



## Management's Discussion and Analysis

For the Period Ended November 30, 2004

---

### Overview

This Management's Discussion and Analysis (MD&A) of the financial position and results of operations of Soho Resources Corp. ("Soho") includes its wholly-owned subsidiary Samarkand de Mexico S.A. de C.V. ("Samarkand") and its 90% owned subsidiary, Sacramento de la Plata S.A. de C.V. ("Sacramento"), (collectively referred to as the "Company"). The MD&A should be read in conjunction with the interim financial statements and the notes thereto for the quarter ended November 30, 2004, and the audited consolidated financial statements for the fiscal year ended February 29, 2004. The information in this interim MD&A contains forward-looking statements. These statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those included in the forward-looking statements. The forward-looking statements are only made as of the date of this interim MD&A, January 28, 2005.

The Company is in the process of exploring its resource properties and has not yet determined whether these properties contain reserves that are economically recoverable. The recoverability of the amounts shown for resource properties and related deferred exploration costs is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development, and upon future profitable production.

### Summary of Operations

Soho is a resources exploration and development company operating in the exploration and development sector. The Company, through its Mexican subsidiaries, owns a majority interest in a mineral exploration and mining project located in Durango State, Mexico. Previously the Company maintained interests in gas development projects located in Texas, USA. The Company is a reporting issuer in the provinces of British Columbia and Alberta, Canada, and trades on the TSX Venture Exchange under the symbol "SOH". Additional information may be obtained from the Company's web site ([www.sohoresources.ca](http://www.sohoresources.ca)) and SEDAR ([www.sedar.com](http://www.sedar.com)).

In the spring of 2004, the Company began an exploration and development program on its Mexican Tahuehueto mineral property. This program consists of induced polarization geophysical surveying, geological mapping and sampling and grid establishment, and detailed sampling of exploration adits in several zones. During December 2004 the Company commenced a 4,000 meter reverse circulation drill program in order to drill test possible extensions along mineralised trends and follow up induced polarization anomalies delineated during the previous exploration.

The Company had an interest in two gas projects, each of which had a gas well. Neither well established any economic gas production. Subsequent to November 30, 2004 the Company disposed of these properties.

During the period ended November 30, 2004 the Company has raised \$1,462,450 through equity private placements and the exercise of previously outstanding warrants. During the period, the Company also negotiated a settlement of debts in the amount of \$467,161 by the issuance of 1,118,264 common equity units and 1,376,609 common shares.

At November 30, 2004 the Company had a working capital deficiency of \$450,826. The operations of the Company have primarily been funded by the issuance of capital stock and loans from related parties. The Company's ability to continue as a going concern is dependent on obtaining continued financial support, completing public equity financing or generating profitable operations in the future.

## Selected Quarterly Financial Information

	2005			2004				2003
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
	Nov 30/04	Aug 31/04	May 31/04	Feb 29/04	Nov 30/03	Aug 31/03	May 31/03	Feb 28/03
Loss for the period	\$(622,976)	\$(240,855)	\$(206,904)	\$(473,948)	\$(145,600)	\$(184,987)	\$(152,693)	\$(167,767)
Loss per share	\$(0.01)	\$(0.00)	\$(0.00)	\$(0.02)	\$(0.01)	\$(0.01)	\$(0.01)	\$(0.01)
Total assets	\$1,416,674	\$1,515,343	\$1,435,075	\$1,225,233	\$1,161,580	\$829,762	\$788,786	\$ 501,151
Long-term debt	-	-	-	-	-	-	-	\$ 36,200

During the quarters of fiscal 2003, total assets increased, as the Company became increasingly involved with a new gas project, the Gypsy Property's Lane No. 1 well. In the last quarter of fiscal 2003, the Company settled a large amount of debt in exchange for shares, resulting in higher than normal legal and accounting fees.

In the first two fiscal quarters of the year ending February 29, 2004 the Company increased its investment in ADS, and then wrote off the investment in the last quarter. This accounts for the quarterly increase and then decrease in the total assets, and the increase in the loss in the fourth quarter. Also in the second fiscal quarter the Company invested in another gas project, the Pebble Creek Property. At the end of the third quarter, the company received cash of \$313,975, upon the exercise of share purchase warrants.

During the first three quarters of fiscal 2005, the Company has raised an additional \$1,462,450 in cash and settled \$467,161 of debts, through the issuance of common shares and equity units. And a further \$469,726 has been spent on the exploration of its Tahuehueto mineral property. The losses for each of the 2005 fiscal periods has increased generally as a result of the increased business activities associated with the exploration of the Company's Tahuehueto mineral property. Also during these periods, the Company granted stock options to directors, officers, and employees. Under new accounting rules, these options have a deemed value of \$212,421, which has been expensed on the Statement of Operations. In the November 30, 2004 fiscal quarter, the net loss includes a write-down of \$330,922 associated with the subsequent disposal of its oil and gas properties in December 2004.

As of the date of this report, and subsequent to the quarter ended November 30, 2004, the Company has raised a further \$209,882 in cash by the issuance of 425,893 common shares and 500,00 equity units. The Company also realized an additional settlement of \$178,827 in debts through the disposal of its oil and gas properties.

## Resource Properties and Investments

### Tahuehueto Mine Project, Mexico

#### Ownership

The Company, through its wholly-owned Mexican subsidiary, Samarkand de Mexico S.A. de C.V. ("Samarkand"), owns 90% of the issued and outstanding shares of Sacramento de la Plata S.A. de C.V., ("Sacramento"). Sacramento holds a 100% interest in the Tahuehueto mineral property, located in Durango State, Mexico. The property is subject to a 2% net smelter returns royalty.

In 1999, Samarkand de Mexico was served with a statement of claim registered in the civil court of Mazatlan, Sinaloa, Mexico seeking the rescission of the Share Purchase Agreement whereby Samarkand de Mexico acquired its interest in Sacramento. The statement of claim was filed by the three vendors of the shares of Sacramento. Due to the uncertainty regarding a timely settlement of the suit, in prior years the Company had written-down the property and related costs to a nominal value.

The Company and Samarkand de Mexico have been successful in their defense against all actions by the Mexican judicial system which determined irrevocably and without further appeal that the Company was not, and has never been in default of its obligations under the Share Purchase Agreement. Pursuant to the Share Purchase Agreement, the Company is still obligated upon demand to make a final payment of \$335,000 (US\$250,000) to the vendors of the Sacramento shares.

#### Project Information

In 1998 Company management had calculated a historic mineral resource in the inferred category for the Tahuehueto property. Historic inferred resource calculations for the El Creston zone are based solely on the underground sampling and mapping conducted by the the Company during late 1997. Analytical data from a total

of 1270 channel samples was used in the historic mineral resource calculations. (Please refer to the Issuer's news release #22-97, dated September 17<sup>th</sup> 1997, for a full description of sampling procedures.) The Company's sampling was designed to check the assay data and mineral resource calculations of previous major exploration efforts by other operators (news release # 7-97 issued April 2, 1997). Robert F. Brown, P. Eng., a former director of Soho, conducted the mineral resource calculations following the guidelines of the Canadian Institute of Mining and Metallurgy Ad Hoc Committee Report, Mineral Resource/Reserve Classification: Categories, Definitions, and Guidelines, published in September, 1996. **This historic mineral resources calculation has not been upgraded to current 43-101 standards and has not been independently verified.**

The inferred resource from the El Creston zone totals 240,000 tonnes grading 9.7g/t gold, 77.g/t silver, 2.6% lead and 4.0% zinc (2,300,000 grams or 74,000 ounces of gold). This inferred resource has an average width of 4.5 meters and occurs within the central silica flooded zone of the El Creston structure. The central silica flooded zone is exposed in outcrop and underground tunnels over a 450 meter vertical elevation and a 700 meter horizontal strike length. Approximately 50% of the explored central silica flooded zone contains resource mineralization. Details of the sampling methods, level by level assay results, and compilation of the level assay plans can be found in Company's news releases # 22-97, 21-97, 19-97, 15-97, and 13-97.

### **Current Exploration Activity at Tahuehueto**

During April to August 2004, the Company completed induced polarization geophysical surveying, geological mapping and sampling and grid establishment on the Tahuehueto Project. A surface reverse circulation drill program commenced during December 2004 and is designed to prove the continuity of mineralization within the El Creston-Cinco de Mayo Trend and the Texcalama Trend. The drill program plans for approximately 20 holes averaging 200 meters per hole and is budgeted to cost \$250,000. In conjunction with this drilling, the Company plans to continue with detailed geological mapping of the property and re-commence detailed sampling of several of the remaining underground workings not yet sampled by the Company.

Following the above drill program and subject to financing, Soho plans to initiate a large infill surface and underground drilling campaign designed to prove up drill indicated resources within the El Creston Zone and its extension along the El Creston – Cinco de Mayo Trend. The drilling would be designed to develop a drill indicated resources of approximately 250,000 oz gold within the El Creston Zone over a 450 meter vertical by 750 meter horizontal strike length, targeting existing known ore shoots, as well as building additional drill indicated resources, north and south of the El Creston zone, along the potential 2,500+ meter strike length of the El Creston-Cinco de Mayo trend, as well as along the Texcalama Trend.

### **Cinco de Mayo South Adit Sampling Program**

A systematic hammer and chisel channel sampling program was undertaken during June 2004 in the Cinco de Mayo South adit. This adit extends for 210 meters and averages 1.6 meters in width. The first 175 meters from the portal was sampled across the width of the adit along the ceiling at 2.5 meter intervals. Poor ventilation precluded sampling past the 175 meter mark. Continuous, maximum 2 meter width, channel samples were also taken across the structure from the south walls of all four crosscuts within the adit. In total, 88 samples were acquired. Assay results plus detailed sampling, shipping and analytical procedures are available on the Company's web site at [www.sohoresources.ca](http://www.sohoresources.ca). A summary of analytical results is presented below.

Results are very encouraging and confirm that the Cinco de Mayo South adit is strongly mineralized in gold, silver, lead and zinc. For example; the crosscut at 90 meters returned a weighted average grade of 29.87 g/t Au, 373.80 g/t Ag, 3.12% Zn, 1.99% Pb and 1.13% Cu over 10 meters true thickness with the zone open to the east; the crosscut at 117.5m returned a weighted average grade of 9.02 g/t Au, 87.50 g/t Ag, 5.34% Zn, 1.74% Pb and 0.83% Cu over 8 meters true thickness with the zone open to the west; the crosscut at 137 meters returned one 2 meter sample grading 4.87 g/t Au, 376 g/t Ag, 3.34% Zn, 0.95% Pb and 4.23% Cu, and 20 consecutive samples down the adit from 125 meter to 175m at 1.54 meter, returned an average grade of 8.45 g/t Au, 187.41 g/t Ag, 2.30% Pb, 1.55% Cu, (Zn analysis not complete) over a continuous 50 meter strike length along adit. Each sample in this series averaged 1.54 meter wide, that being the total average width of the adit. This 50 meter potential ore shoot could be extended to at least 80 meter incorporating crosscut results and remains open to the northeast and in many places along its strike length. The southern end of the Cinco De Mayo adit exposes a mineralized fault at approximately 180 meters that faults off the southern end of the above mineralization. South, past the above referenced fault the adit exposes upper felsic volcanic sequence rocks to its end at 210 meters. (See Drawing 1 "Tahuehueto Project – Cinco De Mayo Mine (South) Plan" for sample locations and summary assay results by visiting Soho's web site at the address noted above).

### **Texcalama Zone and Adit Sampling Program**

A systematic hammer and chisel channel sampling program was undertaken during July 2004 in the Texcalama 1,

2 and 3 adits. In total, seventy-seven channel samples were acquired from Texcalama 3, eight from Texcalama 2 and four from Texcalama 1 adits. Significant assay results are summarized below and are displayed, with sample locations, on Figure 1 and Figure 2 within the complete news release dated August 19, 2004, available on the Company's web site. Results are very encouraging and confirm that the Texcalama adits are strongly mineralized in gold, silver, lead and zinc. For example, 19 consecutive samples down the Texcalama 3 adit from 0 meter to 45 meters, with an average sample width of 1.4m, (full width of adit), returned a weighted average grade of 9.97 g/t Au, 41.91 g/t Ag, 2.74% Zn, 1.39% Pb and 0.41% Cu over a continuous 45 m strike length along the adit. Results for the Texcalama 1 and 2 adits were also very encouraging with both short adits well mineralized throughout their entire lengths. Eight consecutive samples from the Texcalama 1 adit, returned a weighted average grade of 1.41 g/t Au, 103.92 g/t Ag, 0.28 % Zn, 9.47 % Pb, and 0.49 % Cu over a average 0.45 meter sample width (full width of adit) over a continuous 17.5 meters strike length along the adit. Four consecutive samples from the Texcalama 2 adit returned a weighted average grade of 3.92 g/t Au, 31.80 g/t Ag, 0.76 % Zn, 1.76 % Pb, 0.19 % Cu over an average 1.13 meter sample width, (full width of adit), over a 7.5 meters strike length along the adit. It is important to note that due to a lack of cross-cuts within the mineralized sections of the Texcalama adits, the quoted widths within the adits are a minimum width and do not represent the true width of mineralization. Additional crosscut access, and/or drilling, is required to determine the true width of the zones. The Texcalama 1 Adit, the most southerly of the three adits, extends for 17.5 meters and averages 0.45 meters in width. The Texcalama 2 Adit extends for 7.5 meters and averages 1.13 meters in width. The Texcalama 3 Adit, the most northerly adit, 400 meters NNE of the Texcalama 1 adit, is the most extensive with 132.5 meters of adit development along the mineralized zone and a 100 meters crosscut. All of these adits are part of the Texcalama Vein System structural zone, variably exposed along the drainage southward from the El Creston Zone, 600 meter to the NNE. The Texcalama Vein System has been traced on surface and underground for approximately 800 meters along strike.

Within the Texcalama Vein System structural zone, 7 separate channel samples were acquired from limited surface exposures of vein(s) were exposed in different location within the system. The results are very encouraging and confirm that the Texcalama Vein System structural zone is strongly mineralized in gold, silver, lead and zinc. For example, sample TAH49, 350 meters north of the Texcalama 3 adit's entrance, returned assay values of 5.97 g/t Au, 28.0 g/t Ag, 4.31 % Zn, 3.26 % Pb and 0.11 % Cu across 0.5 meters of vein. Sample CB02, 230 meters north of the Texcalama 3 entrance, returned assay values of 10.25 g/t Au, 120.0 g/t Ag, 5.39 % Zn, 14.2 % Pb and 0.98 % Cu over 0.70 meters of vein. Sample TAH25, 50 meters south of the Texcalama 3 portal, returned assay values of 16.85 g/t Au, 20.0 g/t Ag, 0.04 % Zn, 0.63 % Pb and 0.03 % Cu over 0.60 meters of vein.

The results presented above and in the Company's previous news releases Soh#04-07 and Jan 21, 1998 indicate that the Texcalama Vein System is a separate structure to the El Creston-Cinco De Mayo Trend and like both the El Creston and Cinco de Mayo South zones, is strongly mineralized. All zones explored by Soho with detailed channel sampling warrant and require drill testing along their lengths to prove their ultimate potential. Results obtained to date by Soho support the Tahuehueto project exploration model, in that the property hosts a large epithermal system strongly mineralized in gold, silver, lead, zinc and copper within multiple structures and zones. To date, only three zones, El Creston, Cinco De Mayo South and Texcalama, out of a total of 12 mineralized zones known to occur on the property have been sampled in detail by the Company.

### **Gridding**

Contract surveyors and locally hired cutting team completed 20 line kilometers of grid which encompasses the El Creston, Cinco de Mayo, El Camino (El Burro) and Texcalama underground workings.

### **PIMA Sampling Program**

103 samples have been acquired, sent and received by Vancouver Petrosience for PIMA spectrographic (alteration mineralogy), petrographic and thin section analysis. The samples were obtained from the El Creston, Cinco de Mayo, El Camino, Texcalama, El Rey, El Perdido and Tres de Mayo vein systems, as well as other alteration zones within the grid area and in the Rio de las Vueltas area, south of the grid.

### **Geological Mapping Program**

The first phase of a geological mapping program has been completed. The program focused on the mineralized systems within the grid area as referred to above. This mapping has established that mineralization is closely related to coeval faulting, felsic volcanism and sedimentation. Mapping also indicates that the mineralizing structures, although most pronounced in the lower volcanic units, persist into the upper volcanic units as well.

### **3D Induced Polarization Geophysical Program**

The geophysical team surveyed the entire 20km grid. The system deployed was Induced Polarization ("IP") measuring resistivity and 10 windows of chargeability across a 600 meter, 9 to 12 receiving dipole array. Additional current sources were applied off of the receiving lines, which allows for the generation of three-dimensional models

of the resistivity and chargeability results. The survey was intended to generate a geophysical response signature of the El Creston, Cinco de Mayo, Texcalama and El Camino mines and to test the intervening area for potential continuations and extensions of the mineralized structures. Geophysical data obtained displays very strong induced polarization chargeability responses potentially indicative of sulfide mineralization between and including the El Creston and Cinco De Mayo zones within the El Creston-Cinco De Mayo Trend. Visual results of this data can be viewed on the Company's web site within the news release dated Sept 7, 2004. The survey also returned very strong chargeability responses within the Texcalama Trend, a strongly mineralized sub-parallel structure to the El Creston-Cinco De Mayo Trend. This geophysical survey method employed appears to be an excellent exploration tool for the style of mineralization known to occur within the underground adits of the El Creston, Cinco De Mayo and Texcalama Zones. The survey clearly shows the El Creston-Cinco De Mayo Trend chargeability anomalies extending south, off the El Creston zone and north, off the Cinco De Mayo Zone. These anomalies continue between the two zones, under the El Creston-Cinco De Mayo Trend where the Company predicted the El Creston zone to be down faulted and buried. Should drilling verify that the IP anomalies are mineralized similar to El Creston and Cinco De Mayo zones, Soho will have demonstrated that this 2.5+ km structure holds potential for a large gold, silver and base metal deposit. Up to now, the Company's hopes have been focused on the El Creston-Cinco De Mayo Trend and management is most happy with what the data is displaying within this trend. However, geophysical data within the Texcalama Trend is also highly encouraging, displaying strong chargeability anomalies under the Texcalama adits and along the Texcalama Trend. With this data the Texcalama Trend has now been elevated into a high priority exploration target, markedly increasing the expectations for the Tahuehueto Property.

The geophysical survey was conducted within a 1.2 X 1.8 km area (216 hectares) within the 2062 hectares property under the on-site direction of Chris Basil, Project Manager and highly experienced geophysical Operator/Technician. The data processing procedures were undertaken by S.J. Geophysics Ltd. ("SJ") under the direction of Syd Visser, Geophysicist, P. Geo., who is a "qualified person" as defined under NI 43-101. The final "inversion" processing and generation of three-dimensional models on SJ's "Beowulf Cluster" of parallel processing computers, was managed by Linwei Chen, technician, and Dave Muir, Msc. (Mathematics).

The Inversion Program (DCINV3D) used by SJ Geophysical Group was developed by a consortium of major mining companies under the auspices of the UBC-Geophysical Inversion Facility.

#### **Reverse Circulation Drilling Program**

During December 2004 the Company commenced a 4,000-meter reverse circulation drill program on the property. One hole was drilled in December 2004, and three holes have been completed so far in January 2005 with the fifth hole of the program currently underway. Analytical results for the first hole has been received by the company and released publicly and are summarized as follows, - Hole RC1 was drilled to a total depth of 70 meters (230 feet) and encountered massive sulphide vein mineralization from 42.67, m to 53.34 m, giving an intersection of 10.6 m (35ft) grading 8.8g/t gold, 67.49g/t Ag, 10.46% Zinc and 3.56% lead. The apparent true width of this mineralized intersection is calculated to be approximately 8 meters.

The hole also encountered disseminated sulphide mineralization on both sides of the massive sulphide intersection quoted above. Including both the disseminated and massive sulphide mineralization, the Company has calculated an average grade of 4.43 g/t Au, 38.73 g/t Ag, 5.37% Zn and 2.03 % Pb over a 22.86 m intersected width (apparent true width calculated at 17 m). Please refer to the Company's news release dated January 27, 2005.

Management is very happy with the excellent exploration results obtained so far from the exploration program on the Tahuehueto Project and is confident this project will continue to develop very favorably with ongoing exploration and development.

#### **Gypsy Property - Bossier Gas Production and Lease Acreage Acquisition**

In 2002, the Company entered into an agreement with Code America Investments LLC. ("Code America") to acquire certain gas leases located within the Bossier Sandstone Gas Play in Freestone County, Texas. Pursuant to this agreement the Company acquired a 12.5% interest in the producing Lane No. 1 gas well and the ability to create an option to acquire up to a 100% interest in certain other gas leases. The Company paid approximately US\$250,000, issued 286,630 common shares with a value of \$22,930 as a finder's fee, and Milton Cox, a director of Code America, became a director of the Company.

The Lane No.1 gas well work-over and re-completion program commenced during late March 2003 and was completed in January 2004, at which time the well began production testing. The Lane No. 1 well has failed to achieve any significant gas production since being placed into production. As a result of the poor production, and as is noted below, this property was disposed of in December 2004.

### **Pebble Creek Property**

On August 5<sup>th</sup>, 2003 the Company announced that it had entered into Joint Venture Development Agreement with Code America whereby Soho purchased a 5% working interest equating to a 3.5% Net Revenue Interest in the Pebble Creek Prospect, Shelby County, Texas.

Pursuant to the agreement, the Company paid \$79,837 (US \$58,070) as its pro-rata cost of development to drill, test and complete two initial wells within the project area. During September 2004 the operator of the Pebble Creek Prospect drilled and completed the first of two required wells for the prospect. The well was placed into test production and but has failed to achieve any economic gas production. As a result of the poor production, and as is noted below, this property was disposed of in December 2004.

### **Corporate, General, and Administrative**

#### **Annual General Meeting**

At the Companies Annual General Meeting held on August 27, 2004, shareholders elected the following individuals as directors of the Company:

Ralph Shearing  
Marek Kreczmer  
Jose Abraham Urias Romero  
Paul Chung

Pursuant to the introduction of the new British Columbia Business Corporations Act, and as approved by shareholders, the Company has adopted new "Articles of the Company". In addition, the Company's share capital was altered to now allow an unlimited number of common shares to be authorized. The Company has received regulatory approval for these changes.

#### **Management Agreements**

In July 2004 the Company entered into an agreement with Frank Port and Seaport Capital Inc., a company controlled by Mr. Port, to provide business development services to the Company for a monthly fee of \$5,000. In addition Mr. Port was appointed an officer of the Company in the position of Vice-president Corporate Development and has been granted 350,000 stock options as additional compensation.

In September 2004 the Company entered into a management services agreement with Ralph Shearing and CMB Investments Ltd., a company controlled by Mr. Shearing, to provide general management services to the Company for a monthly fee of \$7,500. Mr. Shearing is the CEO and a Director of the Company.

Both of these agreements have received regulatory approval.

### **Financing Activities**

#### **Promissory Notes**

In January 2004, the Company negotiated Amendment Agreements with two lenders of loans totalling \$274,500, pursuant to which the lenders agreed to extend the terms of the loans to July 31, 2004 in consideration of being issued 1,093,907 share purchase warrants. Each share purchase warrant is exercisable into one common share in the capital of the Company at a price of \$0.14 per share for a period of one year. In October 2004, the Company negotiated the settlement of this \$274,500 debt, plus accrued interest as of September 30, 2004 in the amount of \$69,652 through the issuance of 1,376,609 common shares.

Another lender agreed to settle \$68,625 of loans payable, plus \$7,884 of interest payable, in exchange for 695,536 units of the Company. Each unit consists of one common share and one-half of a non-transferable share purchase warrant. Each full share purchase warrant is exercisable for a period of one year at a price of \$0.14 per common share.

### **Warrant Exercise Financings**

In March 2004 certain shareholders exercised a total of 700,000 warrants at \$0.10 per share for total proceeds of \$70,000 resulting in the issuance of 700,000 shares. These proceeds were utilized in the Company's Mexican operations and for general working capital.

In July 2004, a further 1,600,000 warrants at \$0.10 per share were exercised for total proceeds of \$160,000 resulting in the issuance of 1,600,000 shares. These proceeds were also utilized in the Company's Mexican operations and for general working capital.

During the quarter ended November 30, 2004, a total of 1,160,001 warrants at \$0.14 per share were exercised for total proceeds of \$162,400 resulting in the issuance of 1,160,001 shares. These proceeds were also utilized in the Company's Mexican operations and for general working capital.

Subsequent to the period ended November 30, 2004 an additional 400,268 warrants at \$0.14 per share were exercised for total proceeds of \$56,038 resulting in the issuance of 400,268 shares.

### **Stock Option Financings**

Subsequent to the period ended November 30, 2004, 25,625 stock options at \$0.15 per share were exercised for total proceeds of \$3,844 resulting in the issuance of 25,625 shares.

### **Private Placement Financings**

The Company announced on January 14, 2004 that it has arranged, subject to all necessary regulatory approvals, a Private Placement of 7,000,000 units at \$0.11 per unit for total proceeds of \$770,000, each unit consisting of one common share and one-half of a non-transferable share purchase warrant. Each whole share purchase warrant shall be exercisable for a period of one year at a price of \$0.14 per share. The proceeds of the Private Placement were used to pay certain accounts payable, and for general working capital associated with its resource properties.

This financing was not completed until March 2004; accordingly \$362,560 of funds received prior to the Company's year end were recorded in the Company's financial statements as share subscriptions received in advance.

On October 21, 2004, the Company completed a Private Placement of 2,000,334 units at \$0.15 per unit for total proceeds of \$300,050. In connection with this Private Placement, the company paid the Agents fees, commissions, and expenses, by way of: cash in the amount of \$5,525; the issuance of 156,693 units at a deemed price of \$0.15; and issued Agent Unit Options entitling the Agents to purchase 200,050 units at \$0.22 per unit. Each unit consists of one common share and one-half of a non-transferable share purchase warrant. Each whole share purchase warrant shall be exercisable for a period of one year at a price of \$0.22 per share.

Subsequent to the quarter ended November 30, 2004, the Company completed a Private Placement of 500,000 units at \$0.30 per unit for total proceeds of \$150,000. Each unit consists of one common share and one-half of a non-transferable share purchase warrant. Each whole share purchase warrant shall be exercisable for a period of one year at a price of \$0.30 per share. This transaction was with a director of the Company.

### **Debt Settlements**

In March 2004, in addition to the promissory note debt settlement referred to above, the Company and a creditor agreed to settle \$46,500 of outstanding debt in consideration of the issuance of 422,728 units, each unit consisting of one common share and one-half of a non-transferable share purchase warrant. Each full share purchase warrant shall be exercisable for a period of one year at a price of \$0.14 per share.

Subsequent to the period end, in December 2004, the Company disposed of its interest in its oil and gas properties. As consideration, the purchasers agreed to forgive certain debts owed by the Company to the purchasers, in the amount of \$178,827. As a result of this agreement, oil and gas properties were written down in the current period to an amount equal to the debts subsequently forgiven. This transaction was with companies controlled by a former director of the Company.

All of the above financing transactions have received regulatory approval where applicable.

## **Capital Stock, Warrants, and Options**

### **Capital Stock**

	Number of Shares	Amount
Authorized:		
Unlimited common shares without par value		
100,000,000 Class A preference shares with a par value of \$1 per share		
100,000,000 Class B preference shares with a par value of \$5 per share		
Common shares issued:		
Balance as at February 29, 2004	29,665,366	\$11,188,525
Private placements	9,000,334	1,070,050
Private placement – Agents' fees	156,693	23,504
Settlement of debt	2,494,872	467,161
Warrants exercised	3,460,001	392,400
Share issue costs	-	(33,135)
Balance as at November 30, 2004	44,777,266	13,108,505
Private placement	500,000	150,000
Options exercised	25,625	3,844
Warrants exercised	400,268	56,038
Balance as at January 28, 2005	45,703,159	\$13,318,387

### **Warrants**

As at January 28, 2005, the following share purchase warrants were outstanding:

Number of Shares	Exercise Price	Expiry Date
211,364	\$ 0.14	March 9, 2005
2,287,500	\$ 0.14	March 20, 2005
1,093,907	\$ 0.14	April 28, 2005
1,000,167	\$ 0.22	October 21, 2005
250,000	\$ 0.30	January 19, 2006
4,842,938		

### **Agents Unit Options**

As at January 28, 2005, in connection with the October 21, 2004 private placement financing, the Company granted non-transferable Agent Unit Options entitling the Agents to purchase 200,050 units at \$0.22 per unit, each unit consisting of one common share and one-half of a non-transferable share purchase warrant. Each whole share purchase warrant shall be exercisable for a period of one year at a price of \$0.22 per share.

### **Stock Option Plan**

A 2003 Stock Option Plan was approved by a majority of disinterested shareholders on April 4, 2003, at the Company's annual general meeting. The number of shares reserved for issuance under the 2003 stock option plan is set at 4,865,123.

As at January 28, 2005, the following share purchase options were outstanding:

<u>Number of Shares</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
1,874,375	\$ 0.15	March 18, 2009
30,000	\$ 0.15	June 22, 2009
350,000	\$ 0.15	September 21, 2009
290,000	\$ 0.15	September 29, 2009
200,000	\$ 0.20	November 2, 2009
250,000	\$ 0.25	November 2, 2009
<u>2,994,375</u>		

### **Liquidity**

At November 30, 2004, the Company had a working capital deficiency of \$450,826. As the Company has a serious working capital deficiency, its ability to continue as a going concern is dependent on obtaining continued financial support, completing public equity financing or generating profitable operations in the near future. Since November 30, 2004 the Company has secured additional financing of \$209,882 from a private placement and the exercise of warrants and stock options. The Company also negotiated an additional settlement of \$178,827 in debts through the disposal of its interest in oil and gas properties.

### **Investor Relations**

Soho has engaged Windward Communications Ltd. to work with investors, brokers, analysts and the media. Windward also co-ordinates the Company's attendance at trade shows, conventions and other presentations in both the United States and Great Britain. With the Company re-activating its Mexican affairs, Windward was being paid a fee of US \$3,500 per month. In December 2004 the Company terminated its agreement with Windward.

In addition to other management services, Frank Port is handling current investor relation activities. (See above section on Management Agreements)

### **Related Party Transactions**

In addition to certain related party transactions mentioned above, the Company had additional significant transactions with related parties, as are summarized below.

Due to related parties of \$73,923 is payable to a company controlled by a former director and to a company related to Soho by a common director. This amount is non-interest bearing, unsecured and has no specific terms of repayment. This debt relates to payments to various creditors on behalf of the Company, office rent and expenses charged for shared office accommodation, and cash loans to the Company.

A loan of \$71,659 and interest of \$7,698 was due to a company controlled by a former director of Soho. During the quarter, the Company accrued interest expense of \$1,453 on this loan. This loan related to the Company's investment in the Pebble Creek Property.

CMB Investments Ltd.(CMB), a company controlled by a director, charged the Company a total of \$33,984 for management services. This is compensation for time spent on administrative, financial, and operational affairs of the Company. As the overall level of the Company's business activities has increased in recent months, in September 2004 Soho entered into a management services contract with CMB. Under the terms of this agreement, CMB is charging Soho a management fee in the amount of \$7,500 per month.

These transactions are in the normal course of operations and are measured at the exchange amount which is the amount established and agreed to by the related parties.

### **Results of Operations**

The Company incurred \$754,094 in general and administrative plus interest expenses during the nine month period ending November 30, 2004. Many expenses increased as a result of the general increase in business activities compared to the prior fiscal period.

Professional fees include legal, accounting, and audit fees. Legal and accounting fees increased as a result of the increase in financing activities, including debt settlements, and private placements. These transactions also account for the increase in regulatory fees as the Company was required to submit these transactions to regulatory authorities for approvals. There were also additional legal and accounting fees relating to the successful conclusion of the Mexican litigation.

Consulting fees include fees paid for corporate communication services and financial consulting associated with the Company's on going search for additional sources of financing.

Communications expense includes the costs of Soho's office telephones, fax, mobile phones, web hosting and internet access services.

Wages and benefits increased as the Company hired a full time administrative assistant, while in the comparative period the Company reduced both the number of employees and the hours they worked. This saving was offset by higher administrative costs in other areas as the Company relied on outside consultants and other service providers to perform tasks previously assigned to employees.

Travel expenses include the costs of airfare, accommodation, and meals for a variety of business trips related to securing financing and meetings connected with the Tahuehueto property.

Except as may be otherwise indicated, all of the above noted transactions have received regulatory approvals, where required.

On Behalf of the Board of Directors of  
Soho Resources Corp.

*"Ralph Shearing"*

Ralph Shearing,  
CEO  
January 28<sup>th</sup>, 2005

**SOHO RESOURCES CORP.**

**CONSOLIDATED FINANCIAL STATEMENTS**

**NOVEMBER 30, 2004**

**SOHO RESOURCES CORP.**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**NOVEMBER 30, 2004**

**NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

Under the National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim consolidated financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these interim consolidated financial statements in accordance with the standards established by the Canadian Institute of the Chartered Accountants for a review of interim consolidated financial statements by an entity's auditor.

"Ralph Shearing"

---

Ralph Shearing  
Chief Executive Officer

January 28, 2005

**SOHO RESOURCES CORP.**  
**CONSOLIDATED BALANCE SHEETS**

	November 30, 2004 (Unaudited – prepared by management)	February 29, 2004  Audited
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 316,274	\$ 291,959
Receivables	28,169	13,411
	344,443	305,370
<b>Mineral properties</b> (Note 2)	883,179	409,463
<b>Oil and gas properties</b> (Note 3)	178,827	504,266
<b>Equipment</b>	10,225	6,134
	\$ 1,416,674	\$ 1,225,233
<b>LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 298,875	\$ 424,123
Obligation under share purchase agreement (Note 2)	335,000	335,000
Due to related parties (Note 5)	73,923	92,576
Loans payable	87,471	464,856
	795,269	1,316,555
<b>Shareholders' equity (deficiency)</b>		
Capital stock	13,108,505	11,188,525
Share subscriptions received in advance	-	362,560
Contributed surplus (Note 4)	226,042	-
Deficit	(12,713,142)	(11,642,407)
	621,405	(91,322)
	\$ 1,416,674	\$ 1,225,233

**Nature and continuance of operations** (Note 1)

**Commitment** (Note 7)

**Subsequent events** (Note 9)

**On behalf of the Board:**

“Ralph Shearing”  
 Ralph Shearing

Director

“Paul Chung”  
 Paul Chung

Director

The accompanying notes are an integral part of these consolidated financial statements.

**SOHO RESOURCES CORP.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT**  
(Unaudited – prepared by management)

	Three months ended November 30,		Nine months ended November 30,	
	2004	2003	2004	2003
<b>EXPENSES</b>				
Amortization	\$ 535	\$ 681	\$ 1,605	\$ 2,043
Automobile	-	930	377	930
Business promotion	2,120	-	9,900	-
Communications	6,775	3,166	13,521	14,155
Consulting and financial services	8,500	-	42,533	8,174
Interest and bank charges	6,588	16,529	35,048	46,373
Investor relations	43,452	-	72,540	4,206
Loan bonuses	-	-	-	85,614
Management fees	30,000	-	33,984	27,491
Office and miscellaneous	4,157	7,653	10,609	13,841
Professional fees	62,942	92,679	197,568	127,471
Property investigations	-	-	6,006	-
Regulatory fees	4,772	2,481	16,853	12,136
Rent	12,729	10,453	37,112	40,228
Stock-based compensation	93,298	-	212,421	-
Transfer agent	973	1,763	5,043	7,613
Travel	21,864	9,644	37,885	31,429
Wages and benefits	7,630	4,288	21,089	12,672
<b>Loss before other items</b>	<b>(306,335)</b>	<b>(150,267)</b>	<b>(754,094)</b>	<b>(434,376)</b>
<b>OTHER ITEMS</b>				
Foreign exchange gain (loss)	14,281	4,667	14,281	3,277
Write-down of oil and gas properties	(330,922)	-	(330,922)	-
Write-down of investment in ADS Drilling Services, Inc.	-	-	-	(52,186)
<b>Loss for the period</b>	<b>(622,976)</b>	<b>(145,600)</b>	<b>(1,070,735)</b>	<b>(337,680)</b>
<b>Deficit, beginning of period</b>	<b>(12,090,166)</b>	<b>(11,022,859)</b>	<b>(11,642,407)</b>	<b>(10,685,174)</b>
<b>Deficit, end of period</b>	<b>\$ (12,713,142)</b>	<b>\$ (11,168,459)</b>	<b>\$ (12,713,142)</b>	<b>\$ (11,168,459)</b>
<b>Basic and diluted loss per common share</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>	<b>\$ (0.03)</b>	<b>\$ (0.02)</b>
<b>Weighted average number of common shares outstanding</b>	<b>41,940,871</b>	<b>26,707,580</b>	<b>39,391,494</b>	<b>25,388,011</b>

The accompanying notes are an integral part of these consolidated financial statements.

**SOHO RESOURCES CORP.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Unaudited – prepared by management)

	Three months ended November 30,		Nine months ended November 30,	
	2004	2003	2004	2003
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Loss for the period	\$ (622,976)	\$ (145,600)	\$ (1,070,735)	\$ (483,285)
Items not affecting cash				
Amortization	535	681	1,605	2,043
Accrued interest	6,036	16,320	34,286	39,899
Loan bonus	-	-	-	85,614
Stock-based compensation	93,298	-	212,421	-
Unrealized foreign exchange gain	(13,451)	-	(13,451)	(15,050)
Write-down of oil and gas properties	(330,922)	-	(330,922)	-
Write-down of investment in ADS Drilling Services, Inc.	-	-	-	52,186
Changes in non-cash working capital items				
(Increase) decrease in receivables	(7,782)	26,334	(14,758)	8,260
Increase (decrease) in accounts payable and accrued liabilities	(19,364)	144,082	(35,041)	191,314
Net cash used in operating activities	(232,782)	41,817	(554,751)	(119,019)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Issuance of common shares	462,450	312,975	1,462,450	442,975
Share subscriptions received in advance	-	10,000	(362,560)	10,000
Proceeds from (repayments of) loans payable	-	(20,625)	(28,449)	332,052
Advances from (repayments to) related parties	(8,653)	14,665	(11,470)	43,474
Net cash provided by financing activities	453,797	317,015	1,059,971	828,501
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Equipment purchase	(2,891)	-	(5,696)	-
Investment in ADS Drilling Services, Inc.	-	26,840	-	(260,000)
Mineral properties	(138,252)	(64,148)	(469,726)	(64,148)
Oil and gas properties	-	-	(5,483)	(79,837)
Net cash used in investing activities	(141,143)	(37,308)	(480,905)	(403,985)
<b>Increase (decrease) in cash position during the period</b>	<b>79,872</b>	<b>321,524</b>	<b>24,315</b>	<b>305,497</b>
<b>Cash position, beginning of period</b>	<b>236,402</b>	<b>1,339</b>	<b>291,959</b>	<b>17,366</b>
<b>Cash position, end of period</b>	<b>\$ 316,274</b>	<b>\$ 322,863</b>	<b>\$ 316,274</b>	<b>\$ 322,863</b>

**Supplemental disclosure with respect to cash flows (Note 6)**

The accompanying notes are an integral part of these consolidated financial statements.

**SOHO RESOURCES CORP.**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
NOVEMBER 30, 2004  
(Unaudited – prepared by management)

---

**1. NATURE AND CONTINUANCE OF OPERATIONS**

The Company is incorporated under the laws of British Columbia. Its principal business activities consist of exploration and development of resource properties.

The accompanying unaudited consolidated interim financial statements of Soho Resources Corp. include the accounts of the Company and its wholly-owned subsidiaries: Samarkand de Mexico S.A. de C.V. ("Samarkand") and its 90% owned subsidiary, Sacramento de la Plata S.A. de C.V. ("Sacramento"), (collectively referred to as the "Company"). All inter-company transactions and balances have been eliminated upon consolidation.

These financial statements should be read in conjunction with the Company's annual audited consolidated financial statements for the fiscal year ended February 29, 2004. All material adjustments which, in the opinion of management, are necessary for a fair presentation of the results of the interim periods have been reflected. The results for the nine month period ended November 30, 2004 are stated utilizing the same accounting policies and methods of application as the most recent annual financial statements, but are not necessarily indicative of the results to be expected for the full year.

The Company follows the current rate method of translation, which translates foreign assets and liabilities at the rate of exchange at the balance sheet date. Revenues and expenses are translated into Canadian dollars at the average rate of exchange throughout the period. Gains and losses arising from translation of the financial statements are deferred and disclosed as a separate component of shareholder's equity. These financial statements are stated in Canadian dollars. Transactions associated with the Company's U.S. resources properties are measured in U.S. dollars. Transactions associated with the Company's Mexican resources properties are measured in both Canadian dollars and Mexican pesos, depending on the nature and source of the transaction.

The Company is in the process of exploring its resource properties and has not yet determined whether these properties contain reserves that are economically recoverable. The recoverability of the amounts shown for resource properties and related deferred exploration costs is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development and upon future profitable production.

These unaudited interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles with the on-going assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The operations of the Company have primarily been funded by the issuance of capital stock and loans from related parties. As the Company has a serious working capital deficiency, its ability to continue as a going concern is dependent on obtaining continued financial support, completing public equity financing or generating profitable operations in the future.

	November 30, 2004	February 29, 2004 (Audited)
Deficit	\$ (12,713,142)	\$ (11,642,407)
Working capital (deficiency)	\$ (450,826)	\$ (1,011,185)



**SOHO RESOURCES CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**NOVEMBER 30, 2004**  
(Unaudited – prepared by management)

**2. MINERAL PROPERTIES**

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties are in good standing.

**Tahuehueto Project**

The Company, through its wholly owned Mexican subsidiary, Samarkand de Mexico, owns 90% of the issued and outstanding capital stock of Sacramento. Sacramento holds a 100% interest in the Tahuehueto mineral property, located in Durango State, Mexico. The property is subject to a 2% net smelter returns royalty.

In 1999, Samarkand de Mexico was served with a statement of claim registered in the civil court of Mazatlan, Sinaloa, Mexico, seeking the rescission of the Share Purchase Agreement whereby Samarkand de Mexico acquired its interest in Sacramento. The statement of claim was filed by the three vendors of the shares of Sacramento. Due to the uncertainty regarding a timely settlement of the suit, in prior years the Company had written-down the property and related costs to a nominal value.

The Company and Samarkand de Mexico have been successful in its defense against all actions by the Mexican judicial system. Pursuant to the Share Purchase Agreement, the Company is obligated to make a final payment of \$335,000 (US\$250,000) to the vendors of the Sacramento shares. The Company is now proceeding with its exploration plan for the Tahuehueto Project.

Mineral property costs incurred on the Tahuehueto Project were incurred as follows:

	November 30, 2004	February 29, 2004
Balance, beginning of period	\$ 409,463	\$ 100
Additions:		
Acquisition costs	50,000	335,000
Exploration advances	23,698	-
Assays, data and maps	40,626	-
Equipment and supplies	36,318	-
Geological consulting	164,715	-
Geophysical survey	46,107	-
Mineral concession taxes	17,595	74,363
Stock-based compensation	3,990	-
Subcontractors and equipment rentals	71,230	-
Transportation	19,437	-
	473,716	409,363
Balance, end of period	\$ 883,179	\$ 409,463

**SOHO RESOURCES CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**NOVEMBER 30, 2004**  
(Unaudited – prepared by management)

**3. OIL AND GAS PROPERTIES**

**Gypsy Property**

The Company entered into an agreement with Code America Investments LLC. ("Code America") to acquire certain gas leases, the "Gypsy Property", located in Freestone County, Texas. This acquisition included a 12.5% interest in the producing Lane No. 1 gas well and up to a 100% interest in certain other gas leases. The Company paid approximately US\$250,000 and issued 286,630 common shares with a value of \$22,930 as a finder's fee and a director of Code America became a director of the Company. As additional compensation, the Company agreed to issue 2,000,000 common shares to Code America, subject to the completion of a work program on the Lane No. 1 gas well that results in increased production by 1.25 mmcf/d, sustained for seven days. The work program has been completed and the well is currently producing, however the production has not met the requirements to issue the additional compensation shares. (Subsequent events - Note 9 (d))

**Pebble Creek Property**

On August 5<sup>th</sup>, 2003, the Company entered into a Joint Venture Development Agreement with Code America whereby the Company purchased a 5% working interest equating to a 3.5% Net Revenue Interest in the Pebble Creek Prospect, Shelby County, Texas. Code America is a corporation controlled by a director of the Company.

Pursuant to the agreement, the Company paid \$79,837 (US \$58,070) as its pro-rata cost of development to drill, test and complete two initial wells within the project area.

In order to fund its pro-rata cost of the development wells, the Company received a loan from BHT-TCM Investment Inc. ("BHT") in the amount of US\$58,070. The loan is secured by the working interest being purchased, has a term of one year and bears interest of 8% per annum. The Company has agreed to issue a bonus to BHT equal to 20% of the total amount of the loan, payable in shares of the Company at a price of \$0.10 per share. BHT is controlled by a former director of the Company. The amount of this loan, \$77,471 (US\$58,070), is included in loans payable and the loan bonus of \$11,614 is included in accounts payable and accrued liabilities. (Subsequent events - Note 9 (d))

Costs were incurred as follows:

	Gypsy Property	Pebble Creek Property	November 30, 2004	February 29, 2004
Balance, beginning of period	\$ 424,429	\$ 79,837	\$ 504,266	\$ 424,429
Incurred during the period				
Acquisition costs	-	-	-	79,837
Production testing	5,483	-	5,483	-
	5,483	-	5,483	79,837
	429,912	79,837	509,749	504,266
Write-down of oil and gas properties - Note 9 (d)	(279,093)	(51,829)	(330,922)	-
Balance, end of period	\$ 150,819	\$ 28,008	\$ 178,827	\$ 504,266

**SOHO RESOURCES CORP.**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
NOVEMBER 30, 2004  
(Unaudited – prepared by management)

---

**4. CONTRIBUTED SURPLUS**

Stock-based compensation

The Company granted 3,220,050 stock options during the period ended November 30, 2004. The total value of stock-based compensation using the Black-Scholes option pricing model was \$534,594. The options vest 20% upon the date of grant, and then at rate of 20% every 3 months thereafter. The Company only records the vested portion of the value of the stock-based compensation. In connection with the vested options, during the period the Company has recorded \$226,042 as contributed surplus on the Balance Sheet. Of this amount; \$212,421 was charged to the Statement of Operations and Deficit, \$3,990 has been deferred and is included in Mineral Properties on the Balance Sheet, and \$9,631 has been charged to share issue costs included in Capital Stock. The weighted average fair value of the options granted during the period was \$0.17 per option.

The following weighted average assumptions were used for the Black-Scholes valuation of stock options granted during the year:

	November 30, 2004	February 29, 2004
Risk-free interest rate	3.54%	-
Expected life of options	5 Years	-
Annualized volatility	99%	-
Dividend rate	0%	-

There were no options outstanding during the prior year.

**5. RELATED PARTY TRANSACTIONS**

The Company entered into the following transactions with related parties unless disclosed elsewhere in these statements:

- a) Paid or accrued interest expense of \$4,208 to a company controlled by a former director.
- b) Paid \$33,984 for management fees to a company owned by a director.

Amounts due to related parties of \$73,923 are owed to a company controlled by a former director, and a company with a director in common, and are non-interest bearing, unsecured and have no specific terms of repayment. These amounts relate to the cost of shared office space and cash advances.

These transactions are in the normal course of operations and are measured at the exchange amount which is the amount established and agreed to by the related parties.

**SOHO RESOURCES CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**NOVEMBER 30, 2004**  
(Unaudited – prepared by management)

**6. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS**

	November 30, 2004	November 30, 2003
Cash paid during the period for interest	\$ 7,490	\$ 1,230
Cash paid during the period for income taxes	\$ -	\$ -

Significant non-cash transactions during the period ended November 30, 2004 included:

- a) Issued 1,118,264 units to settle \$46,500 of accounts payable, \$7,884 of interest payable, and \$68,625 of loans payable, for a total debt settlement of \$123,009. Each unit consists of one common share and one-half of a non-transferable share purchase warrant. Each whole share purchase warrant shall be exercisable for a period of one year at a price of \$0.14 per common share.
- b) Issued 1,376,609 shares to settle \$69,652 of interest payable, and \$274,500 of loans payable, for a total debt settlement of \$344,152.
- c) Issued 156,693 shares as consideration for agents' fees in the amount of \$23,504, in connection with a brokered private placement of common shares.

**7. COMMITMENT**

**Operating lease**

The Company rents its office premises under an operating lease until February 2005. The remaining operating lease commitment, including rent plus estimated common area costs, is approximately \$18,000.

**8. SEGMENTED INFORMATION**

The Company operates primarily in two reportable operating segment, being the oil and gas industry in the United States and the mineral exploration business in Mexico.

	November 30, 2004	November 30, 2003
Net income (loss) for the period was incurred in:		
Canada	\$(1,013,064)	\$(448,131)
Mexico	(57,671)	(35,154)
	\$(1,070,735)	\$(483,285)
	November 30, 2004	February 29, 2004 (Audited)
Identifiable assets are located in:		
Canada	\$ 354,668	\$ 311,504
Mexico	883,179	409,463
USA	178,827	504,266
	\$ 1,416,674	\$ 1,225,233

**SOHO RESOURCES CORP.**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
NOVEMBER 30, 2004  
(Unaudited – prepared by management)

---

**9. SUBSEQUENT EVENTS**

- a) Issued 400,268 common shares pursuant to the exercise of 400,268 share purchase warrants, for cash proceeds of \$56,038.
- b) Issued 25,625 common shares pursuant to the exercise of 25,625 share purchase options, for cash proceeds of \$3,844.
- c) The Company completed a Private Placement of 500,000 units at \$0.30 per unit for total proceeds of \$150,000. Each unit consists of one common share and one-half of a non-transferable share purchase warrant. Each whole share purchase warrant shall be exercisable for a period of one year at a price of \$0.30 per share.
- d) In December 2004 the Company disposed of its interest in its oil and gas properties. As consideration, the purchasers agreed to forgive certain debts owed by the Company to the purchasers, in the amount of \$178,827. As a result of this agreement, oil and gas properties were written down in the current period to an amount equal to the debts subsequently forgiven. This transaction was with companies controlled by a former director of the Company.