



Soho Resources Corp. – January 2010

For pure scenic splendor, it is difficult to surpass Vancouver-based Soho Resources Corp.'s Tahuehueto Project in northwest Durango State of Mexico. Set in an area of spectacular canyons that match the famed Grand Canyon in grandeur and exceed it in depth, and located 250 km NNW of Durango City, the project covers over 9,000 hectares and is controlled through Soho's 99.4%-owned Mexican subsidiary, Sacramento de la Plata S.A. de C.V. More importantly, we believe the resource development potential that exists at Tahuehueto is very significant, given the nature of the property's mineralization, the release of its second NI-43-101 compliant resource in early 2009 and the fact that there is considerable potential in their unexplored structures.

The project is located in Mexico's prolific Sierra Madre Occidental geological belt which hosts producing mines as well as substantial ongoing mineral exploration and development projects. The Belt stretches from the USA-Mexican border all the way down to the Guadalajara region and Tahuehueto is located about midway down the Sierra Madre in close vicinity to Penoles' producing La Cienega Mine and Great Panther's producing Topia mine.

Mexico itself is regarded by Canada's well-known Frazer Institute as one of the best geo-political jurisdictions in which to conduct mining operations. They have an understandable and consistent body of mining law, their political leadership has made it clear that they support mining, and, given the industry's long history within the country, the world of mining is regarded as an important part of the Mexican historical culture. Soho President Ralph Shearing told us that the company's dealings with both municipal and state governments have been conducted in a favorable manner.

Mining in Durango State dates back to the Conquistadors of the sixteenth century as the conquering Spaniards set out to discover whatever mineral wealth, particularly gold and silver, which might be found in their new and immense territories. They were forced to abandon their efforts in the Tahuehueto area, however, because most of the mineral wealth found in the region is contained in sulphide mineralization and those early explorer-developers simply lacked the technology to process such ores.

Some limited production began early in the twentieth century and continued on a sporadic basis into the 1970s. These past works established several "levels", or horizontal entry tunnels to recover ores. Several of these levels remain accessible and could possess considerable value for future exploration and development.

Soho Resources acquired the rights to Tahuehueto in 1997, but performed only very limited exploration works due to the adverse mining economics of that time period. However, with the strong recoveries in metals prices, by 2004 the company was able to activate exploratory and development programs. New information from these programs, combined with previous work from prior owners, allowed Soho to identify twelve separate ore zones on the project over at least a 6 km long structural mineralized trend.

Tahuehueto spans an immense vertical distance from top to bottom with the lowest altitude levels of the properties lying along the Las Vueltas River. Rising from the river, in order, are the following zones: Cinco de Mayo, Los Burros, Texcalama, Catorce, El Creston, El Rey, El Perdido and Santiago with other zones spread throughout the project area. The elevation gain between the river and the Santiago Zone is roughly 1,200 meters or about 4,000 feet.

A considerable portion of the company's exploration work has taken place in the El Creston structure and along a strong, through-going structure of at least 2.5 km in length hosting the Cinco de Mayo, Catorce, El Perdido, Santiago and possibly the Espinal Zones. Soho believes that the entire project area has the potential to host multiple deposits and discoveries. However, the discoveries in Cinco de Mayo and El Creston, plus some lesser work at the El Rey Zone, were sufficient by themselves to form the basis for an initial NI 43-101 compliant Resource Estimate that the company published in April, 2008.



Based on that encouraging report, Soho continued drilling programs during 2008 and then issued a second NI 43-101 Resource Estimate in May, 2009. This updated Resource Estimate showed total resources of 12,245,000 tonnes including 7,377,000 tonnes Measured and Indicated Resources grading 2.10 g/t Au; 34.97 g/t Ag; 0.28% Cu; 1.06% Pb and 2.01% Zn.

In addition, the Resource Estimate showed 4,868,000 tonnes Inferred Resources grading 1.06 g/t Au; 31.77 g/t Ag; 0.23% Cu; 1.23% Pb and 2.26% Zn.

Given the metals prices prevailing at year-end 2009 of approximately (all prices US\$) \$1,100 per ounce gold, \$17.50 per ounce silver, \$3.40 per pound copper, \$1.15 cents per pound zinc and \$1.10 per pound lead and the grades mentioned above, an approximation of the ore value per tonne would be in the neighborhood of \$150 - \$180, well above early estimates of production costs.

Shearing did note that in order to conserve cash, the company has been cutting back on current exploration until general credit conditions and access to capital improves. Reducing the flow of new drill core for a period is also providing an important benefit by allowing the company to focus on preparing an economic study of the project with current plans calling for completion near mid-year 2010. Based on the outcome of that study, the company plans to produce a full feasibility study within 2-3 years.

Because of its remote location and the extreme vertical nature of the surrounding area, there are special infrastructure problems which must be addressed, specifically including roads. On that subject, the company has just received encouraging word from Mexican governmental authorities.

At present, the only reliable road access into Tahuehueto involves a nine-hour drive from the state capital, Durango City. However, Mexico is in the process of constructing a freeway between the Pacific Coast city of Mazatlan and Durango City, along with another highway construction project that will more directly benefit Tahuehueto by opening the remote northwestern area of Durango State to the coastal state of Sinaloa via Tamazula - Culiacan, then to either one of two deep sea ports, Mazatlan and Topolabampo. When completed, these two roads will allow for swifter access between Durango City and the coastal State of Sinaloa. The northern route will directly benefit Tahuehueto, presenting an opportunity for a new access route to supply the project and for future direct shipment of mineral production concentrates to deep-water ports on the Pacific.

One benefit of the sharp topical relief at Tahuehueto is the fact that there is an open exposure of ore outcroppings that might not be visible in a more gently sloping or flat region. The company also believes the potential exists to lower future operating costs relating to mine production design by taking advantage of gravity to transport ore via a vertical shaft and inclined tunnels from higher regions to lower milling and crushing facilities.

Geologically, the Tahuehueto project lies within a structurally controlled district scale series of epithermal vein systems traced for over six kilometers with the entire project occupying the bulk of the Tahuehueto Mineral District.

This past summer, Soho announced the addition of the Jocuixtita Silver Project (JSP), located in Sinaloa State about 120 Km north of Mazatlan to its inventory of properties. Through its subsidiary company, Samarkand de Mexico, S.A. de C.V., Soho entered into two option agreements to acquire JSP. The property hosts a number of northwest and crosscutting northeast trending epithermal vein structures mineralized with silver, gold, lead and zinc, stretching over at least 3 km of strike length, including areas of previous historic mine workings.



Soho plans to commence a \$300,000 to \$500,000 exploration program at the project. Exploration plans include opening the access road to the project, underway now, followed by detailed geological mapping and sampling; geophysics; and a 10-15 hole diamond drill program.

The company conducts its Mexican operations administered through a well-equipped office facility in Ciudad Durango and implemented in a full mining camp on-site at Tahuehueto which contains offices; dining hall; core shack and core splitting facility; dormitory rooms; and an on-site doctor, paid by Soho Resources to serve the mining camp.

Water supplies are a vital consideration at Tahuehueto for both personnel and mining operations. At present, five pumping stations lift water from the Las Vueltas River, replacing a well that was previously drilled to support the camp and drilling activities. Fuels and bulk food items are trucked in from the city of Tepehuanes, a five-hour trip over mountain roads. All mining items are either flown or trucked in from Durango City, a nine hour drive involving three and one half hours on pavement, two and a half hours on a reasonable gravel road and the last three hours on unimproved gravel roads, but that situation should improve once the highway construction noted earlier is completed and Soho establishes new access to the south via Topia to connect to this new highway.

The area's climate, predominantly warm to hot with a summer rainy season, presents few problems regarding mining activities other than the possibility of some road damage at lower altitudes should the area encounter a particularly severe rainstorm. Fortunately, these happen at infrequent intervals and when they do occur, road repairs are normally accomplished within a few days.

President Shearing indicated that when it came time to obtain construction and production financing, debt would be the most likely option since trying to raise sufficient funds for the construction of production facilities - currently suggested to be in the area of \$125 million - would cause substantial stock dilution. One other option being investigated would be forming a Joint Venture with a major company in order to utilize their financial strength and production expertise.

To summarize, we believe that the company shares are undervalued at this time, given the potential for significant future upgrading of the resource estimates, opportunities for new discoveries over the total project area, as well as the possible attractiveness of Tahuehueto for either joint venture partners or major mining companies looking to add to their reserve holdings. The recent addition of Jocuixtita would appear to add significant opportunities for future resource development.

For further information, e-mail Investor Relations at ir@sohoresources.ca or visit the company's website at www.sohoresources.ca.

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