	19.90
PAUL LLOYD	6,450,000	7.25
BARNABY EGERTON-WARBURTON	6,446,000	7.25
PAUL ANTHONY ROBERTS & ESPERANZA A G BEJARANO <WIRELESS HILL A/C>	5,000,000	5.62

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

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

Options, performance rights and performance shares
No voting rights attached until conversion into ordinary shares.

There are no other classes of equity securities.

On-Market Buy Back
There is no current on-market buy back.

Tenements

Description	Tenement number	Interest owned %
Pine Creek Gold and Lithium Project	EL32884	100.00
Pine Creek Gold and Lithium Project	EL32885	100.00
Pine Creek Gold and Lithium Project	EL32886	100.00
Pine Creek Gold and Lithium Project	EL33188	100.00
Pine Creek Gold and Lithium Project	EL33189	100.00
Pine Creek Gold and Lithium Project	EL33225	100.00
Pine Creek Gold and Lithium Project	EL31356	100.00
Pine Creek Gold and Lithium Project	EL32148	100.00
Pine Creek Gold and Lithium Project	EL31899	100.00
Pine Creek Gold and Lithium Project	EL33450	100.00

Shareholder information

30 June 2023

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

Corporate Governance Statement
The Company's 2022 Corporate Governance Statement has been released as a separate document and is located on our website at www.desotoresources.com/about/corporate-governance/.

DESOTO
RESOURCES

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