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**Soho Resources Is Close To Completing A Preliminary Economic Assessment On  
*The Tahuehueto Gold Project In Mexico***

*By Alastair Ford*

“Last year was pretty difficult for us juniors”, says Ralph Shearing, chief executive of Soho Resources. Not many of his peers would disagree, though by the end of 2009 a lot of the blockages in the financial markets seemed to be clearing. Bank finance is still a little hard to come by, but then as the global economy picks up, it looks like it’s the banks who’ll be the losers on that score, rather than the miners.

Others will pick up the slack. One notable development in recent years has been the growing tendency of Chinese companies, state-backed or otherwise, to take big stakes in mining companies. The Chinese are looking to secure supply, and not just by locking up the assets of the listed juniors. Less common, though, has been direct action on the part of individual high net worth Chinese individuals. But as the Chinese economy continues to grow, it seems increasingly likely that more Chinese investors will look to spread their wings abroad. Anyone interested in gaining an early insight into how this trend might develop could do a lot worse than take a closer look at Soho, which, in what Ralph Shearing describes as “a do or die financing” was brought back from the brink as the global financial crisis hit its height by a consortium of Chinese investors.

Fast forward twelve months or so, and Soho is very much alive and kicking, still very independent minded, but very appreciative of its Chinese backing. “We’ve got a fairly hefty Chinese component. Around 30 to 35 per cent of the company is owned by eight different Chinese interests”, Ralph explains. It wasn’t all done in one go, though. There was the financing that kept the company alive. And then there was the Soho stake that was formerly owned by the Canadian side of Macquarie Bank, but which, following a change of personnel at Macquarie, was off-loaded. The buyers? – Soho’s Chinese supporters club. “They’re proactive shareholders”, says Ralph. And useful to have around too, no doubt about it.

But what is it exactly that’s got them so interested? Well, Ralph’s been in this game for over 25 years now, so he knows his way around. That’s the first thing. The second thing is the company’s portfolio of assets in Mexico. At the moment this consists primarily of the Tahuehueto epithermal gold, silver, and base metals development project in Durango State, and the Jocuixtita property in Sinaloa state. Ralph’s fairly open to adding new projects to the portfolio as the current ones move closer to production, but for the time being all eyes are on progress at Tahuehueto, which is currently the subject of an ongoing preliminary economic assessment (PEA). With the new Chinese money in the bank, Soho was last year able to get consultants Scott E. Wilson to come in and update a previous

2008 resource statement for Tahuehueto. Scott E. Wilson's work showed Tahuehueto to contain 1.8 million gold equivalent ounces, built up from a total 12.24 million tonnes resource.

This resource is further categorized into 7.38 million tonnes of measured and indicated resource, using a cut-off of 2.0 grams per tonne of gold equivalent for sulphide mineralisation, and 3.0 grams of gold equivalent per tonne for oxide mineralisation, with oxide representing less than five per cent of the total resource. The measured and indicated resource averages 2.10 grams of gold and 35.0 grams of silver per tonne, 0.28% copper, 1.06% lead and 2.01% zinc. There's another 4.87 million tonnes inferred resource calculated using similar cut-offs, and this averages 1.06 grams of gold and 31.8 grams of silver per tonne, 0.23% copper, 1.23% lead and 2.26% zinc. For those without an internal calculator, what that all adds up to is that gold is the primary driver of value at Tahuehueto, followed by zinc, and at the current metal prices equates to a rock value of about US\$170 per tonne. With Mexican underground mining and milling costs between US\$45 and US\$55 per tonne for similar deposit types within the region, Tahuehueto could prove to be a very profitable operation, indeed.

It's certainly a decent enough set of numbers to be using as a basis for a PEA. But it doesn't end there. Ralph reckons there's plenty more to come. "We're confident that we've only scratched the surface", he says. "There are other mineralised structures to go after." As it is, Soho's already looking at a project with a probable 18 year mine life, based purely on an underground operation running at around 2,000 tonnes per day. Economics are the next big hurdle, but some of the early work on that has already been done. Historic metallurgy, for example, is very good and Soho's metallurgical testing results are expected soon, and look to improve on the historic results.

Perhaps of more immediate interest to investors will be the news that the government has recently opened up the region with the construction of a new road, significantly reducing the logistical hurdles that Soho would have been facing. Until now, project remoteness has been an issue dissuading investors from buying into Soho, but that's all changed. Access to power, and to a port, should now be much easier to attain. "We'll be able to sell our mineral concentrates anywhere in the world now", says Ralph.

It won't be too long now before the PEA is completed, but in the meantime investors hungry for news may have some developments on Jocuixtita to mull over. "We believe we can build a resource on it with a really quick drill programme", says Ralph. "I think we could do an initial resource in six months. It wouldn't be large, but it might wake up the market to the value of our second project." Certainly a realization that Soho isn't just a one trick pony could trigger some upward movement in the shares. But a really close look at the economic potential at Tahuehueto is what investors will really want to see. And if that comes up trumps, the shares could really start to motor.

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