The Melman Report
Analyzing World Economic Forces and How they Affect Metal Exploration, Investment and Mining Shares

Report on Soho Resources Corp.

June 11, 2008

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, given the nature of the property's mineralization, is very significant.

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 Sierra Madre in close vicinity to Penoles' producing La Cienega 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.

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, Texalcama, 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 startling, amounting to 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 of a new and fully NI 43-101 compliant Resource Estimate that the company published in April, 2008.

Using a cut-off of 2.0 grams per tonne (gpt) gold equivalent for unoxidized resources and 3.0 gpt for oxidized resources, the Estimate showed Inferred resources of 6.49 million tonnes containing 1.34 gpt Au, 31 gpt Ag, 0.24% Cu, 0.78% Pb and 1.43% Zn. By weight, this would amount to 276,000 ounces of gold plus 6.43 million ounces of silver, 33.5 million pounds of copper, 110.5 million pounds of lead and 201.1 million pounds of zinc.

Given the metals prices prevailing in early June, 2008 of approximately (all prices US$) $860 per ounce gold, $16.50 per ounce silver, $3.60 per pound copper, 85 cents per pound zinc and 80 cents per pound lead and the grades mentioned above, an approximation of the ore value per tonne would be in the neighborhood of $110 - $120, well above early estimates of production costs.

Soho continues its strong development program with 50 holes already completed during 2008. The company has been cutting drill core steadily and submitting samples to laboratories and assay results are now (June 2008) being received from this year's drilling. By early May, the company received assay returns from the Creston, Perdido, Cinco de Mayo, Texcalama and Santiago zones. It is worth noting that none of these new returns were included in the NI 43-101 study.

Shearing did note that in order to conserve cash, the company has been cutting back the current exploration somewhat and would proceed with only one rig instead of the present two until general credit conditions and access to capital were improved. Reducing the flow of new drill core for a period would actually provide an important benefit by allowing the company to catch up on the processing of existing core which has already been developed during the period of heightened drilling activity earlier this year.

Several of these results were most encouraging including Hole DDH08-138 at Perdido that showed 4.55 gpt Au, 23.25 gpt Ag, 1.37% Pb and 1.42% Zn over 1.60 meters. Other assay highlights included DDH08-148 at Creston with 97.20 gpt Ag over 12.20 meters; DDH08-156 at Santiago showing 8.24 gpt Au and 400.00 gpt Ag over 1.70 meters and DDH08-150 at Texcalama returning 1.50% Pb and 3.30% Zn over 5.00 meters. Assays from El Creston in 2007 included DDH07-113 showing 16.22 gpt Au over 8.2 meters and DDH07-111 returning 112.9 gpt Ag over 5.5 meters.

As a result of recent results, the company is raising the priority level for development of the Texcalama and Perdido Zones. Of six holes drilled recently at Texcalama, two have provided exceptionally positive assay returns.

The continuing stream of assay results and other data will be utilized toward completing an updated resource estimate that Soho has already contracted for and which they plan to have completed by year-end 2008. Soho also plans to initiate a Preliminary Economic Assessment using the results of the updated resource estimate. Further out, they plan to complete a pre-feasibility study by mid-2009 and a full feasibility report within 2-3 years.

Because of its remote location and the extreme vertical slopes of the project area, there are special infrastructure problems including roads, air transportation, electricity and personnel that must be addressed. The company is currently negotiating a road improvement program with the local municipality whereby the municipality and Soho will contribute 50% of costs of access road improvements to the project area. Shearing noted that should the project receive a positive feasibility study, the company is hopeful that the government will provide assistance in establishing electric power lines into the project which would also benefit the local area economy and residents as well.

One benefit of the sharp topical relief at the project 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 the 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.

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.

Air transportation involves flying for about 75 minutes from Durango City in a small, prop-driven, fixed wing aircraft and landing on a short, gravel runway that must be approached through a circuitous landing pattern. Another landing field is located on the project area, but that strip has become overgrown and there is no current access road available. As a point of interest, it is worth noting that in earlier times, when the landing strip was operational, a tram ran down from that earlier landing field to the ore bodies, but that tramway operation ceased decades ago and all that remains are some foundation pillars which once supported the service.

Water supplies are a vital consideration 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 difficult mountain roads and all mining items are either flown or trucked in from Durango City, a short flight, but 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.

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 easily accomplished within a few days.

One of the locations being considered for a future milling facility is a relatively flat area in a valley below the Santiago Zone. Resultant concentrates could then be trucked for shipment to refineries while tailings would be disposed of in two manners, either through storage in tailings ponds or by returning them to the underground workings as fill material.

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.

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

To summarize, we believe that the company shares are undervalued at this time, given the potential for significant upgrading of the resource estimates later in the year, the 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.

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

Leonard Melman
June 11, 2008

DISCLAIMER