29 October 2024

QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDING 30 SEPTEMBER 2024

DeSoto Resources Limited (ASX:DES) ("**DES**" or the "**Company**") is pleased to provide an update on its activities for the September 2024 Quarter.

During the reporting period, the Company commenced field exploration activities for the 2024 season in the Northern Territory, completing geophysical surveys at the Spectrum and Fenton Projects.

Highlights

- Exploration activities commenced for the 2024 field season at the Spectrum and Fenton Projects.
- A 7-week ground electrical geophysical survey program was completed, covering the Quantum, Vesper and Fenton South target areas.
- The survey comprised 13.5-line km of 2D pole-dipole induced polarisation (PDIP), and 77-line km of fixed loop electromagnetics (FLEM) collected across eleven transmitter loops.
- Ground Induced Polarisation (IP) survey confirmed the presence of four discrete conductors at Vesper and several discrete chargeable zones along the western limb of the Vesper trend.
- An 881-station ground gravity survey on 250m x 125m spacing was completed over the Spectrum and Fenton Projects.
- Modelling of the gravity data upgraded and refined targets with wavelet analysis ("worming") showing that a strong gravity gradient is associated with the N-S striking Fenton Shear Zone (FSZ), confirming that the Quantum, Vesper and Fenton South targets are all situated along it and are coincident with zones of NE-SW striking cross faulting.
- Infill MMI soil surveys at Quantum and Vesper and an initial soil survey at Fenton South have been completed. Assays are pending and will assist to refine existing targets and geological interpretations.
- Drilling application for up to 20 RC/diamond holes has been submitted to the Northern Territory Department of Environment, with approval expected soon.
- The company actively worked with the NT Government on its newly introduced permitting process (effective 1 July 2024). DeSoto is the first company to navigate this updated system, with progress ongoing.
- DeSoto has completed its global strategic assessment of manganese asset opportunities and expects to announce further details shortly.

Northern Territory Exploration

Spectrum geophysical surveys

Geophysical surveys were planned to test for possible copper-gold mineralisation at Vesper associated with an Airborne Electromagnetic (AEM) conductivity anomaly identified from the NT government co-funded 2023 SKYTEM survey (Fig. 1). The FLEM surveys aimed to further refine modelling of the AEM conductor plates to ensure optimal drill hole designs. These conductivity anomalies are coincident with anomalous copper enriched MMI geochemical trends and zones of structural complexity inferred from high resolution ground gravity data.

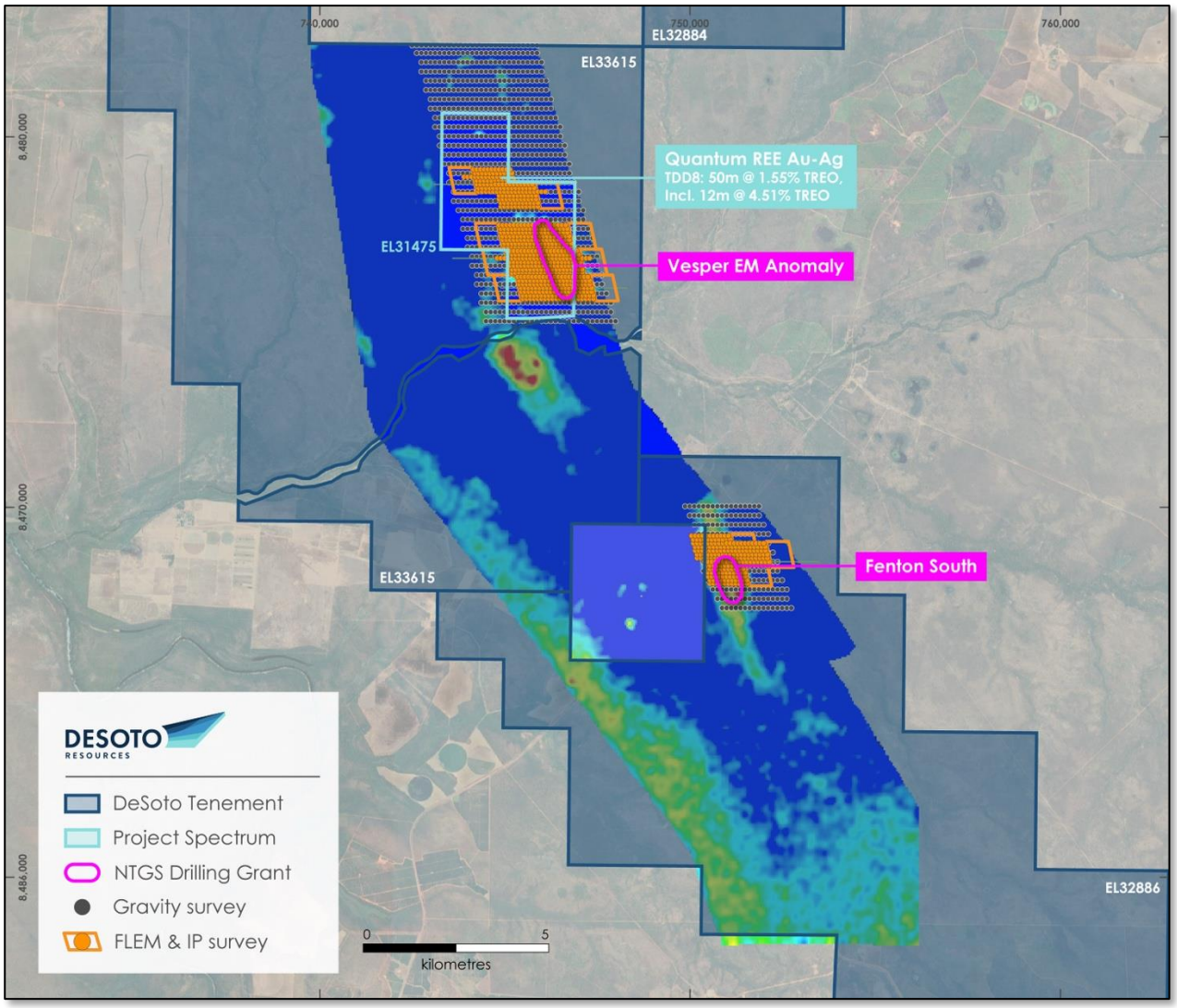

Figure 1 - Fenton and Spectrum Project locations on SKYTEM late-time ch 34 showing locations of gravity survey stations, FLEM and IP survey lines.

Gravity geophysical contractor Atlas Geophysics was mobilised to site on 11th July and commenced a high resolution 125m by 250m spaced ground gravity survey over Fenton South, and Spectrum projects Vesper and Quantum.

Geophysics, and its interpretation, plays a critical role in mineral discoveries for projects under cover such as Fenton and Spectrum.

DeSoto has employed gravity and aeromagnetic gradients ("worms") to guide the Company's under-cover interpretation, integrated with the mapping of key faults and structures. Longer faults typically have deeper roots and can be more mineralised or provide pathways for mineralising fluids to focus along. Hence, a proxy for deep faults is the inferred strike length.

DeSoto's analysis highlights long NNW-SSE trending structures along the structural grain of the basement and a series of intersecting NE-SW faults (Fig. 2).

These cross-cutting structures control the emplacement of Cullen Suite granitoids and can localise uranium occurrences, such as along the Hayes Creek Fault (HCF) zone. The SW extension of the HCF towards the FSZ was identified by DeSoto as a high priority regional scale fault intersection target in the first instance. Fault intersections are targeted as being areas of structural complexity, enhanced fluid flow and mineralisation.

DeSoto undertook a comprehensive grid-based gravity program to better define structural features in the basement that will assist in targeting, at both Vesper and Quantum targets, combined with Fixed Loop Ground Electro-Magnetic (FLEM) surveys over the Vesper AEM plates to better define drill targets.

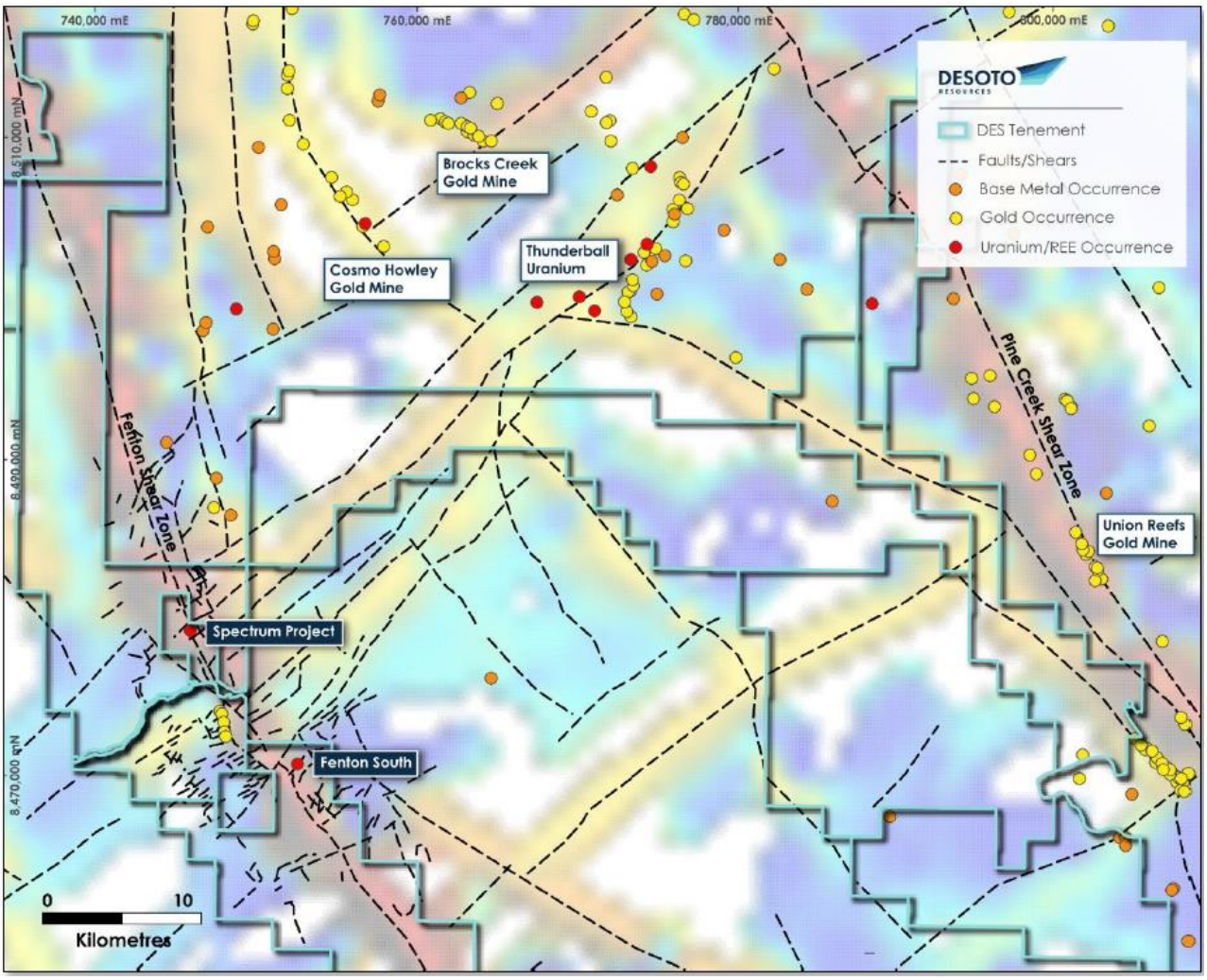

Figure 2 - Regional structural setting of the Spectrum Project at the intersection of the Fenton Shear Zone and the Hayes Creek Fault Zone and locations of known gold, base metal and uranium+/-REE mineralisation. The underlying colour image is of interpreted fault length (longer faults shown as warmer colours). This highlights long and by inference deep structures. The fault length image is derived from integrated interpretation of magnetic, gravity and mapped fault data sets.

Emerging copper story with compelling targets at Quantum and Vesper

The gravity survey at Spectrum mapped the northern extension of the Fenton Shear Zone (FSZ), which may control REE-Au mineralisation at Quantum, as indicated by historical drilling.
This structure is interpreted to have at least 8 km of prospective strike coinciding with MMI copper soil anomalies. Despite its potential for Mary Kathleen-style copper-REE and high-grade copper skarn mineralisation, this 8 km trend remains largely untested by previous drilling.

At Vesper, the gravity survey revealed two moderate residual anomalies, coinciding with modelled Airborne Electromagnetic (AEM) conductor plates and strong MMI copper anomalies in an area of structural complexity.

Fenton South geophysical surveys

The gravity data indicated a 1mgal residual gravity anomaly coincident with the Fenton South AEM anomaly and slightly offset from a moderate intensity magnetic anomaly that potentially defines the core of a fold (Fig. 3).

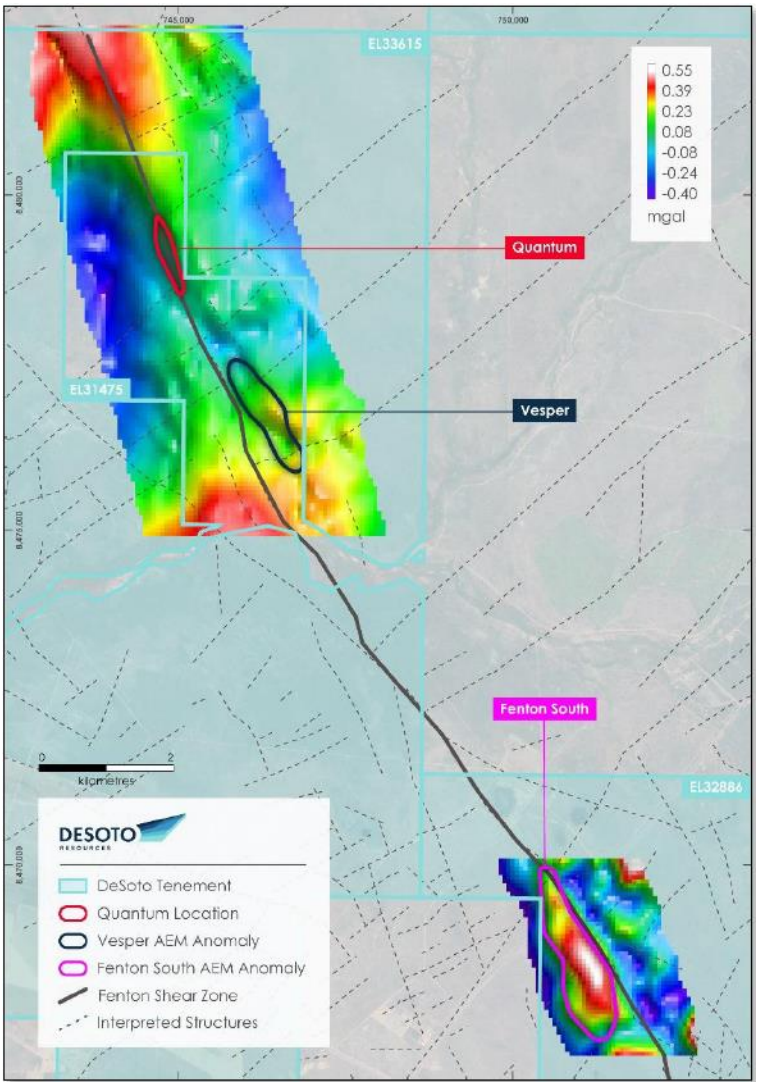

Figure 3 - Completed and modelled ground gravity data (in mgal) with AEM anomalies and interpreted structures.

The eastern margin of the Fenton South gravity anomaly is bounded by a strong gravity gradient that is interpreted to be correlated to the mineralised FSZ. The coincident gravity and AEM anomalies at Fenton South presented an outstanding untested drill target.

The Company was awarded a $160,000 Resourcing the Territory Grant for Fenton South with details of the drilling program to be announced upon completion and collation of the new ground geophysical data.

Ground Geophysical Survey (Detailed)

A 7-week ground electrical geophysical survey program completed by Zonge Geophysics covering the Quantum, Vesper and Fenton South target areas, comprised 13.5-line km of 2D pole-dipole induced polarisation (PDIP), and 77-line km of fixed loop electromagnetics (FLEM) collected across eleven transmitter loops.

The local scale geophysical surveys were planned to test for possible copper-gold mineralisation at Vesper associated with an Airborne Electromagnetic (AEM) conductivity anomaly identified from the NT government co-funded 2023 SKYTEM survey.

The FLEM surveys aimed to further refine modelling of the AEM conductor plates prior to drill testing to ensure optimal hole designs. These conductivity anomalies are coincident with anomalous copper enriched MMI geochemical trends and zones of structural complexity inferred from high resolution ground gravity data.

The FLEM and IP survey results confirmed the presence of all four discrete AEM basement conductors previously modelled and generated six new conductivity and/ or chargeability anomalies that may represent accumulation of massive, disseminated or vein hosted sulphides. This data indicates a ~2km long by 1.6km prospective zone of anomalous geochemical and geophysical responses at Vesper.

Drill testing is required to determine the source of these responses. Two loops of FLEM and one 2D profile of IP were collected over the Quantum area to test if the REE-Au mineralisation has a geophysical response and/ or if a target may be present beneath the current limits of drilling at depth. FLEM channel imaging results indicate that four conductivity anomalies occur coincident with or along strike of historic drill intercepts at Quantum. These are aligned along a strike extensive reactivated basement fault, inferred from AEM and high-resolution ground gravity data, that may have a structural control on mineralisation.

IP models indicated a broad chargeability zone at depth coincident with the historic drilling at Quantum. Three loops of FLEM and one 2D profile of IP were collected over the Fenton South gold target area that was originally identified from the 2023 SKYTEM survey. A ground gravity survey was also completed over this area and detected a significant +1mgal residual anomaly that is semi-coincident with magnetic and AEM anomalies.

The FLEM surveys identified two conductive zones of interest. IP models indicate a lower order chargeability anomaly slightly offset from the high-density body. The targeted possible copper-gold mineralised zones are predicted to be associated with sulphide alteration that would have a high conductivity response to EM surveys and a high chargeability response to IP geophysical surveys. Positive gravity and magnetic responses are anticipated to arise from alteration related to a hydrothermal mineralised system.

Project Generation

- In line with the Company's Prospectus, it actively evaluated various high-priority internal opportunities in the quarter, focusing on manganese and other strategic metals.
- Advanced discussions are in progress regarding these initiatives.

Financial Position

- As per ASX Listing Rule 5.3.1, a summary of the Company's exploration activities for the quarter is contained herein, with exploration expenditure incurred during the period of circa $639k.

Project	Cash Expenditure $'000
Pine Creek Gold and Lithium Project	501
Exploration activities associated with potential new Projects	138
Total	**639**

- As per ASX Listing Rule 5.3.2, there were no substantive mining production and development activities undertaken during the quarter.
- DeSoto is well funded with cash of $4.7M at 30 September 2024.
- DeSoto continues to assess various project opportunities on an ongoing basis.
- In accordance with ASX Listing Rule 5.3.4, as the September 2024 quarter was in a period covered by a 'use of funds' statement in the IPO Prospectus, below is a comparison of the Company's actual expenditure to 30 September 2024 against the estimated expenditure in the 'use of funds' statement:

Use Of Funds	Per IPO Prospectus (2 year period)	PTD 30 September 2024[1]
Two (2) Year Exploration Expenditure: Pine Creek Project (Fenton and Fenix)	5,241,667	1,967,101
New Project Generation Due Diligence	80,000	45,400
Administration and Overheads	1,613,633	1,683,209
Capital Raising Expenses[2]	893,354	625,399
Working Capital[3]	3,052,497	1,688,686
Total	**$10,881,151**	**6,009,795**

1. Period to date (Period: 14 December 2022 to 30 September 2024).
2. YTD only includes actual costs since date of admission to the official list, per ASX Listing Rule 5.3.4.
3. To the extent that: (a) the Company's exploration activities warrant further exploration activities; or (b) the Company identifies additional acquisition or investment opportunities (including manganese and project generation opportunities described in the Prospectus), the Company's working capital will also be utilised to fund such further exploration activities and/or acquisition or investment costs (including due diligence investigations and expert's fees in relation to such acquisitions or investments) as applicable. Any amounts not so expended will be applied toward corporate and administration costs for the period subsequent to the initial two-year period following Admission. During the September quarter, the Company spent $138k on manganese project generation.

- As per ASX Listing Rule 5.3.5 and as disclosed in Sections 6.1 and 6.2 of the Appendix 5B, the company paid $111k to related parties, being $69k for Directors' salaries, $33k for non-executive directors' fees, $3k for consulting fees and $6k for other corporate support costs.

- Tenement Schedule per ASX listing Rule 5.3.3:

Mining tenements held at the end of the quarter and their location

TENEMENT No.	LOCATION	INTEREST %	HOLDER
Pine Creek Projects	NT	100%	Mangusta Minerals Pty Ltd
EL32884			
EL32886			
EL33188			
EL33189			
EL33225			
EL31356			
EL32148			
EL31899			
EL33615			

- Mining tenements acquired during the quarter and their location: Nil.

- Mining tenements disposed during the quarter and their location: Nil.

- The beneficial percentage interests held in farm-in or farm-out agreements at the end of the quarter:

  At the end of the quarter, the Company holds an exclusive right to acquire up to an undivided 70% legal and beneficial interest in mining tenement EL31475 (owned by Copperoz Pty Ltd), located in the Northern Territory.

- The beneficial percentage interests in farm-in or farm-out agreements acquired or disposed of during the quarter: Nil.

2024 September Quarter - ASX Announcements

This Quarterly Activities Report contains information extracted from ASX market announcements reported in accordance with the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" ("2012 JORC Code"). A full table of Announcements can be found below:

13-Sep-24	High Priority Targets Identified for Immediate Drill Testing
21-Aug-24	FLEM Confirms High-Value Copper and Base-Metal Conductors
1-Aug-24	Compelling Gravity Targets Generated at Spectrum
17-Jul-24	NT Geophysical Surveys Progressing

1-Jul-24	2024 Exploration Season Underway in the Northern Territory

This release is authorised by the Board of Directors of DeSoto Resources Limited.

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For further information visit our website at DeSotoresources.com or contact:

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Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity	
DeSoto Resources Limited	
ABN	**Quarter ended ("current quarter")**
75 658 510 242	30 SEPTEMBER 2024

	Consolidated statement of cash flows	**Current quarter $A'000**	**Year to date (3 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	(129)	(129)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(139)	(139)
	(e) administration and corporate costs	(121)	(121)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	47	47
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (GST paid)	(29)	(29)
1.9	**Net cash from / (used in) operating activities**	**(371)**	**(371)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	(52)	(52)
	(d) exploration & evaluation	(510)	(510)
	(e) investments	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (term deposit maturing)	-	-
2.6	**Net cash from / (used in) investing activities**	**(562)**	**(562)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(14)	(14)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	**Net cash from / (used in) financing activities**	**(14)**	**(14)**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**	-	-
4.1	Cash and cash equivalents at beginning of period	5,660	5,660
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(371)	(371)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(562)	(562)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(14)	(14)

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**4,713**	**4,713**

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter $A'000	Previous quarter $A'000
5.1	Bank balances	713	1,660
5.2	Call deposits	4,000	4,000
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**4,713**	**5,660**

6.	Payments to related parties of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	108
6.2	Aggregate amount of payments to related parties and their associates included in item 2	3

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	-	-

7.5	**Unused financing facilities available at quarter end**	-

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	(371)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(510)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(881)
8.4	Cash and cash equivalents at quarter end (item 4.6)	4,713
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	4,713
8.7	**Estimated quarters of funding available (item 8.6 divided by item 8.3)**	5.3

Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.

8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:

8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: N/A

8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: N/A

8.8.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
Answer: N/A	
Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.	

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Date: 29 October 2024.....

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

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.