



DeSoto Resources Limited

ABN 75 658 510 242

Interim Report - 31 December 2023

DeSoto Resources Limited
Corporate Directory
31 December 2023

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 Georges 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

Stock exchange listing

Australian Securities Exchange (ASX code: DES, DESO)

ACN

658 510 242

For personal use only

DeSoto Resources Limited
Directors' report
31 December 2023

The Directors present their financial report of DeSoto Resources Limited (referred to hereafter as the 'Company' or 'parent entity' or 'DeSoto') and of the consolidated group (referred to hereafter as the 'Group'), being the Company and its controlled entities for the period from 1 July 2023 to 31 December 2023.

Directors

The following persons were Directors of the Company 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)

Principal activities

The principal activities of the Group during the half-year were exploration for mineral resources.

Review of operations

The following is a summary of the activities of the Group for the period ended 31 December 2023. It is recommended that this report be read in conjunction with any public announcements made by the Company during the period.

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

DeSoto is a gold and battery-metal exploration Company with a +2,000km² landholding located in the Northern Territory's prolific Pine Creek gold and pegmatite province. The Company's immediate focus is the ongoing exploration of these exciting assets with an experienced Board that uses a distinctive exploration method and capability which sets us apart from our peers.

With strong mineral-finding capability and a systematic geophysics and geochemical approach to gold exploration, DeSoto is well positioned to make new mineral discoveries.

FENTON GOLD PROJECT

Northern Territory Exploration

Completion of maiden drilling campaign

In late January 2024, the Company Announced it had completed maiden drill total of 2,683m of combined diamond and RC drilling at the Fenton Gold Project (Fig 1).

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

Final assays from the last 2 holes drilled at Fenton Gold Project confirmed the presence of a large gold system with all completed holes intersecting broad zones of gold mineralisation.

DeSoto Resources Limited
Directors' report
31 December 2023

New holes FMD0003 and FMD0004 have intersected wide zones of low-grade gold mineralisation with the same geological characteristics as the original Homestake discovery holes. Best results include:

- FMD0003 – 17m @ 0.62g/t Au from 578m, including 5m @ 1.09g/t Au, extending known mineralisation 350m to the south;
- FMD0004 – 72m @ 0.43g/t Au from 528m, including 5m @ 1.02g/t Au; and
- The mineralised shear zone system has been intersected over more than 2km of strike and is open to the North and South.

These holes were designed to test the interpreted FSZ and prospective Koolpin stratigraphy along strike from the historic Homestake holes FEND14 (7m @ 0.71g/t Au from 610m, including a higher-grade zone of 8m @ 1.27g/t Au from 623m), and FEND18 (55m @ 0.89g/t Au from 418m, including 20m @ 1.74g/t Au from 423m).

The Company expects to complete 3D geological modelling to assist in the design of local scale ground geophysical surveys to follow-up new AEM targets prior to drill testing. Further work will target and rank combined structural and geophysical anomalies with the potential to host higher grade zones of gold mineralisation.

Fenton Geophysical Survey

During October 2023, a high resolution AEM survey was successfully completed over the FSZ corridor and the greater tenement package. The final dataset was received and the company reported encouraging results. The survey was co-funded by the Northern Territory Government who contributed \$96,283 towards the survey.

The AEM survey was collected using the SKYTEM 12.5Hz 312HP system that simultaneously captures time domain electromagnetic, magnetic and digital elevation data. In total, 853 line-km of data was flown along 200m spaced east-west orientated flight lines. The program was designed as an infill to the existing regional scale Rum Jungle TEMPEST survey (1.5km and 5 km spaced lines).

Re-processing of selected lines from the regional survey demonstrated the ability of AEM to map each of these responses in an undercover environment. The objective of the 2023 AEM survey was to map the depth to basement interface and to identify conductivity responses/targets in the basement.

In total, 18 priority bedrock conductivity anomalies have been identified. The highest amplitude responses occur immediately to the west, north and south of the 2023 drill collar positions that focused on testing local scale ground geophysical anomalies proximal to historic drill intercepts at FEND018 and FEND014.

Of note are 3 high priority conductivity targets, in particular Fenton North, a very strong late-time conductivity anomaly 2km north along strike of FEND14.

Fenton North is coincident with the intersection of an interpreted NW-SE dilational structure and the hinge position of the Fenton Antiform, it has not been tested by drilling.

Fenton South has also been identified as a priority target from the AEM and magnetic data. It is centred on an interpreted antiformal structure that is analogous to and located 7km south along strike of the Fenton Prospect.

Fenton South consists of 5 moderate to strong late time conductivity anomalies with semi-coincident magnetic responses that are consistent with the geological sequence that host gold mineralisation at Fenton.

This highly conductive structure represents seven kilometres of additional prospective strike that remains untested by drilling.

The AEM survey has successfully mapped the cover stratigraphy and provided a reliable depth to basement image showing that the target areas are concealed by < 200m of cover. This information will assist in focusing future exploration efforts and drilling programs. The results of the AEM survey continue to confirm and demonstrate the 'blue sky' potential at the Fenton project.

The next stages of the Fenton work program will involve integrating and modelling the new geophysical data and targets and updating the Fenton Project 3D geological model. Additional follow-up ground geophysical surveys will be planned over selected AEM targets prior to future drill testing.

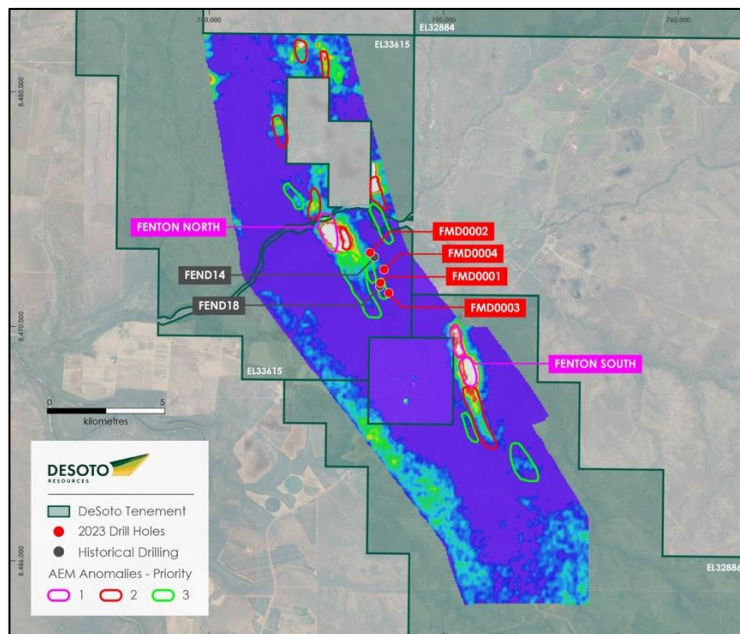


Figure 1 - Location of AEM Survey showing 2023 SKYTEM priority ranked anomalies on late time channel gate 35 image with drilling.

Regional Exploration

Regional exploration sampling completed at Shoobridge, Tabletop and Copperfield collected a total of 34 rock, 96 stream and 90 soil samples over a three-week period (Fig. 2). The regional program targeted potential lithium, copper and gold mineralisation.

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.

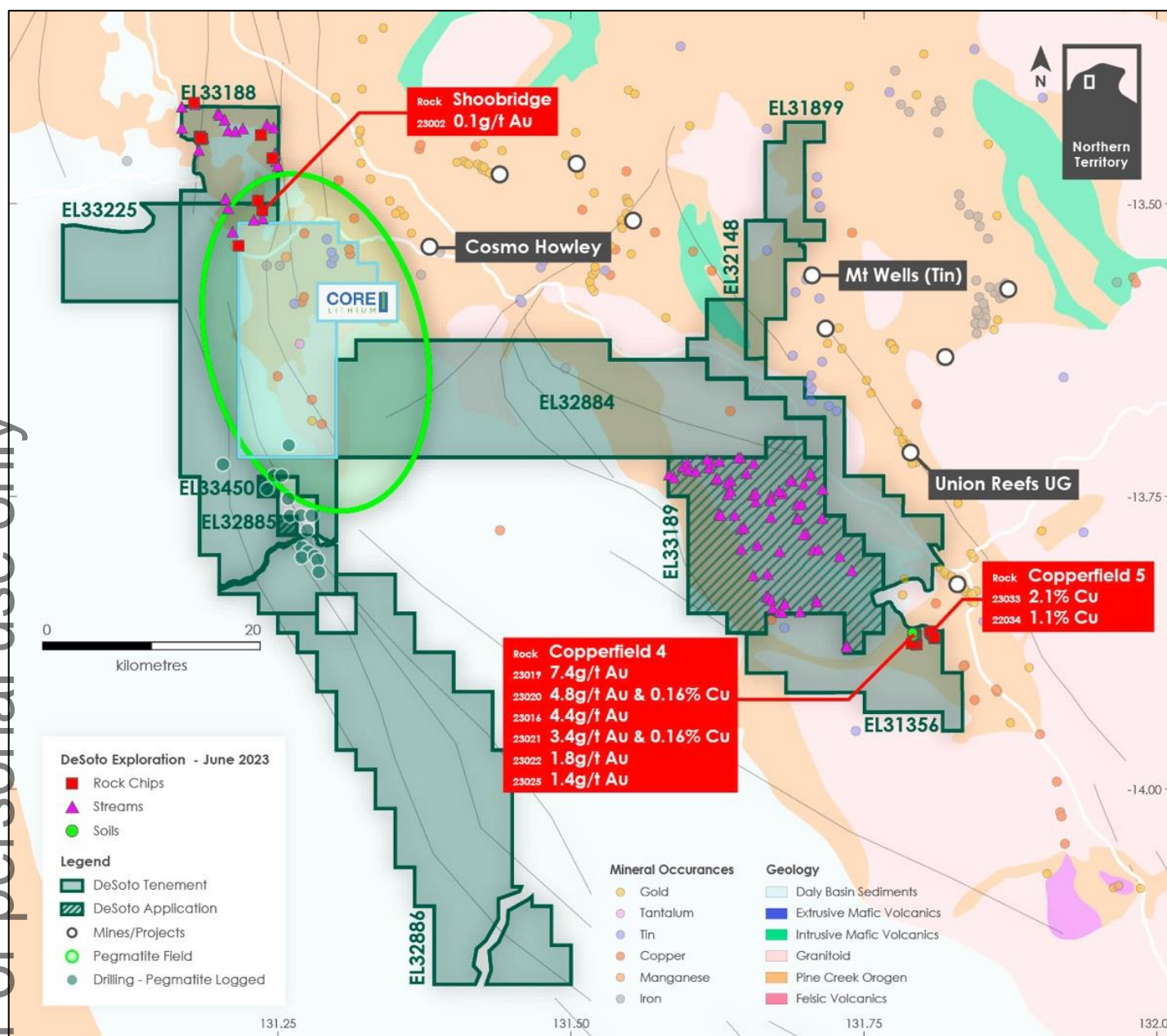


Figure 2 – Location of new regional geochemical samples and best rock assays

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

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% (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.

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.

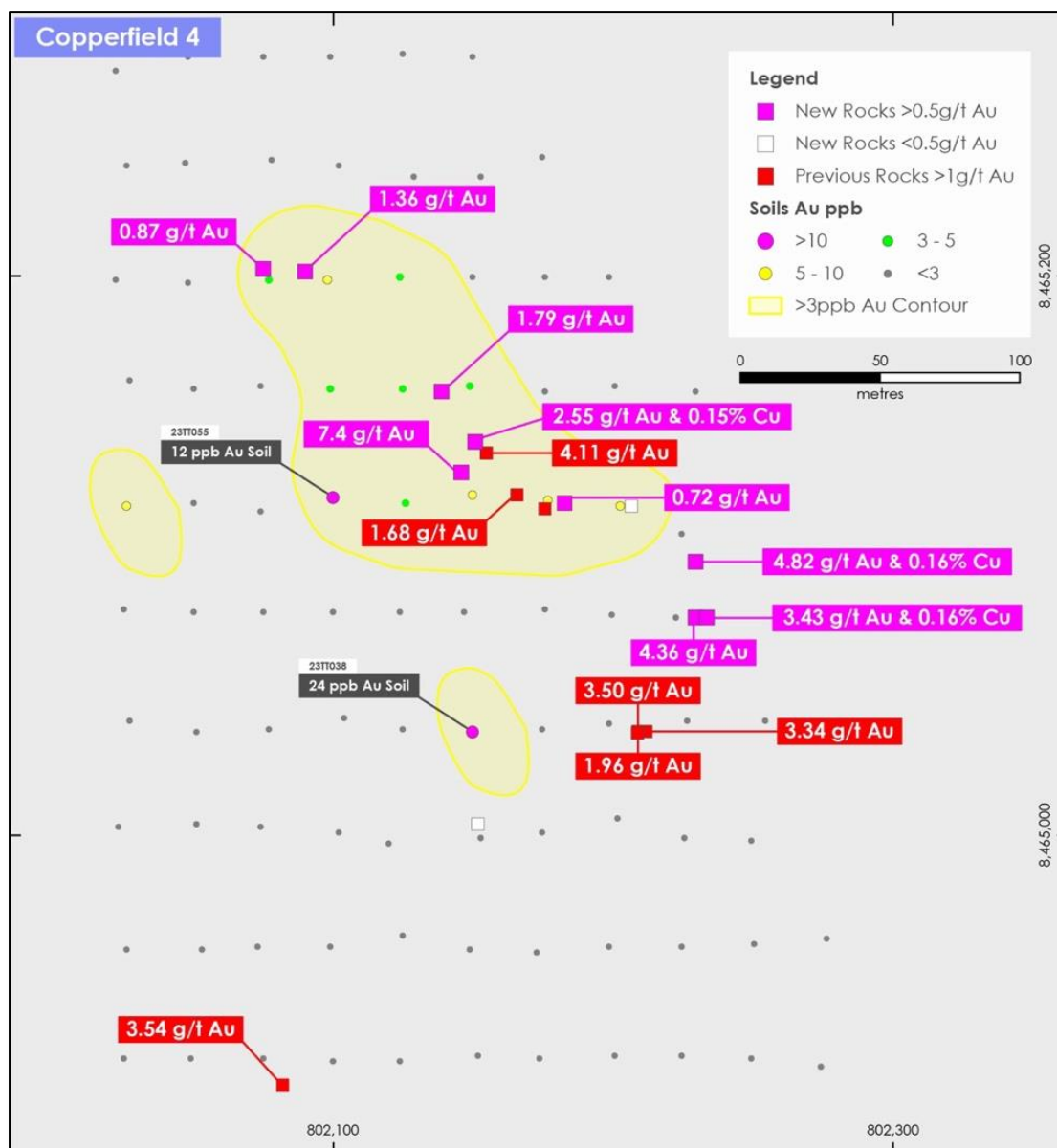


Figure 3 – Copperfield 4 prospect with current and historical rockchip and soil samples.

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 chalcopryrite adjacent to workings.

Granted Tenements

During the half-year period, amalgamated licence EL33615 was issued, to replace EL32885 and EL33450.

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

CORPORATE

The loss for the Group for the half-year after providing for income tax amounted to \$915,027 (31 December 2022: \$609,109). As at 31 December 2023, the Group had cash and cash equivalents of \$6,418,580 (30 June 2023: \$6,663,680).

On 17 July 2023, the Loyalty Option Shortfall Offer closed, under which the full amount of 7,604,672 Shortfall Options were issued¹, raising \$76,047. The issue price for each Shortfall Option was \$0.01 and each Shortfall Option is exercisable at \$0.25 on or before 23 May 2028.

Matters subsequent to the end of the financial half-year

No matter or circumstance has arisen since 31 December 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.

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.

¹ DES ASX Announcement: Application for Quotation of Securities (17th July 2023)

DeSoto Resources Limited
Directors' report
31 December 2023

This report is made in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the Directors

A handwritten signature in dark ink, appearing to read 'P. Roberts', is written over a horizontal line.

Paul Roberts
Non-Executive Chairperson

6 March 2024
Perth, Western Australia

For personal use only

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of DeSoto Resources Limited for the half-year ended 31 December 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 review; and
- b) any applicable code of professional conduct in relation to the review.

Perth, Western Australia
6 March 2024



N G Neill
Partner

hlb.com.au

HLB Mann Judd (WA Partnership) ABN 22 193 232 714

Level 4, 130 Stirling Street, Perth WA 6000 / PO Box 8124 Perth BC WA 6849

T: +61 (0)8 9227 7500 **E:** mailbox@hlbwa.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

HLB Mann Judd (WA Partnership) is a member of HLB International, the global advisory and accounting network.

DeSoto Resources Limited
Contents
31 December 2023

Statement of profit or loss and other comprehensive income	11
Statement of financial position	12
Statement of changes in equity	13
Statement of cash flows	14
Notes to the financial statements	15
Directors' declaration	21
Independent auditor's review report to the members of DeSoto Resources Limited	22

For personal use only

DeSoto Resources Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2023

		Consolidated	
	Note	31 Dec 2023	31 Dec 2022
		\$	\$
Revenue			
Other income	4	-	980
Interest		159,639	2,336
Expenses			
Accounting and audit fees		(16,759)	(9,878)
Consultants and contractors		(222,776)	(87,025)
Corporate and admin costs		(105,476)	(157,338)
Depreciation expense		(32,848)	(34,390)
Employee benefits expense		(289,224)	(210,569)
Exploration expenditure		(359,935)	(97,495)
Finance costs		(3,099)	(3,994)
Share based payments expense	5	(44,001)	(11,736)
Unrealised foreign exchange gains/(losses)		(548)	-
Loss before income tax expense		(915,027)	(609,109)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the owners of DeSoto Resources Limited		(915,027)	(609,109)
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive loss for the half-year attributable to the owners of DeSoto Resources Limited		(915,027)	(609,109)
		Cents	Cents
Loss per share for loss attributable to the owners of DeSoto Resources Limited			
Basic loss per share		(1.03)	(0.68)
Diluted loss per share		(1.03)	(0.68)

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

DeSoto Resources Limited
Statement of financial position
As at 31 December 2023

		Consolidated	
	Note	31 Dec 2023	30 Jun 2023
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		6,418,580	6,663,680
Trade and other receivables	6	137,446	65,781
Other current assets		42,494	2,042,733
Total current assets		<u>6,598,520</u>	<u>8,772,194</u>
Non-current assets			
Property, plant and equipment		33,452	38,598
Right-of-use assets	7	180,058	207,759
Exploration and evaluation assets	8	2,964,828	1,585,664
Other non-current assets		5,104	-
Total non-current assets		<u>3,183,442</u>	<u>1,832,021</u>
Total assets		<u>9,781,962</u>	<u>10,604,215</u>
Liabilities			
Current liabilities			
Trade and other payables		176,171	197,407
Lease liabilities		53,846	52,154
Employee benefits		59,611	39,991
Total current liabilities		<u>289,628</u>	<u>289,552</u>
Non-current liabilities			
Lease liabilities		134,040	161,390
Total non-current liabilities		<u>134,040</u>	<u>161,390</u>
Total liabilities		<u>423,668</u>	<u>450,942</u>
Net assets		<u>9,358,294</u>	<u>10,153,273</u>
Equity			
Issued capital	9	11,076,298	11,076,298
Reserves	10	811,715	691,667
Accumulated losses		<u>(2,529,719)</u>	<u>(1,614,692)</u>
Total equity		<u>9,358,294</u>	<u>10,153,273</u>

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

DeSoto Resources Limited
Statement of changes in equity
For the half-year ended 31 December 2023

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 half-year	-	-	(609,109)	(609,109)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive loss for the half-year	-	-	(609,109)	(609,109)
<i>Transactions with owners in their capacity as owners:</i>				
Shares issued for cash	10,460,000	-	-	10,460,000
Consideration shares issued to vendor	800,000	-	-	800,000
Share-based payments	-	190,936	-	190,936
Share issue costs	(1,048,926)	-	-	(1,048,926)
Balance at 31 December 2022	<u>11,233,724</u>	<u>190,936</u>	<u>(763,718)</u>	<u>10,660,942</u>
Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2023	11,076,298	691,667	(1,614,692)	10,153,273
Loss after income tax expense for the half-year	-	-	(915,027)	(915,027)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive loss for the half-year	-	-	(915,027)	(915,027)
<i>Transactions with owners in their capacity as owners:</i>				
Loyalty Options (note 10)	-	76,047	-	76,047
Share-based payments (note 10)	-	44,001	-	44,001
Balance at 31 December 2023	<u>11,076,298</u>	<u>811,715</u>	<u>(2,529,719)</u>	<u>9,358,294</u>

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

DeSoto Resources Limited
Statement of cash flows
For the half-year ended 31 December 2023

		Consolidated	
	Note	31 Dec 2023	31 Dec 2022
		\$	\$
Cash flows from operating activities			
Payments to suppliers and employees (inclusive of GST)		(649,302)	(326,401)
Payments for exploration and evaluation expensed		(374,820)	(36,080)
Interest received		159,639	2,336
Insurance recovery		-	980
Other - GST (outflow)		(43,637)	(67,326)
Other - IPO costs		-	(177,433)
		<hr/>	<hr/>
Net cash used in operating activities		(908,120)	(603,924)
Cash flows from investing activities			
Proceeds from term deposit maturing / (funds placed on term deposit)		2,000,000	(4,000,000)
Payments for exploration and evaluation		(1,422,931)	(144,373)
Northern Territory government geophysics co-funding grant		43,765	-
Investment in subsidiaries		(5,104)	-
		<hr/>	<hr/>
Net cash from / (used in) investing activities		615,730	(4,144,373)
Cash flows from financing activities			
Proceeds from issue of shares		-	10,002,300
Proceeds from issue of loyalty options	10	76,047	-
Share issue costs		-	(557,929)
Repayment of lease liabilities		(28,757)	(28,757)
		<hr/>	<hr/>
Net cash from financing activities		47,290	9,415,614
		<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents		(245,100)	4,667,317
Cash and cash equivalents at the beginning of the period		6,663,680	881,151
		<hr/>	<hr/>
Cash and cash equivalents at the end of the period		<u>6,418,580</u>	<u>5,548,468</u>

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

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2023 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

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.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

Going concern

The half-year financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of the business.

The Group has incurred a net loss after tax for the period ended 31 December 2023 of \$915,027 (31 December 2022: \$609,109) and had net cash outflows from operating, investing and financing activities of \$245,100 (31 December 2022: inflows of \$4,667,317). As at 31 December 2023 the Group had a working capital surplus of \$6,308,892 (30 June 2023: \$8,482,642) and cash and cash equivalents of \$6,418,580 (30 June 2023: \$6,663,680).

Note 2. 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 6 March 2024. The Directors have the power to amend and reissue the financial statements.

Significant accounting judgments and key estimates

The preparation of interim financial reports requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim report, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group financial report for the year ended 30 June 2023.

Note 3. 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.

Unless otherwise stated, all amounts reported to the Board of Directors as the chief operating decision makers are determined in accordance with AASB 8 Operating Segments.

Note 4. Other income

	Consolidated	Consolidated
	31 Dec 2023	31 Dec 2022
	\$	\$
Insurance recovery	-	980
	-	980

Note 5. Share-based payments

	Consolidated	Consolidated
	31 Dec 2023	31 Dec 2022
	\$	\$
Performance rights	44,001	11,736
	44,001	11,736

Note 6. Trade and other receivables

	Consolidated	Consolidated
	31 Dec 2023	30 June 2023
	\$	\$
Security Deposits	28,803	-
Other receivables	5,214	5,988
GST receivable	103,429	59,793
	137,446	65,781

DeSoto Resources Limited
Notes to the financial statements
31 December 2023

Note 7. Right-of-use assets

	Consolidated	30 June
	31 Dec 2023	2023
	\$	\$
<i>Non-current assets</i>		
Buildings - right-of-use	267,779	267,779
Less: Accumulated depreciation	(87,721)	(60,020)
	<u>180,058</u>	<u>207,759</u>

Movements in right-of-use asset

	Consolidated	12 Months
	6 Months to	to 30 June
	31 Dec 2023	2023
	\$	\$
Opening balance	207,759	269,660
Lease adjustment	-	(6,612)
Amortisation charge	(27,701)	(55,289)
	<u>180,058</u>	<u>207,759</u>

Note 8. Exploration and evaluation assets

	Consolidated	12 Months
	6 Months to	to 30 June
	31 Dec 2023	2023
	\$	\$
Exploration and evaluation	<u>2,964,828</u>	<u>1,585,664</u>

Reconciliations

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

Consolidated	\$
Balance at 1 July 2023	1,585,664
Additions*	1,422,929
Northern Territory government geophysics co-funding grant	<u>(43,765)</u>
Balance at 31 December 2023	<u>2,964,828</u>

- * Capitalised exploration predominantly relates to the Fenton Gold Project maiden exploration drilling program completed during the period.

The ultimate recoupment of exploration expenditure carried forward is dependant on successful development and commercial exploitation, or alternatively, sale of the respective areas.

DeSoto Resources Limited
Notes to the financial statements
31 December 2023

Note 9. Issued capital

	Consolidated	
	31 Dec 2023	30 June 2023
	Shares	Shares
	31 Dec 2023	31 Dec 2023
	\$	\$
Ordinary shares - fully paid	88,950,000	88,950,000
	11,076,298	11,076,298

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 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	1 July 2023	88,950,000		11,076,298
Balance	31 December 2023	88,950,000		11,076,298

Reconciliation of options on issue

Details	Date	Shares	Issue price	Exercise Price
Balance	1 July 2022	33,975,000		\$0.25
Issue of options to Bacchus Resources Pty Ltd	1 December 2022	1,600,000	\$0.112	\$0.35
Issue of loyalty options	23 May 2023	36,870,338	\$0.01	\$0.25
Balance	1 July 2023	72,445,338		
Issue of loyalty options (shortfall)	17 July 2023	7,604,672	\$0.01	\$0.25
Balance	31 December 2023	80,050,010		-

Note 10. Reserves

	Consolidated	
	31 Dec 2023	30 June 2023
	\$	\$
Share-based payments reserve	366,965	322,964
Options reserve	444,750	368,703
	811,715	691,667

DeSoto Resources Limited
Notes to the financial statements
31 December 2023

Note 10. Reserves (continued)

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.

Movement in reserves

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

	Options \$	Share-Based Payments \$	Total \$
Balance at 1 July 2023	368,703	322,964	691,667
Value of performance rights expensed (refer to note 5)	-	44,001	44,001
Options reserve - Loyalty Options ¹	76,047	-	76,047
Balance at 31 December 2023	<u>444,750</u>	<u>366,965</u>	<u>811,715</u>

1. On 17 July 2023, the Loyalty Option Shortfall Offer closed, under which the full amount of 7,604,672 Shortfall Options were issued, raising \$76,047. The issue price for each Shortfall Option was \$0.01 and each Shortfall Option is exercisable at \$0.25 on or before 23 May 2028.

Note 11. Commitments

The Group has the following commitments principally relating to the minimum expenditure requirements for tenements granted for the Fenton Gold Project and the Shoobridge Project.

	Consolidated 31 Dec 2023 \$	30 June 2023 \$
<i>Exploration expenditure</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	685,500	563,000

Note 12. Related party transactions

Parent entity

DeSoto Resources Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 13.

Note 12. Related party transactions (continued)

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:

- Fractore Pty Ltd, a Company of which Dr Finbarr (Barry) Murphy is a director, charged the company \$28,150 for consulting services (excluding directors fees) during the financial half-year;
- Wireless Hill Pty Ltd, a company of which Mr Paul Roberts is a director, charged the company \$8,975 for consulting services (excluding directors fees) during the financial half-year;
- Propel Agency Pty Ltd, a geological diagram and presentation company in which Mr Christopher Swallow has a 50% ownership interest, charged the company \$8,530 for services during the financial half-year;

Terms and conditions

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

Note 13. Interests in subsidiaries

The consolidated interim financial statements incorporate the assets, liabilities and results of the following subsidiaries:

Name	Principal place of business / Country of incorporation	Ownership interest	
		31 Dec 2023	30 June 2023
		%	%
Mangusta Minerals Pty Ltd	Australia	100.00	100.00
MN25 Investments Pty Ltd	Australia	100.00	100.00
Benin Aust Minerals	Benin	100.00	-
Desoto Brasil Mineracao Ltda*	Brazil	100.00	-
Solorico SUARL	Gabon	100.00	-

* Incorporated on 13 November 2023.

Note 14. Contingent liabilities

Since the last reporting date of 30 June 2023, there has been no material change to the Group's contingent liabilities.

Note 15. Events after the reporting period

No matter or circumstance has arisen since 31 December 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.

Note 16. Financial Instruments

The Group holds a number of financial assets and liabilities measured at fair value on a recurring basis. The carrying values of other financial instruments are considered to be a reasonable approximation of fair value.

DeSoto Resources Limited
Directors' declaration
31 December 2023

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the financial half-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.

Signed in accordance with a resolution of Directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the Directors



Paul Roberts
Non-Executive Chairperson

6 March 2024
Perth, Western Australia

For personal use only

INDEPENDENT AUDITOR'S REVIEW REPORT

To the Members of Desoto Resources Limited

Report on the Condensed Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of DeSoto Resources Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 31 December 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 half-year ended on that date, selected explanatory notes, and the directors' declaration, for the Group comprising the Company and the entities it controlled at the half-year end or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of DeSoto Resources Limited does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's responsibilities for the review of the financial report* section of our report. We are independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibility of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

hlb.com.au

HLB Mann Judd (WA Partnership) ABN 22 193 232 714

Level 4, 130 Stirling Street, Perth WA 6000 / PO Box 8124 Perth BC WA 6849

T: +61 (0)8 9227 7500 **E:** mailbox@hlbwa.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

HLB Mann Judd (WA Partnership) is a member of HLB International, the global advisory and accounting network.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



HLB Mann Judd
Chartered Accountants

Perth, Western Australia
6 March 2024



N G Neill
Partner