

QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDING 31 DECEMBER 2024

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

During the reporting period, the Company made significant strides in achieving its IPO objectives, including the acquisition of the Dom Silverio Manganese Project and preparations for transformative drilling campaigns across its key projects, set to commence early this year.

Highlights

- **Exploration Success at Spectrum Project**

Soil MMI samples collected at the Spectrum Project confirmed historical copper soil anomalism, validating the Company’s geological model that Spectrum has the potential to host a significant copper and base-metals deposit.

- **Acquisition of Dom Silverio Manganese Project**

The Company secured the high-grade Dom Silverio Manganese Project, located in Minas Gerais, Brazil. Ore from Dom Silverio has the potential to support the lowest-cost processing route through to production of high purity manganese sulphate for manufacture of Electric Vehicle (EV) batteries.

- **Northern Territory Drilling Approvals Secured**

DeSoto became the first company to receive drilling approvals under the Northern Territory’s new Environmental (Mining) Licence system, which took effect on July 1, 2024. This includes approval for a fully permitted 20-hole drilling program at the Spectrum REE-Au-Cu Project (EL31475), scheduled to commence in H1 2025, subject to the end of the wet season.

- **DeSoto is well funded with cash of \$4.1M at 31 December 2024.**

Northern Territory Exploration

Soil MMI survey results at the Spectrum and Fenton South Projects

At the Spectrum Project, a total of 102 soil MMI (Mobile Metal Ion) samples were collected during the quarter. The results confirmed a historical copper soil anomalism and reinforced the geological significance of the project. Analysis revealed copper grades and distribution patterns consistent with those identified in a historical survey conducted by Homestake Australia Ltd, validating the presence of a substantial copper-in-soil anomaly at Spectrum (Figure 1). This anomaly aligns with a prominent basement fault, highlighting its geological importance.

The effectiveness of the MMI survey at Spectrum is attributed to the presence of large, reactivated regional structures that penetrates the Cambrian limestone cover. These structures act as pathways for fluid migration from the prospective basement, offering a clear link to the underlying mineralisation potential.

The new assay results further support the Company’s geological model, which suggests that Spectrum has the potential to host a significant copper and base-metals deposit. This progress underscores the project’s growing importance within DeSoto’s exploration portfolio.

With drill permits now secured, the Company is preparing for an extensive drilling campaign, planned for the 2025 season, contingent on favourable weather conditions. The upcoming drilling program represents a critical step in advancing Spectrum’s exploration potential.

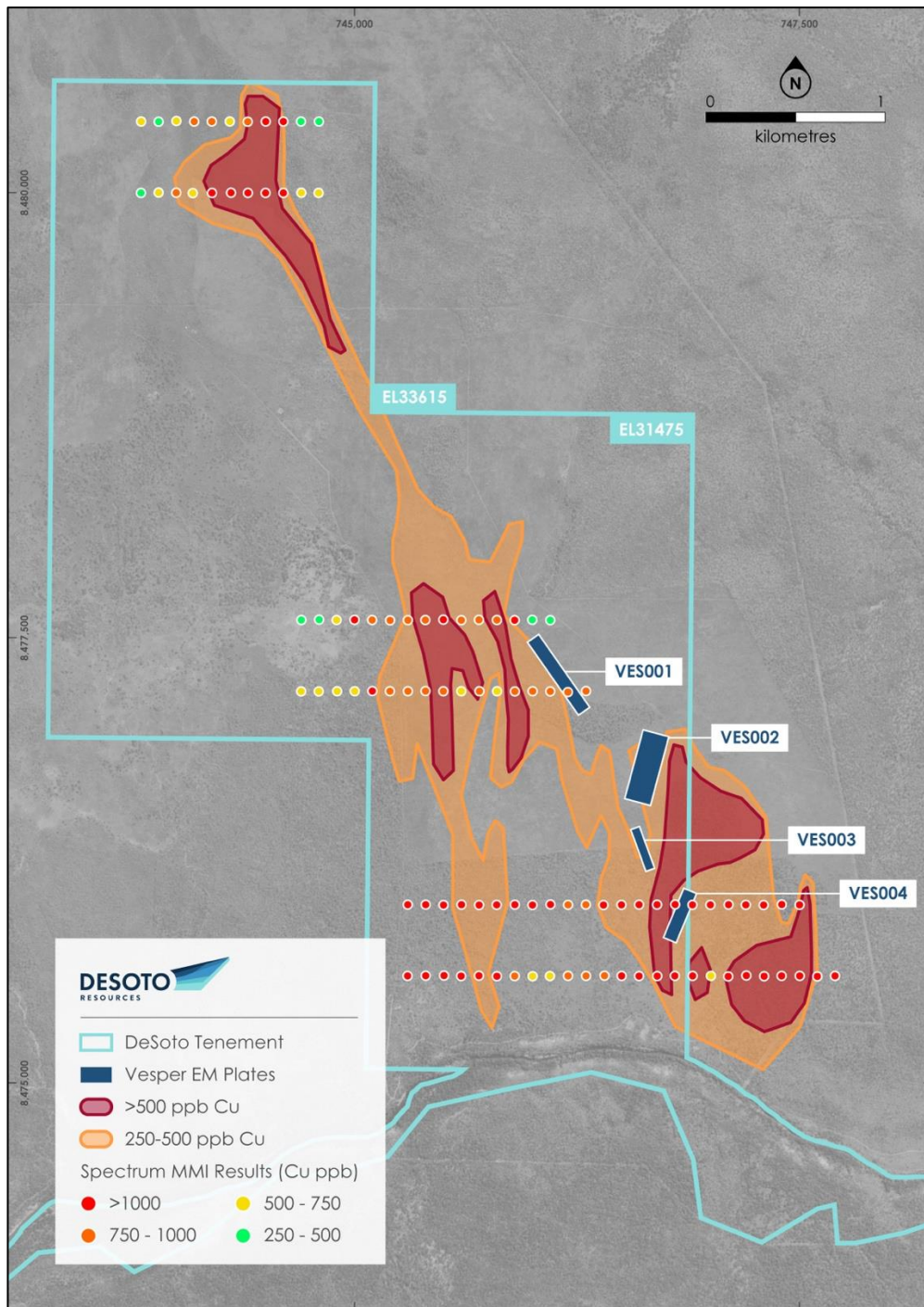


Figure 1 - Spectrum soil MMI results for Cu over historical Cu result contours and location of EM plates VES001 to VES004.

Drilling approvals received for Northern Territory Exploration Licences

During the quarter, DeSoto Resources was pleased to secure drilling approvals for its Northern Territory Exploration Licences, marking a significant milestone for the Company. DeSoto became the first company to receive approvals under the Northern Territory's new Environmental (Mining) Licence system, which came into effect on July 1, 2024.

Drilling approvals include the Fenton South Gold Project, where up to three reverse circulation (RC) pre-collared diamond holes are planned, and the Spectrum REE-Au-Cu Project (EL31475), which has been fully permitted for a 20-hole drilling program. This campaign is scheduled to commence in H1 2025, contingent on the conclusion of the wet season (Figures 1).

Further demonstrating support for the Company's exploration efforts, DeSoto was awarded \$160,000 in co-funding under the Northern Territory Government's "Resourcing the Territory" Round 17 exploration drilling grants scheme in June 2024. This grant funding will assist with drilling at Fenton South, enhancing the economic viability of the project and reinforcing the region's resource development potential.

Strategic Acquisition of Dom Silverio Manganese Project in Brazil

DeSoto was pleased to announce that after a 2-year global search, led by BHP's former head of manganese exploration, it signed a Binding Heads of Agreement to secure a four-year option over the Dom Silverio Manganese Project ("Dom Silverio" or "the Project"), located in Minas Gerais, Brazil.

Dom Silverio is situated in an established mining district with a long history of manganese production spanning over 70 years. Notably, the district was a key supplier to U.S. Steel during World War II as part of the United States armament efforts. During the 1940s, the project produced high-grade metallurgical manganese oxide ore averaging approximately 42% Mn after sorting. Although the mine has been on care and maintenance for more than a decade, its historical significance and untapped potential make it an attractive asset for DeSoto.

The project features widespread, near-surface manganese mineralisation extending across a 14 km-long and up to 5 km-wide manganese belt, encompassing historic mining pits, ore stockpiles, and existing processing infrastructure. While the Company opted not to include the infrastructure in the transaction at this stage, it remains available for future purchase if required.

Initial assessments suggest significant potential for the carbonate ore to serve as a low-cost feedstock for producing battery-grade manganese sulphate, a critical component for EV batteries.

Manganese Carbonate Potential and Strategy

Battery EV cathodes using manganese sulphate are the fastest-growing segment in battery chemistry, with a notable trend toward manganese-dominant cathodes. Dom Silverio's strategic location in Brazil, the fastest-growing EV market globally and a gateway to Latin America, further enhances its appeal.

Major EV manufacturers such as BYD and Great Wall Motor have announced plans to establish production facilities in Brazil, signalling a robust market for local manganese supply. Furthermore, Brazil's introduction of an import tax on battery-electric and plug-in hybrid vehicles in January 2024 underscores the government's commitment to fostering local EV manufacturing, reinforcing Brazil's status as a tier-1 jurisdiction for integrated mining, processing, and refining.

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 \$274k.

Project	Cash Expenditure \$'000
Pine Creek Gold and Copper Projects	174
Exploration activities associated with new Projects	100
Total	274

- 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 \$4.1M at 31 December 2024.
- DeSoto continues to assess various project opportunities on an ongoing basis.
- In accordance with ASX Listing Rule 5.3.4, as the December 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 31 December 2024 against the estimated expenditure in the 'use of funds' statement:

Use Of Funds	Per IPO Prospectus (2 year period)	PTD 31 December 2024 ¹
Two (2) Year Exploration Expenditure: Pine Creek Project (Fenton and Fenix)	5,241,667	2,014,988
New Project Generation Due Diligence	80,000	45,400
Administration and Overheads	1,613,633	1,915,110
Capital Raising Expenses ²	893,354	625,399
Working Capital ³	3,052,497	1,883,069
Total	\$10,881,151	6,483,966

¹ Period to date (Period: 14 December 2022 to 31 December 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 December quarter, the Company spent \$109k 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 \$115k to related parties, being \$69k for Directors' salaries, \$33k for non-executive directors' fees, \$8k for consulting fees and \$5k 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:

During the quarter, the Company (via its wholly owned Brazilian subsidiary) entered into an option agreement with Tratex Mineracao Ltda (an entity incorporated under the laws of Brazil) (Tratex), pursuant to which Tratex has agreed to grant the Company an exclusive option to acquire 100% legal and beneficial interest in the tenements comprising the Dom Silverio Project in Brazil¹.

- 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 December 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:

12-Dec-24	Manganese Carbonate Potential Emerges at Dom Silverio
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¹ See DES ASX Announcement: DES Enters Agreement for Large High-Grade Manganese Project (25 November 2024)

05-Dec-24	Drilling Approvals Received for Spectrum REE-Au-Cu Project
27-Nov-24	First Drilling Approvals Received for NT Licenses
25-Nov-24	DES Enters Agreement for Large High-Grade Manganese Project
16-Oct-24	Spectrum Results Confirm Significant Copper Soil Anomaly

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:

Chris Swallow

Managing Director

P: +61 412 174 882

E: cs@desotoresources.com

Appendix 5B

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

Name of entity

DeSoto Resources Limited

ABN

75 658 510 242

Quarter ended ("current quarter")

31 DECEMBER 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(157)	(286)
(b) development	-	-
(c) production	-	-
(d) staff costs	(130)	(269)
(e) administration and corporate costs	(83)	(204)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	43	90
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)	37	8
1.9 Net cash from / (used in) operating activities	(290)	(661)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	(154)	(154)
(c) property, plant and equipment	-	(52)
(d) exploration & evaluation	(117)	(627)
(e) investments	-	-
(f) other non-current assets	-	-

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 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	(271)	(833)
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	(15)	(29)
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	(15)	(29)
4.	Net increase / (decrease) in cash and cash equivalents for the period	-	-
4.1	Cash and cash equivalents at beginning of period	4,713	5,660
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(290)	(661)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(271)	(833)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(15)	(29)

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	4,137	4,137

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	137	713
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)	4,137	4,713

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	110
6.2	Aggregate amount of payments to related parties and their associates included in item 2	5

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.

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

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>		
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
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)	(290)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(117)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(407)
8.4 Cash and cash equivalents at quarter end (item 4.6)	4,137
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	4,137
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	10.2
<i>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.</i>	
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	

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

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: 24 January 2025.....

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.