

Soho Resources Corp.^{1,2,6} (SOH-V, \$0.47)

Rating: RESEARCH COMMENT

Tahuehueto Visit

Current Shares O/S: 40.1 million

Fully Diluted: 48.0 million

52-Week High/Low: \$0.53/\$0.08

Adjusted Market Cap: \$18.5 million

Cash (estimated): \$0.3 million

Per Share Fully Diluted: \$0.01

Last week, we had the opportunity to kick tires and take a closer look at the Soho Resources Corp. (SOH-V) Tahuehueto project in Durango, Mexico. Timing for the trip was opportune, as the Company is midway through a 20-hole reverse-circulation drill program representing the first real test of the precious- and base-metal veins on the project. Soho caught market attention in January when it released results from the first hole drilled, returning 8.8 g/t gold, 67.5 g/t silver, 10.46% zinc, and 3.56% lead over 10.6 metres (8 metres true width) from the El Creston vein. The hole intersected the target between Level 9 and Level 10, where underground sampling returned comparable grades up to 10.03 g/t gold, 59.4 g/t silver, 4.08% zinc, and 2.07% lead over 7.5 metres from a crosscut on Level 10.

El Creston Zone



Source: Haywood Securities

When we left the project last Thursday, Soho had just completed one hole (#5) and was drilling a second hole (#6) targeting the Cinco de Mayo vein located 1 kilometre along trend and to the southwest of the El Creston vein. From what we observed, the Cinco de Mayo area appears to host up to four subparallel veins, within a 50-metre-wide zone (a new vein was discovered during recent road construction), that may coalesce at depth. Sampling of the main Cinco de Mayo vein has returned some very robust grades, including 29.9 g/t gold, 373.8 g/t silver, 3.12% zinc, 1.13% copper, and 1.99% lead over 10 metres. The objectives of this initial test are to target the Cinco de Mayo vein at depth and below areas of high-grade mineralization identified in underground sampling.

Cinco de Mayo Zone



Discovery of new adit in the Cinco de Mayo zone



Cinco de Mayo Vein

Source: Haywood Securities

In addition to testing known zones, Soho has completed three holes (#2 through #4) in the first of more than half a dozen blind induced polarization (IP) chargeability anomalies located between the El Creston and Cinco de Mayo zones. These IP anomalies are believed to be the trace of precious- and base-metal veins beneath post-mineral cover, or in areas of poor exposure. Two of the three holes completed (one hole drilled into a fault) intercepted a broad interval of silicification and argillic alteration containing disseminated pyrite mineralization. The two holes intercepted mineralization immediately beneath post-mineral cover and well above the level of exposure of both the El Creston and Cinco de Mayo zones. These broad zones of alteration may represent a high-level expression of the vein systems, with deeper drilling required to intercept more focused zones. Plans for the remainder of the drill program are to drill several more holes at El Creston and Cinco de Mayo and to test a large IP anomaly coincident with the Texcalama zone, a parallel mineralized trend located to the southeast of Cinco de Mayo.

Results of our visit reinforce the potential and early stage of exploration at Tahuehueto. Mineralization at Tahuehueto is characteristic of a type of low-sulphidation epithermal vein system that develops more proximal to intrusive centres and is characterized by base-metal in conjunction with precious-metal mineralization. These deposits are in contrast to the more typical low-sulphidation epithermal deposits for which the El Penon mine of Meridian Gold Inc. (MNG-T) and the Kupol deposit of Bema Gold Corp. (BGO-T) are classic examples. However, unlike the traditional low-sulphidation model where precious-metal mineralization is restricted to a vertical range of some 250 metres, precious-metal mineralization within vein systems like Tahuehueto can occur over a much larger (+400 metre) vertical interval. This type of deposit is confirmed by the presence of mineralization at El Creston over a vertical range in excess of 450 metres.

We see the current 20-hole program as a first step, but believe that the full potential of Tahuehueto will await more drilling. The Company plans to release results in batches of four holes, with results expected in two to three weeks.

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