

# Soho Resources (SOH.V) - updated mineral resource supports our base-case valuation

Mining

## COMMENT ON RECENT EVENT

### Reason for comment

Soho updated its mineral resource estimate for the Tahuehueto polymetallic project in Mexico. The calculation is the first for the project that meets current NI 43-101 reporting standards.

Mine Development Associates (based in Reno, Nevada) calculated an inferred resource of 6.4 million tonnes, using an unoxidised gold-equivalent cut-off of 2.0 grams per tonne. The resource averages 1.34 grams of gold and 31 grams of silver per tonne, with 0.24 percent copper, 0.78 percent lead and 1.43 percent zinc. This translates to 276,000 ounces of gold, 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.

## OUR VIEW

Based on current prices, gold and zinc each account for approximately one-quarter of the gross rock value, with lead, copper and silver each providing approximately one-fifth of the gross rock value. On a gold-equivalent basis, the current resource represents approximately one million ounces of gold.

Although the resource tonnage exceeds the hypothesised tonnage outlined in our initiation note, the average grades are significantly lower. A higher minimum cut-off of 7.0 grams of gold equivalent per tonne would generate the higher average grades assumed in our note, but the stated tonnage declines to 1.05 million tonnes. This represents approximately one-fifth of our hypothesised estimate for valuation modeling.

However, our model has always assumed that continued drilling could significantly expand the resource. In that light we view this initial resource estimate as encouraging, and in line with our base-case valuation. The current calculation represents just the close-to-surface portion of mineralization in three structures: the El Creston, Cinco de Mayo-Santiago and El Rey zones. The current resource remains open at depth and along strike, and Soho has additional zones to test.

Soho completed a further 41 drill holes at Tahuehueto since commencing the resource estimate and drilling continues. This data will be incorporated into a new resource estimate, which the company expects to commence late this year.

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