**Scott E Wilson Consulting Inc**
6 Inverness Court East, Suite 110
Englewood, CO 80112

*Phone:* (720) 348-1646
*Fax:* (303) 790-1872
*www.wilsonmining.com*

# TECHNICAL REPORT

# SOHO RESOURCES CORP.

# TAHUEHUETO PROJECT

# DURANGO, MEXICO

**JUNE 26, 2009**

**Prepared by**

**SCOTT E. WILSON CONSULTING, INC.**

**Scott E. Wilson, C.P.G.**

Scott E Wilson

Scott E. Wilson, C.P.G

**Table of Contents**

# List of Tables

# List of Figures

# 1 SUMMARY

This technical report on the Tahuehueto project in northwestern Mexico was prepared by Scott E. Wilson Consulting, Inc. ("SEWC") at the request of Soho Resources Corporation ("Soho"), a Canadian corporation listed on the TSX Venture Exchange. Soho holds the Tahuehueto property through its 99.4% owned Mexican subsidiary Sacramento de la Plata, S.A. de C.V. ("Sacramento"), who is 100% owner of the project concessions. The report was written in compliance with disclosure and reporting requirements set forth in the Canadian Securities Administrators' National Instrument 43-101, Companion Policy 43-101CP, and Form 43-101F1.

The purpose of this report is to provide an updated technical summary of the Tahuehueto project for Soho. Gustine (2008) previously authored a technical report pertaining to the Tahuehueto project.

The information contained in this technical report is current as of May 11, 2009 unless otherwise noted.

## 1.1 INTRODUCTION

The Tahuehueto project is located in the northwestern portion of the state of Durango, Mexico, approximately 250km northwest of the city of Durango by air and about 350km by road. The property lies in extremely rugged, mountainous terrain on the western side of the Sierra Madre Occidental, which forms the central spine of northern Mexico. Topography on the property is quite steep and locally precipitous.

The Tahuehueto property consists of 29 mining concessions grouped into six non-contiguous blocks that total approximately 9,081has. A 1.6% net smelter returns royalty applies to 19 of the concessions, including most of the Mineral Resources.

## 1.2 GEOLOGY AND MINERALIZATION

Tahuehueto lies on the west side of the Sierra Madre Occidental on its border with the western Mexican Basin and Range Province. The Sierra Madre Occidental is a volcanic mountain range that trends north-northwest through northern Mexico. The volcanic rocks of the range consist of a lower volcanic series of late Cretaceous-Paleocene andesitic volcanic rocks and an upper volcanic series of Eocene to Oligocene silicic ignimbrites. A number of intrusive stocks, generally of granodioritic composition, intrude the lower volcanic series. An unconformity separates the lower and upper series.

Tahuehueto lies in the *Barrancas* sub-province of the Sierra Madre Occidental, which is characterized by spectacular relief and precipitous ravines (*barrancas*) formed by west-flowing streams.

Mineralization at Tahuehueto consists of epithermal, low-sulfidation, polymetallic Ag-Au veins and breccias with copper, lead, and zinc. The mineralization formed within a series of northeast-striking normal faults with subordinate left-lateral displacement. This setting is common within the gold-silver metallogenic province of the Sierra Madre Occidental and accounts for much of the historic gold and silver production from the province.

Over 12 mineralized zones have been identified on the Tahuehueto property, of which six have been explored in some detail by Soho – the El Creston, El Rey, El Perdido, Cinco de Mayo, Texcalama, and Santiago zones. El Creston is the best exposed, most extensively explored, and largest of the deposits identified to date.

## 1.3 EXPLORATION AND MINING HISTORY

The Sierra Madre Occidental has been a major silver province of Mexico since Spanish colonial times. Gold and silver vein mineralization was discovered in the area around the Tahuehueto project in the nineteenth century, and limited production on the El Creston vein took place during the early nineteen hundreds. Compania Minera Sacramento de la Plata, a predecessor company of Sacramento, developed over 700 metres of underground workings on the El Rey and El Creston veins in 1971 and briefly operated a 50-ton-perday plant on the property.

Exploration prior to Soho's acquisition of the property included surface and underground sampling, limited surface and underground drilling, and IP surveying by Emijamex, S.A. de C.V., the Consejo de Recursos Minerales, and Castle Minerals. The Consejo de Recursos Minerales reportedly drilled 28 surface and underground holes at Cinco de Mayo and El Creston in the 1980s.

After optioning the property in 1996, Soho completed surface and underground sampling and mapping at El Creston in 1997, as well as limited sampling on other mineralized structures. Approximately 1,200 underground and surface channel samples were taken from the El Creston zone, with a few samples taken at Dolores, Cinco de Mayo, Los Burros, and Texcalama. No further exploration was carried out until 2004, when geologic mapping, additional surface and underground sampling, and a 3D IP survey were completed

## 1.4 DRILLING AND SAMPLING

The only known drilling undertaken prior to Soho's involvement at Tahuehueto was conducted by the Consejo de Recursos Minerales, but Soho was unable to obtain drill logs, collar locations, or results from this drilling. Soho initiated reverse circulation ("RC") drilling in January 2005, and 37 holes were drilled to test IP anomalies at El Creston, Cinco de Mayo, and Texcalama during the year.

As of the date of this report Soho had completed 248 drillholes of which 211 were core in addition to the original 37 RC holes. A total of nearly 47,300 meters has been drilled along the Tahuehueto structures.

RC samples were collected on 1.524m intervals; approximately 30kg of material were collected for each sample interval. One-quarter splits of this material were prepared at the ALS Chemex ("Chemex") preparation facility in Guadalajara, Mexico, and pulps were then sent to Chemex's laboratory in North Vancouver, Canada, for analysis.

Soho drilled HQ and NQ core, which was sampled in 0.5 to 2m lengths depending on the geology. The core was sawn in half, and one-half was sampled. SGS analyzed the samples from the 2005 and 2006 core drilling. Inspectorate America Corp. ("Inspectorate") analyzed the drill samples in 2007 until August, when Soho switched back to Chemex.

## 1.5 METALLURGICAL TESTING

Only one metallurgical test (Fomento de Minero, 1977) has been completed at Tahuehueto. The test was performed to the standards of the time and the results were reviewed by an independent metallurgist in early 2009. It is likely that with technological advancement in metallurgical processes since 1997, metallurgical recoveries are likely to be better than reported in the 1997 study.

## 1.6 MINERAL RESOURCE ESTIMATION

The gold, silver, copper, lead, and zinc resources at Tahuehueto were estimated from data generated by Soho, including geologic mapping, RC and core drill data, underground sampling, and project topography. The gold, silver, copper, lead, and zinc resources were modeled and estimated by evaluating the drill data statistically, interpreting geology and veining systems on cross sections, analyzing the modeled mineralization statistically to establish estimation parameters, and estimating grades into three-dimensional block models. All modeling of the Tahuehueto resources was performed using industry accepted software programs.

The Mineral Resources reported herein for the Tahuehueto project were modeled and estimated in accordance with Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") definitions. The Measured and Indicated resources are reported in Table 1.1. Inferred resources for Tahuehueto are reported in Table 1.2.

Two cutoffs were used to tabulate the gold, silver, copper, lead, and zinc resources. A cutoff of 2.0g Au-equivalent/tonne was chosen to capture sulfide mineralization potentially available to underground extraction and flotation processing, while a cutoff of 3.0g Au-equivalent/tonne was applied to oxidized mineralization potentially available to underground extraction, which will likely yield lower flotation recoveries than the unoxidized material.

**Table 1.1 Tahuehueto Measured and Indicated Resources**

| Classification | Tonnes (x1,000) | g Au/t | Oz. Au (x1000) | g Ag/t | Oz. Ag (x1,000) | Cu% | lbs. Cu (x1,000) | Pb% | lbs. Pb (x1000) | Zn% | lbs. Zn (x1,000) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Measured | 3,254 | 2.40 | 251 | 36.30 | 3,798 | 0.28 | 20,439 | 1.10 | 79,228 | 2.07 | 148,759 |
| Indicated | 4,123 | 1.87 | 248 | 33.92 | 4,496 | 0.27 | 24,900 | 1.03 | 93,511 | 1.96 | 177,894 |
| ***Total M&I*** | ***7,377*** | ***2.10*** | ***498*** | ***34.97*** | ***8,294*** | ***0.28*** | ***45,339*** | ***1.06*** | ***172,738*** | ***2.01*** | ***326,653*** |

**Table 1.2Tahuehueto Inferred Resources**

| Classification | Tonnes (x1,000) | g Au/t | Oz. Au (x1000) | g Ag/t | Oz. Ag (x1,000) | Cu% | lbs. Cu (x1,000) | Pb% | lbs. Pb (x1000) | Zn% | lbs. Zn (x1,000) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Inferred | 4,868 | 1.06 | 166 | 31.77 | 4,971 | 0.23 | 24,935 | 1.23 | 132,417 | 2.26 | 242,241 |

## 1.7 SUMMARY AND CONCLUSIONS

SEWC reviewed the project data and the Tahuehueto database, visited the project site in January 2009. SEWC believes that the data presented by Soho are generally an accurate and reasonable representation of the Tahuehueto project.

SEWC recommends that Soho implement a resource development drilling program to extend the known mineralization both down dip as well as along the strike of the Cinco de Mayo, Catorce, Texcalama, El Rey, Santiago, El Creston and El Perdido structures.

# 2 INTRODUCTION AND TERMS OF REFERENCE

## 2.1 PURPOSE OF TECHNICAL REPORT

Scott E. Wilson Consulting, Inc. (SEWC) prepared this technical report on the Tahuehueto project at the request of Soho Resources Corp. ("Soho"), a Canadian corporation listed on the TSX Venture Exchange. This technical report is written in compliance with disclosure and reporting requirements set forth in the Canadian Securities Administrators' National Instrument 43-101, Companion Policy 43-101CP, and Form 43-101F1 ("NI 43-101"). Previous to this report Mine Development Associates ("MDA") authored a technical report pertaining to the Tahuehueto project dated June 12, 2008 (Gustin, 2008). The technical information contained in this technical report reflects material changes that have occurred since the June 2008 Report.

## 2.2 SOURCES OF INFORMATION

The scope of this study included a review of pertinent technical reports and data provided to SEWC by Soho relative to the general setting, geology, project history, exploration activities and results, methodology, quality assurance, interpretations, drilling programs, metallurgy, and resources and reserves. SEWC has relied on the data and information provided by Soho for the completion of this report, including the supporting data for the estimate of the Mineral Resources. Almost all of the information reviewed by SEWC in order to complete this report is the result of work by Soho at Tahuehueto; most of the conclusions made in this report are based on SEWC's review of the Soho work. In compiling the background information for this report, SEWC relied on the technical report on the Tahuehueto project by Gustin (2008), unless otherwise noted.

Soho was formerly called Consolidated Samarkand Resources Inc. For the purposes of this report, all work completed by Consolidated Samarkand Resources Inc. or Sacramento de la Plata, S.A. de C.V., a Mexican subsidiary of Soho, will be referenced as if having been competed by Soho.

## 2.3 EXTENT OF INVOLVEMENT OF QUALIFIED PERSON

The author's mandate was to comment on substantive public or private documents and technical information listed in Section 22.0. The mandate also required on-site inspections and the preparation of this independent technical report containing the author's observations, conclusions, and recommendations. A project site inspection was conducted by Scott E. Wilson on January 6 and 7, 2009, and Soho's office in Durango was visited on January 8, 2009. The site visit included: (1) reviews of available data in the Soho field office at Tahuehueto and the

Durango office; (2) inspection of typical mineralization styles exposed in the Level 3 and Level 10 underground workings developed within the El Creston structural zone, as well as in outcrops and road cuts at El Creston; (3) and review of core from the Cinco de Mayo, El Creston, and Santiago target areas.

## 2.4 UNITS OF MEASURE

### 2.4.1 Common Units

| | |
|---|---|
| Cubic foot | $ft^3$ |
| Cubic yard | $yd^3$ |
| Degree | ° |
| Degrees Fahrenheit | °F |
| Foot | ft |
| Gallon | gal |
| Gram | g |
| Inch | " |
| Kilo (thousand) | k |
| Less than | < |
| Miles per hour | mph |
| Million | M |
| Ounce | oz |
| Parts per billion | ppb |
| Parts per million | ppm |
| Percent | % |
| Pound(s) | lb |
| Short ton (2,000 lb) | st |
| Short ton (US) | t |
| Short tons per day (US) | tpd |
| Short tons per hour (US) | tph |
| Short tons per year (US) | tpy |
| Square foot | $ft^2$ |
| Square inch | $in^2$ |
| Tonne | t |
| Year (US) | yr |

### 2.4.2 Common Chemical Symbols

| | |
|---|---|
| Calcium carbonate | $CaCO_3$ |
| Copper | Cu |
| Cyanide | CN |
| Gold | Au |
| Hydrogen | H |
| Iron | Fe |

| | |
|---|---|
| Lead | Pb |
| Silver | Ag |
| Sodium | Na |
| Sulfur | S |
| Zinc | Zn |

### 2.4.3 Common Acronyms

| | |
|---|---|
| AA | atomic absorption |
| AuEq | gold equivalent |
| BLM | U.S. Bureau of Land Management |
| CIM | Canadian Institute of Mining, Metallurgy and Petroleum Engineers |
| EIS | Environmental Impact Statement |
| ISO | International Standards Organization |
| NPI | Net profit interest |
| NSR | Net Smelter return |
| ROM | Run of mine |
| RQD | Rock quality designation |
| RC or RVC | Reverse circulation |

# 3 RELIANCE ON OTHER EXPERTS

The opinions expressed in this report are based on the available information and geologic interpretations as provided by Soho. SEWC regularly discusses the Tahuehueto Project and material information with the following people:

- Mr. Ralph Shearing, President and CEO, Soho Resources, Corp.
- Mr. Ricardo Cruz Gatica, Exploration Geologist, Sierra Soleada
- Mr. Tom Rennebaum, Senior Geologist, Scott E. Wilson Consulting, Inc.

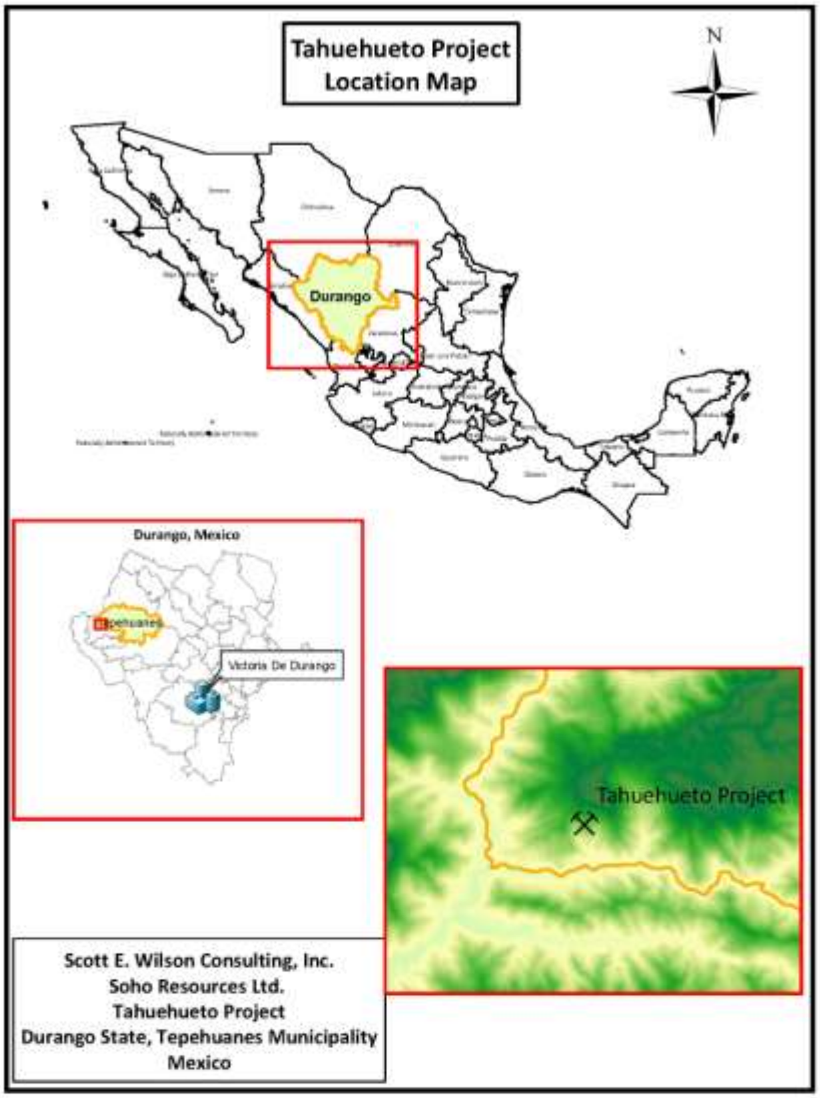
The author has exercised independence in reviewing the supplied information and believes that the basic assumptions are factual and correct and the interpretations are reasonable. The author has relied on this data and has no reason to believe that any material facts have been withheld.

# 4 PROPERTY DESCRIPTION AND LOCATION

## 4.1 LOCATION

The Tahuehueto project is located in the northwestern portion of the state of Durango (Figure 4.1), about 250km northwest of Durango, the state capital, and 160km northeast of the city of Culiacan, Sinaloa.

**Figure 4.1 Location of the Tahuehueto Project**



The property is in the municipality of Tepehuanes and lies about 90km west of the community of Tepehuanes. The project is located in very rugged, mountainous terrain. The concessions are centered on about 25°25'23.5"N latitude and 106°37'27"W longitude. The Mineral Resources at Tahuehueto are approximately centered at Universal Transverse Mercator (UTM) coordinates 337,300mE, 2,812,500mN in Zone 13R, NAD27 for Mexico.

The Tahuehueto project is located about 25km north of the Topia polymetallic-silver mine, 40km northwest of the La Cienega gold, silver, base metal mine, 85km southwest of the Guanacevi silver district, 280km southeast of the Palmarejo silver and gold mine, and 150km northwest of the San Dimas mining district, most notable for the Tayoltita silver and gold mine

The project lies on the INEGI Map Sheet G13C35 at 1:50,000 scale and G13 07 at 1:250,000 scale, which provides geologic and topographic coverage.

## 4.2 MINERAL TENURE

The Tahuehueto property consists of 29 mining concessions (Table 4.1; Figure 4.2) that total a little more than 9,080has. The concessions are located in six noncontiguous blocks. Soho reports that the concession monuments have been surveyed by licensed surveyors.

Unless otherwise noted, the rest of Section 4.2 is based on a title opinion dated April 17, 2007 by Abraham Urias (Urias, 2007) of the firm Urias Romero y Asociados, S.C., a Mexican corporate and mining law corporation, as reported by MDA (Gustin, 2009). SEWC presents this land information to fulfill reporting requirements of NI 43-101 but has no opinion pertaining to the legal status of the Tahuehueto project.

The title opinion states that "Abraham Urias ("Urias", partner and practicing attorney of Urias Romero) holds 400,000 stock options and 250,000 shares of the Company [Soho Resources Corp.]; he is also a former director and officer of the Company. Faviola Perez, practicing attorney of Urias Romero holds 12,500 stock options of the Company" (Urias, 2007). Soho represents that Abraham Urias and Faviola Perez exercised their 400,000 and 12,500 stock options, respectively, on May 31, 2007.

Urias (2007) discusses 28 of the 29 project concessions in the title opinion; the concession not mentioned in the title opinion is El Espinal 4 Fraccion A. Soho represents that subsequent to the date of the title opinion, the El Espinal 4 Fraccion A concession was formally granted, as were the following concessions that are described in the title opinion as being in the application phase: Vueltas 4, Vueltas 5, El Espinal 5, and El Espinal 4. Soho also represents that the El

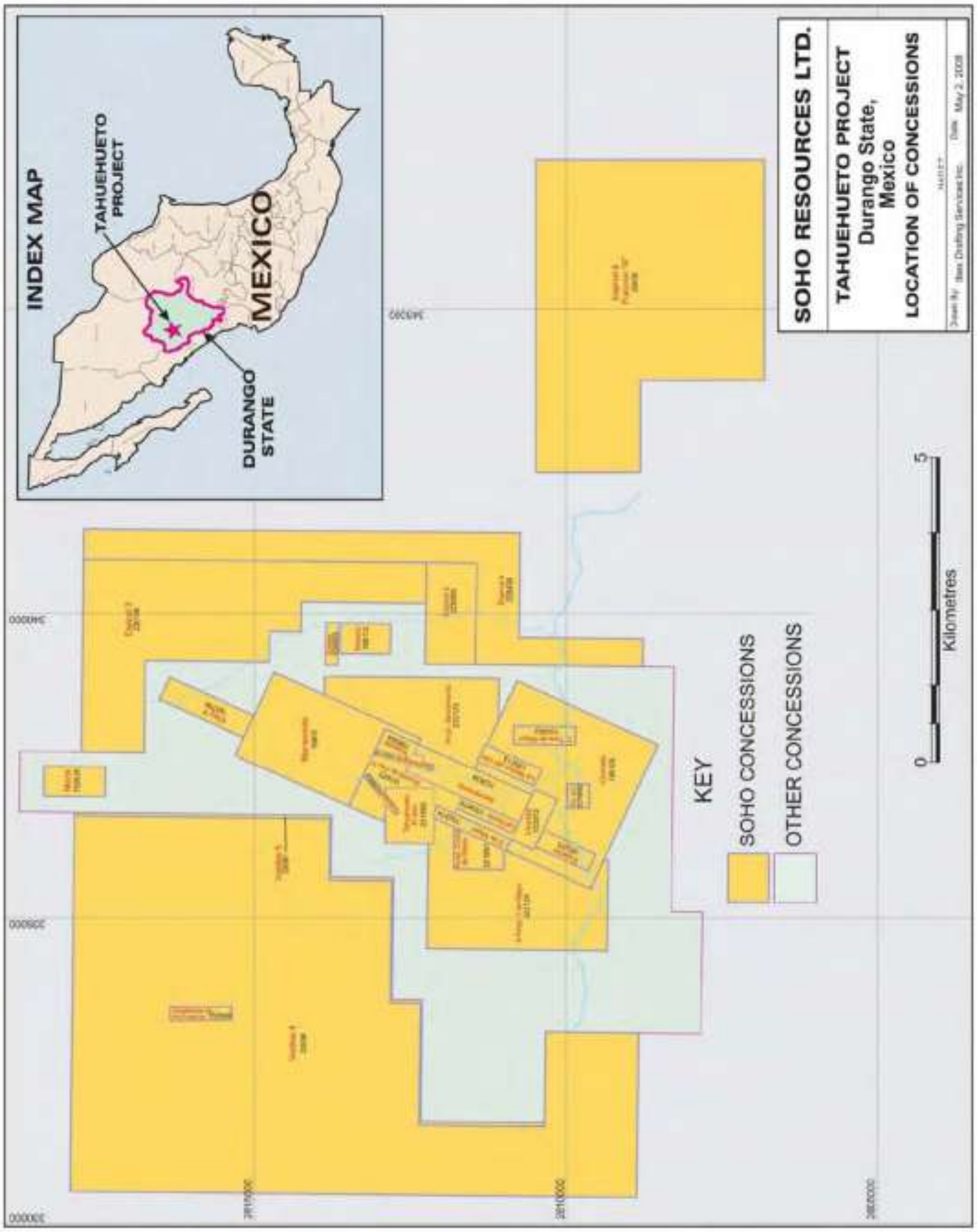
Espinal 4 Fraccion A concession, which was not mentioned in the title opinion, is also controlled by Sacramento de la Plata, S.A. de C.V. (“Sacramento).

### Table 4.1 List of Tahuehueto Property Mining Concessions

(from Gustin, 2008)

| TAHUEHUETO PROJECT-MINING CONCESSIONS | | | | | | |
|---|---|---|---|---|---|---|
| **Registered Owner** | **Mining Concession** | **Title** | **Granted** | **Expires** | **Hectares** | **Subject to Royalty** |
| Sacramento | DOLORES | 153893 | 9/Jan/1971 | 8/Jan/2021 | 8.0000 | no |
| Sacramento | COLORADO | 160128 | 24/Jun/1974 | 23/Jun/2024 | 410.6622 | no |
| Sacramento | TAHUEHUETO EL ALTO | 221990 | 27/Apr/2004 | 26/Apr/2054 | 68.5657 | no |
| Sacramento | AMPL. CINCO DE MAYO | 221991 | 27/Apr/2004 | 26/Apr/2054 | 40.2384 | no |
| Sacramento | EL TRES DE MAYO | 150452 | 26/Oct/1968 | 25/Oct/2018 | 30.0000 | yes |
| Sacramento | PUERTA DE ORO II | 151972 | 12/Nov/1969 | 11/Nov/2019 | 71.0475 | yes |
| Sacramento | 5 DE MAYO | 152274 | 20/Feb/1970 | 19/Feb/2020 | 25.8836 | yes |
| Sacramento | EUGENIA | 152275 | 20/Feb/1970 | 19/Feb/2020 | 28.2288 | yes |
| Sacramento | GUADALUPE DE LOS FRESNOS | 152608 | 18/Mar/1970 | 17/Mar/2020 | 20.0000 | yes |
| Sacramento | SACRAMENTO | 152634 | 18/Mar/1970 | 17/Mar/2020 | 94.3443 | yes |
| Sacramento | MARIA | 152636 | 18/Mar/1970 | 17/Mar/2020 | 50.0000 | yes |
| Sacramento | SACRAMENTO | 152716 | 18/Mar/1970 | 17/Mar/2020 | 12.0000 | yes |
| Sacramento | LIBERTAD | 153872 | 9/Jan/1971 | 8/Jan/2021 | 46.0000 | yes |
| Sacramento | LA GLORIA | 153975 | 18/Jan/1971 | 17/Jan/2021 | 20.0000 | yes |
| Sacramento | MONTECRISTO | 154675 | 12/May/1971 | 11/May/2021 | 305.9668 | yes |
| Sacramento | LA REYNA DEL ORO | 155213 | 10/Aug/1971 | 9/Aug/2021 | 30.0000 | yes |
| Sacramento | ESTELA | 156835 | 28/Apr/1972 | 27/Apr/2022 | 14.0000 | yes |
| Sacramento | YOLANDA | 158064 | 17/Jan/1973 | 16/Jan/2023 | 18.6311 | yes |
| Sacramento | IMPERIO | 158112 | 19/Jan/1973 | 18/Jan/2023 | 40.0000 | yes |
| Sacramento | ELOY II | 160706 | 15/Oct/1974 | 14/Oct/2024 | 47.6740 | yes |
| Sacramento | EL 201 | 221992 | 27/Apr/2004 | 26/Apr/2054 | 14.4114 | yes |
| Sacramento | AMPL. SACRAMENTO | 222123 | 21/May/2004 | 20/May/2054 | 254.6345 | yes |
| Sacramento | II AMPL. 5 DE MAYO | 222124 | 21/May/2004 | 20/May/2054 | 411.8868 | yes |
| Sacramento | EL ESPINAL 3 | 228156 | 6/Oct/2006 | 5/Oct/2056 | 836.8595 | no |
| Sacramento | VUELTAS 4 | 229396 | 17/Apr/2007 | 16/Apr/2057 | 3863.8992 | no |
| Sacramento | VUELTAS 5 (terrain correction) | 229397 | 17/Apr/2007 | 16/Apr/2057 | 53.7438 | no |
| Sacramento | EL ESPINAL 5 | 229398 | 17/Apr/2007 | 16/Apr/2057 | 132.3710 | no |
| Sacramento | EL ESPINAL 4 | 229438 | 19/Apr/2007 | 16/Apr/2057 | 543.7403 | no |
| Sacramento | EL ESPINAL 4 FRACCION "A" | 229439 | 19/Apr/2007 | 16/Apr/2057 | 1588.3334 | no |
| Total Hectares | | | | | 9,081.1223 | |

**Figure 4.2 Tahuehueto Project Property Map**



Urias (2007) makes the following statement pertaining to the 28 concessions in the title opinion:

*"It is our Opinion that based on the foregoing and subject to the notations set forth above, each and all of the mining concessions comprising the Tahuehueto Property are, as of the Date of Opinion:*

1. *Validly issued and recorded.*
2. *Owned 100% by Sacramento de la Plata, S.A. de C.V. (NOTE No. A);*
3. *In compliance with all tax and work assessment obligations mandated under s.27 of the Act.*
4. *Free and clear of all liens, charges, encumbrances or limitations of ownership whatsoever.*
5. *Free and clear of all administrative proceedings which may render the cancellation, nullity or non-existence of the mining rights attached thereto."*

Sacramento referred to as the 100% owner of the project concessions in point 2 above is a Mexican subsidiary of Soho. Soho controls Sacramento through Samarkand de Mexico, S.A. de C.V. ("Samarkand de Mexico"), another Mexican subsidiary of Soho, who is the beneficial owner of 99.415% of the shares of Sacramento.

## 4.3 AGREEMENTS AND ROYALTIES

Soho, through Samarkand de Mexico, acquired 90% of the issued and outstanding capital stock of Sacramento, and thereby Sacramento's interests in Tahuehueto, pursuant to a share purchase agreement dated January 1997. Soho increased its ownership in Sacramento to 99.4% in March 2007. Urias (2007) states that, pursuant to the share purchase agreement, Soho remains obligated to pay the vendors of the Sacramento shares the sum of US$200,000; the vendors also retain a 1.6% net smelter returns ("NSR") royalty. This royalty applies to 19 of the 23 concessions held by Sacramento at the time of the share purchase agreement; the concessions subject to the royalty are identified in Table 4.1. Most of the Mineral Resources discussed in Section 17.0 are subject to the royalty (Figure 4.3).

According to a Soho press release (Soho, 2007c), "*Sacramento has recently formalized a Surface Rights Agreement with Comunidad La Bufa, the local community residents' formal legal entity. The Surface Rights Agreement has a term of ten years and is extendable for an additional five years. The agreement covers the core 2,062 original hectares of the project and allows Sacramento unrestricted access to explore, develop and mine metals within the area covered* *under the agreement. Sacramento will make annual payments to Comunidad La Bufa over the term of the agreement, at $20,000 USD in the first year with subsequent payments increasing from the previous year's payment by 5% annually. In addition, upon commencement of commercial production the annual payment will be increased by 50% of the previous year's payment*." Soho further represents that this surface rights agreement, dated May 28, 2006, applies to the original 23 concessions acquired from Sacramento (the first 23 concessions listed in Table 4.1), and that there is no similar agreement for the remainder of the property concessions.

## 4.4 ENVIRONMENTAL LIABILITIES

Relatively recent mining activities (1970's) at Tahuehueto included the milling of material derived from underground mining (see Section 6). Tailings from the mill were placed on a relatively flat terrace down slope of the mill. While portions of the tailings have since eroded, Soho estimates there are less than 500 tonnes of tailings remaining within the Tahuehueto property. SEWC is unaware of the potential environmental impacts of the tailings, if any.

The small village of El Catorce lies within the area of the Mineral Resources. Soho reports that the people of the village are generally supportive of Sacramento's activities at Tahuehueto. It is not clear what financial and/or time-related impacts the presence of the village might have in the permitting of a mining operation, if any.

An Estudio de Impacto Ambiental, or environmental impact study, will need to be filed with SEMARNAT in Mexico City in order to meet permitting requirements of a mining operation at Tahuehueto. The study would examine the potential impacts of a commercial mining operation, including underground mining, milling, flotation processing, waste dumps, tailings, tailings dam, *etc*. The study has not yet been commissioned.

Knight Piésold (2005) recommended that baseline environmental data be collected at Tahuehueto for a minimum of one year. This baseline data includes:

- Meteorological data (temperature, precipitation, evaporation, wind speed, and wind direction);
- Hydrological/ hydrogeological data (surface/ groundwater quantities and flow regimes);
- Water-quality data (metals levels, nutrient levels, and general characteristics of surface and groundwater sources);

- Acid Rock Drainage (“ARD”) data (major rock characteristics for sulfur and carbon, static ARD testing);
- Fisheries and wildlife data (species present, endangered species, distribution in project area, relative abundance).

Meteorological data have been collected since 2005. Some wildlife and fisheries data were also collected in 2007 by Heuristica Ambiental, environmental consultants from Hermosillo, Sonora.

A series of four reports authored by L. Solkowski (2006b, 2006c, 2006f, 2007b), a geologist with Coast Mountain Geological Ltd., comment on various aspects of the environmental baseline studies recommended by Knight Piésold:

1) Two staff gauges were installed in Jan 2006 to measure water depths in the Rio las Vueltas, which is the only perennial stream within the project area.
2) A water sample taken from the Rio las Vueltas in May 2006 did not indicate any toxicity; the sample was analyzed by Levelton Engineering Solutions, Richmond, B.C. Canada.
3) A water sample analyze by Levelton Engineering Solutions from the “artesian” drill hole at level 16 at El Creston in May 2006 did not indicate any toxicity.
4) At least three species of fish were noted in the Rio las Vueltas, as well as species of unnamed amphibians; algae and mosses thrive within the river.
5) Photos were taken of plant species found on the property, but no systematic listing of species/relative abundances.
6) Listing of some vertebrate and invertebrate species present on the property or reported to have been seen, with some photos; species include: black bear, deer, coyote, reptiles (snakes include rattlesnakes, constrictors and coral snakes), amphibians, and numerous resident and migratory birds; invertebrates include: winged insects, tarantula spiders, and snails.

There is no indication in the reports by Solkowski (2006b, 2006c, 2006f, 2007b) that systematic collection of environmental baseline data, as outlined by Knight Piésold (2005), has been undertaken at Tahuehueto, however Ralph Shearing, president and CEO of Soho verbally reports that weather data, including daily precipitation, wind speed and direction and temperature has been collected more or less continuously since 2006. Also water levels measured from the staff gauges in the Rio las Vueltas has been collected for at least two years.

Archaeological/historical sites discovered while conducting exploration at Tahuehueto have been documented by Solkowski (2005, 2006a, 2006d, 2006e, 2007c, 2007d, 2007e, 2007f).

### 4.5 PERMITS

Thompson & Knight, a legal firm based in Mexico City, provided Soho with an opinion pertaining to allowable disturbance at Tahuehueto under existing governmental standards, which allow disturbance of up to disturbance up to 25% of the surface area of mining concessions (Thompson & Knight, 2008). Thompson & Knight are of the opinion that a cautious interpretation of the standards would be to use only the core group of contiguous concessions in calculating the allowable disturbance for the current exploration program, which is being conducted entirely within this core area. The 16 concessions comprising the core group total approximately 2,000 has., which suggests that 500has. of disturbance is allowed within the core area. Any future work conducted outside the core area would presumably be entitled additional disturbance up to 25% of the total area of the contiguous concessions within that area.

Surface disturbance associated with the exploration work completed at Tahuehueto to date is limited to construction of drill-access roads, drill pads, and trenches. As of the end of December 2008, Soho’s disturbance within the areas covered by the permits totaled less than 20has.

A permit, or concession, for water use has been obtained from the Mexican Federal government agency CONAGUA. This permit allows Soho to draw up to 8,000 cubic meters of water per year from the Rio las Vueltas, the river shown on Figure 4.2. The permit received final approval January 18, 2008.

## 5 ACCESS, CLIMATE, LOCAL RESOURCES, INFRASTRUCTURE AND PHYSIOGRAPHY

### 5.1 ACCESS

Access to the Tahuehueto project by land is by paved Mexican Highway 45 from the city of Durango 53km to the turnoff to Santiago Papasquiaro, then west on paved Mexican Highway 23 for 122km through Santiago Papasquiaro and on to Tepehuanes. From Tepehuanes, an unnumbered paved road runs west through San Jose del Rio. The pavement ends approximately 55km after Tepehuanes, and access is then by 120km of unimproved dirt road to the project. The approximately 350km trip by road from Durango to Tahuehueto takes about 9 to 11 hours of driving.

There is also access via fixed-wing aircraft from either Culiacan or Durango. A serviceable gravel airstrip is located 20km by road north of Tahuehueto at El Purgatorio. This airstrip is maintained by Soho and is suitable for single-engine aircraft.

Narrow gravel roads in steep terrain provide access to various locations within the project limits.

## 5.2 CLIMATE

The climate of the region is moderate. Available climate data (Knight Piésold, 2005) shows a warm-hot season from June through October, with 55 to 113cm of precipitation possible; it is relatively dry from February to May. Annual precipitation ranges between 80 to 140 cm. Freezing temperatures were not recorded in the region between 1961 and 1990 (Knight Piésold, 2005), although occasional snow has been reported (CONSEJO DE RECURSOS MINERALES, 1983a). Soho estimates that winter temperatures range from 5˚ to 24˚C, with summer temperatures in the range of 25˚ to 42˚C.

Exploration and mining can be conducted year round.

## 5.3 LOCAL RESOURCES AND INFRASTRUCTURE

The nearest sizeable community to the project area is Tepehuanes, which is located approximately 175km by road east of the property and has a population of approximately 15,000. A 34.5kv power line and telephone service extends as far as Tepehuanes; diesel generators presently supply power to the project site.

Topia, also serviced off the above power grid is located about 25km southeast of Tahuehueto by air, is the nearest community of any size, with a population of about 1,200.

Soho first obtained water for the project from an underground adit above the camp; water is available from levels 16 and 14 of the El Creston underground workings, from all four levels of the El Rey underground workings and also from an artesian well recovered from tone of Soho exploration drill holes. Since 2007, water has been pumped up to the project site from the Rio las Vueltas, which flows some 800m below the camp.

While the property is large enough to house future mining infrastructure, the steep terrain may require that components of a mill or processing facility be located at some distance from a prospective mine site. The sighting of a tailings facility may prove to be challenging as well.

## 5.4 PHYSIOGRAPHY

The Tahuehueto project is on the western side of the Sierra Madre Occidental, a mountain range that forms the central spine of northern Mexico and is largely composed of Tertiary volcanic rocks. Tahuehueto is in a sub-province called *Barrancas*, which means ravines in Spanish and accurately describes the project area (Figure 5.1 and Figure 5.2).

The terrain at Tahuehueto is very steep to precipitous in places. Elevations range from about 600m in river valleys in the southern part of the property to over 2,500m on high-level plateaus in the northern part of the property. El Creston, the most important of the mineralized zones identified to date, is located along a northeast-trending ridge that spans an elevation range of 1,400 to 1,800m.

In the treeless *barrancas*, scrub alpine bushes and cacti with minor underbrush make up the vegetation. Thicker underbrush, similar to willow, occurs in creek bottoms, while Ponderosa pine trees grow on the high plateaus.

The region is drained by the Rio las Vueltas, which flows from east to west and is located south of the camp at an elevation of 600 to 625m. There is one major drainage basin in the Tahuehueto project area that feeds the Rio las Vueltas (Knight Piésold, 2005). Most streams in the area are seasonal.

Tahuehueto is in a relatively quiet seismic area that has seen no major earthquakes within about 400km, based on the National Geophysical Center/NOAA's Significant Earthquake Database that contains information on destructive earthquakes from 2150 BC to the present (Knight Piésold, 2005).

**Figure 5.1 Physiography of Tahuehueto Area**

(Photo from Gustin, 2008)

Camp buildings and project access roads are visible in lower-left center; a knob of the El Creston ridge can be seen behind loose boulder on shoulder of road that is cut into hillside immediately below the point at which the photograph was taken.

**Figure 5.2 View of the El Creston/El Perdido Area**

(Gustin, 2008)

El Creston ridge is the reddish silicified rib headed uphill in center of photograph; El Perdido structure is the reddish colored zone diverging to the right from the lower third of the El Creston ridge

# 6 HISTORY

## 6.1 PROPERTY HISTORY PRIOR TO SOHO

Historic exploration has been focused along a series of exposed veins, silicified zones and color anomalies that are common within the Tahuehueto project area. The information in this subsection is taken from Brown (1998b, 2004) unless otherwise referenced.

Gold and silver vein mineralization was discovered in the Tahuehueto area in the nineteenth century by Spanish explorers. The veins were examined and found to contain good gold and silver values hosted in sulfides, which at that time could not be processed.

The first recorded exploration was in 1904 (Cavey, 1994) when an English company began development on the Veta 20-93 (El Creston) at the Sacramento de la Plata mine. The actual starting date of the limited production is not recorded.

Compania Minera Sacramento de la Plata, a predecessor company of Sacramento de la Plata, was founded in 1966 and developed over 700m of underground workings on the El Rey and El Creston structures in 1971. A 50 tpd plant was constructed to process the mined material and was operated in the 1970s; the mill remains on the property. Concentrates from the mill were flown to Santiago Papasquiaro and then driven to the smelter at Torréon. Total production from Tahuehueto appears to have been limited.

Pedroza Cano (1991) and Brown (1998b) report that Asarco sampled El Creston and other veins in the region. Tadmex, S.A. de C.V. developed Level 16 of the El Creston vein (Pedroza Cano, 1991). SEWC has no detailed information on these programs.

A company called Emijamex, S.A. de C.V. (“Emijamex”) conducted geochemical and rock sampling, detailed geological investigations, drifting, and crosscutting at the Sacramento de la Plata mine from 1975 through 1977 (Kamono, 1978), including Levels 11, 12, 13 and 14 (Pedroza Cano, 1991). They also submitted an auriferous lead/zinc sample for metallurgical study that is described in Section 16 (Rios et al., 1977a, 1977b).

The Consejo de Recursos Minerales, a Mexican government geological organization that is currently called the Servicio Geológico Mexicano or “SGM”, drilled 28 surface and underground holes that tested the El Creston and Cinco de Mayo structures in the early 1980s (Consejo de Recursos Minerales, 1983b). This appears to have been the only drilling done on the project prior to that of Soho, but no data from the Consejo de Recursos Minerales program are available. The Consejo de Recursos Minerales also conducted an induced polarization ("IP") study over an area of about 3 by 0.4km that included the El Creston, Cinco de Mayo, and Texcalama zones (Consejo de Recursos Minerales, 1983b). The lines were 300m long and spaced 50m apart, and measurements were recorded every 20m at El Creston and 25m at Texcalama and Cinco de Mayo. The IP study identified anomalies that correspond to the continuation of the known structures (Consejo de Recursos Minerales, 1983b).

Castle Minerals Inc. of Vancouver ("Castle"; subsequently changed to Castle Rock Exploration Corp.) optioned Tahuehueto from Sacramento in 1994. At that point, the property consisted of 17 concessions totaling 1,261has. Cavey (1994) stated that Castle's intention was to undertake a surface and underground exploration program to verify historic reserve estimates and to evaluate the potential for the existence of a much larger, lower grade open pit minable deposit.

Prior to the time that Castle acquired the property there were at least 15 documented mineralized zones. Many of these have since been determined to be parts of larger structures. The El Creston vein structure had been exposed in 10 horizontal levels, with 2.000m of total development in adits, drifts and crosscuts (Cavey, 1997) over a vertical distance of approximately 490m. The Cinco de Mayo vein system had been explored by 3 adits, one of which was inaccessible in 1997, if not so in 1994. The Texcalama structure had been explored by at least five separate single level adits along as much as 300m of exposure.

The report by Cavey (1997) presented a geological appraisal of the Tahuehueto project, describes the work completed by OREQUEST Consultants in 1994 for Castle, and made recommendations for further work.

Castle collected 459 rock samples, including 247 from the El Creston structure, 21 from the Cinco de Mayo structure, and 191 from other sites on the property. The samples included both surface chip samples and underground chip-channel samples.

At El Creston seven of the ten crosscuts examined were mapped and sampled in 1994 (Cavey, 1997) to determine the width of the vein and the general dimensions of the stockwork beyond the walls of the vein. Historic mining of the El Creston structure was over 3.0-6.0m widths, primarily within the zone of the most obvious sulfide mineralization, but the breccia/stockwork zone is locally up to 50m wide (Cavey, 1997). The best exposure of the mineralized vein system in 1994 was from level 11. The entire 39m of the vein exposure sampled averaged 5.50 g/t Au, 34.03 g/t Ag, 2.3% Zn and 0.92% Cu over an average width of 1.19m. Several of the samples were encouraging as they contained vein material as well as footwall and hanging wall material; these samples averaged 1.30 g/t Au, 5.0 g/t Ag, 0.7% Zn and 0.33% Pb over a true width of 13m. Brown (2004) stated that the sampling by Castle in 1994 appeared to indicate that the El Creston vein is not continuous in the eight levels sampled as would be expected in a vein structure containing massive sulfides. Cavey (1997) did mention the presence of post-mineral faults within the El Creston structure creating up to 20m of offsets along the mineralization.

Sampling on the Cinco de Mayo structure by Castle in 1994 showed an average grade of 4.91g Au/t over an average width of 1.5m along 138m of the vein exposed in the underground workings; samples were taken approximately every 15-20 m (Cavey, 1997). One footwall sample returned a value of 9.73 g/t Au over 5.0m, and hanging wall samples returned gold values of 6.96 g/t over 1.5m, 0.74 g/t over 1.1m, 2.06 g/t over 5.0m, 0.56 g/t over 5.0m and 2.86 g/t over 5.0m. Several of the vein samples combined with either hanging wall or footwall samples resulted in nearly continuous chip samples that produced values of 4.78g Au/t over 11.3m, 1.63g Au/t over 6.3m, and 1.57g Au/t over 12.0m.

Cavey (1997) concluded that “*the 1994 sampling was unable to reproduce the grades obtained by others in the resource calculations done on the El Creston structure*” but that “*the 1994 Castle sampling confirmed the grades previously obtained in the Cinco de Mayo area*.”

Castle dropped their option within two years without having drilled any holes.

Brown (1998b) reports that 5,900m of underground development and exploration workings at El Creston, Cinco de Mayo, and El Rey had been completed by previous operators, among whom he identified Asarco, Peñoles, Consejo de Recursos Minerales, and DOWA Mining Company.

Consolidated Samarkand (now Soho) entered into a "Promise to Contract" agreement in 1996, after Castle dropped their interest in Tahuehueto, whereby the owners of a majority of the outstanding shares of Sacramento agreed to enter into a Share Purchase Agreement. This agreement was executed in March 1997. Soho’s exploration activities are described in Section 10.

## 6.2 HISTORICAL RESOURCE

Several historical resource estimates (Table 6.1) were completed before 2001 when NI 43-101 reporting requirements were instituted. There are insufficient details available on the procedures used in these estimates to permit SEWC to determine that any of the estimates meet NI 43-101 standards. Accordingly historical resources are not considered reliable and are presented herein merely as an item of historical interest.

In addition to the historic mineral inventory estimates provided in Table 6.1, Pedroza Cano (1991) and Brown (1998b) report that Asarco estimated “ore reserves” at El Creston. In 1991, the Consejo de Recursos Minerales estimated “preliminary reserves” on the El Rey, Texcalama, and Los Burros structures (Cavey, 1994). Brown (1998b) reports that DOWA Mining Company also completed a mineral inventory estimate. No further information concerning these estimates is available.

The second estimate listed in Table 6.1 was undertaken by an unknown company and is believed to have been completed in 1991 (Pedroza Cano, 1991). The Peñoles estimate was completed while evaluating the property for possible acquisition. Peñoles estimated that there were potentially 3.8 million tonnes of mineralized material at El Creston, Cinco de Mayo, and El Rey that might be upgraded to resources with an underground drill program (Martinez, 1992). The Peñoles estimate was based on data from underground sampling at El Rey, El Creston, Cinco de Mayo, and Santiago/Espinal. According to Cavey (1994) and Brown (2004), this estimate only considered a narrow width of higher-grade material, including both oxide and sulfide mineralization.

The Soho estimate was based solely on the underground channel and panel sampling undertaken by Soho

## Table 6.1 Historic Mineral Inventory Estimates

| Company | Date | Tonnes | Grade | | | | | Reported Category | Area |
|---|---|---|---|---|---|---|---|---|---|
| | | | g Au/t | g Ag/t | Cu% | Pb% | Zn% | | |
| Consejo de Recursos Minerales[1] | 1983 | 270,963 | 1.06 | 151 | 0.74 | 2.92 | 4.84 | "positive reserves" | Cinco de Mayo, El Rey |
| | | 216,708 | 1.69 | 83 | 0.34 | 3.19 | 5.31 | "probable reserves" | Cinco de Mayo, El Rey, El Creston, Texcalama |
| | | 61,427 | - | - | - | - | - | "possible reserves" | Cinco de Mayo, El Rey, Texcalama |
| ?[2] | 1991? | 253,137 | 4.62 | 166 | - | 5.81 | 8.43 | "positive reserves" | Cinco de Mayo, El Rey, El Creston |
| | | 297,062 | 6.40 | 127 | - | 5.00 | 7.00 | "possible reserves" | |
| Peñoles[3] | 1992 | 1,736,041 | 7.57 | 68 | 0.15 | 2.12 | 3.37 | "proven, possible & potential" | El Creston |
| | | 335,000 | 3.11 | 170 | 0.96 | 1.6 | 4.53 | "reserve" | Cinco de Mayo |
| | | 1,000,000 | - | - | - | - | - | "potential reserve" | |
| Soho[4] | 1997 | 238,000 | 9.66 | 77 | - | 2.61 | 3.96 | "inferred resource" | El Creston |

[1]Cavey (1994); [2]Pedroza Cano (1991); [3]Martinez(1992); [4]Brown (1998a,2004)

Resource blocks were defined based on favorable mineralized silica zones with gold values above 3g/t. According to Brown (2004), *“These resources were estimated using mainly drift samples combined with less frequent crosscut samples and may have overestimated the grade since drift samples seem to be on average 1.5 to 2 times higher than those of the entire crosscuts. Given the existing database it seems somewhat premature to estimate a resource for El Creston. The zone is open along strike and to depth and any estimate will tend to understate the potential tonnages present. The above estimate is reported to have been based on the CIMM Ad Hoc Committee Report, Mineral Resource/Reserve Classification: Categories, Definitions, and Guidelines, as of September 1996 and have not been upgraded to current 43-101 standards. Therefore, these resources are considered historic”* (Gustin, 2008).

Brown (1998) notes that there were several constraints on the accuracy of the 1997 estimate, including relatively few crosscuts, on a number of levels, which are necessary in determining the true width of the mineralized zones and their use of a specific gravity of 2.5 for the tonnage calculations, which was thought to be low. In addition to the “inferred resource”, Soho also calculated “anticipated resources” for the El Creston and Cinco de Mayo areas (Brown, 1998a), but these are not presented herein given their highly speculative nature.

# 7 GEOLOGICAL SETTING

## 7.1 REGIONAL GEOLOGY

The Tahuehueto project lies near the western edge of the Sierra Madre Occidental, a 1,200km long north-northwest-trending volcanic plateau that is 200 to 300km in width. This mountainous plateau separates the southward extension of the Basin and Range Province of the southwestern United States into two parts; Sedlock *et al.* (1993) suggested calling these two areas of extension the eastern and western Mexican Basin and Range provinces. Tahuehueto is near the boundary between the Sierra Madre Occidental and western Mexican Basin and Range Province.

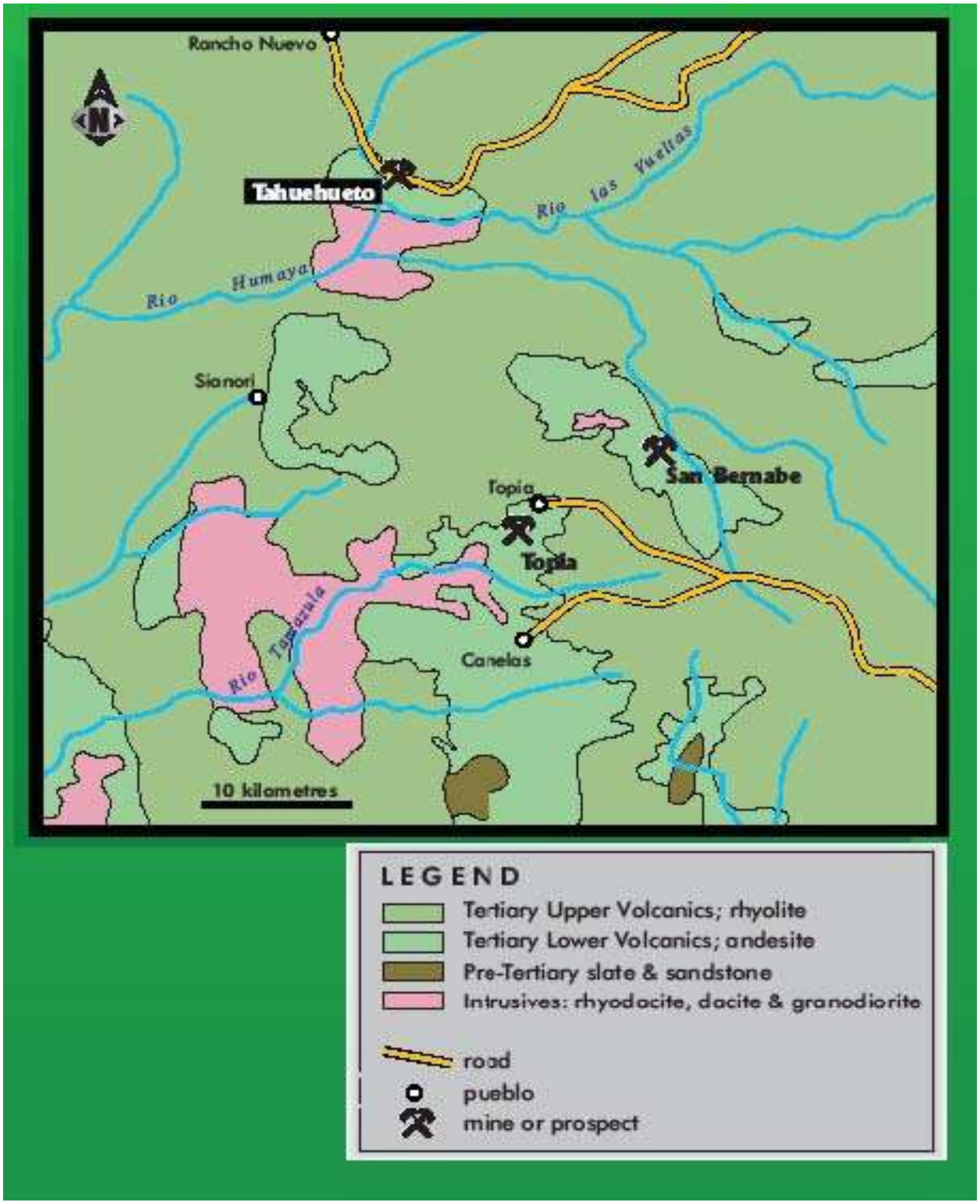
The following description of the regional geology is taken mostly from Gustin (2008), who has summarized Sedlock et al (1993), Salas (1991), Loucks et al (1988), and Henry et al (2003), as pertaining to that portion of the Sierra Madre Occidental relevant to the Tahuehueto project area.

Basement rocks in the Sierra Madre Occidental are obscured by Cenozoic volcanic flows, tuffs, and related intrusions, but are inferred to include Proterozoic basement rocks, overlying Paleozoic shelf and eugeosynclinal sedimentary rocks, possibly scattered Triassic-Jurassic clastic rocks, and Mesozoic intrusions (Sedlock *et al.*, 1993; Salas, 1991). These basement rocks are not exposed in the project area (Figure 7.1).

Cenozoic magmatic rocks in northern Mexico, including the Sierra Madre Occidental, are generally thought to reflect subduction-related continental arc magmatism that slowly migrated eastward during the early Tertiary and then retreated westward more quickly, reaching the western margin of the continent by the end of the Oligocene (Sedlock *et al.,* 1993). The eastward migration is represented in the Sierra Madre Occidental by the Late Cretaceous-Paleocene “lower volcanic series”, or Nacozari Group, of calc-alkaline composition. Over 2,000m of predominantly andesitic volcanic rocks, with some inter-layered ash flows and associated intrusions, comprise the lower volcanic series.

There was a period of approximately 10 million years between eruption of the lower volcanic series and the onset of the next phase of felsic volcanism, referred to as the upper volcanic series. A number of stocks intrude andesites of the lower volcanic series. These stocks are generally of granodiorite composition and are believed to be a late phase of the Sinaloa

**Figure 7.1 Regional Geologic Setting of the Tahuehueto Project**



batholith (Henry *et al.*, 2003). At Topia, it is during the hiatus in volcanism that the lower series was faulted, tilted, deeply dissected, and then intruded by the granodiorite stocks, and a northeast-trending set of faults was mineralized as Ag-Zn-Pb-Au-Cu rich fissure veins (Loucks et al, 1988). A similar scenario is envisioned at Tahuehueto. K-Ar dating at Topia of igneous rocks and mineralization yield an age of 46.1 Ma for one of the granodiorite stocks, ages between 43.5 Ma and 44.0 Ma for the hydrothermal system, and 37.9 Ma for the lowermost rhyolite welded tuff of the upper volcanic series (Loucks et al, 1988).

Rhyolitic ignimbrites and flows, with subordinate andesite, dacite, and basalt, formed during Eocene and Oligocene caldera eruptions. These volcanic rocks form a 1km-thick unit that unconformably overlies the lower volcanic series andesitic rocks and constitutes the "upper volcanic super group" of the Sierra Madre Occidental (Sedlock *et al.,* 1993), also commonly referred to as the upper volcanic series or Yecora Group.

The upper volcanic series ignimbrites are moderately west dipping in the Tahuehueto region. Loucks *et al*. (1988) report that the ignimbrites are warped into a broad north-south anticline. Tahuehueto lies in the western limb of this large regional structure. As the magmatic arc retreated to the western edge of the continent, becoming inactive by the end of middle Miocene time, late Oligocene to Miocene (24 to 17Ma) basaltic andesites were erupted in a back-arc basin in the Sierra Madre Occidental. These basaltic andesites may have been deposited in a sub-aqueous environment. Still younger alkalic basalts related to Basin and Range extension are found in and east of the range; these youngest basalts are present just north of the city of Durango. Although there appears to have been little late Cenozoic extension in the Sierra Madre Occidental itself, extensional Basin and Range-type structures and ranges formed to the east and west.

## 7.2 LOCAL GEOLOGY

The Tahuehueto property is in the *Barrancas* sub-province of the Sierra Madre Occidental. Drainage generally flows west into the Gulf of California, creating spectacular relief with precipitous ravines. These streams follow major northwest- and northeast-trending faults. Canyon reentrants and intervening promontories expose the intensely mineralized lower volcanic series as long zigzag belts of outcropping fissure vein deposits (Loucks et al, 1988). As at Topia, the andesite hosted veins have been partially exhumed and remain partially interred beneath the silicic ignimbrites.

The lower volcanic series exhibits regional propylitic alteration. Structural extension in the district is exhibited by normal faults striking north to north-northwest. The north-northwest-trending faults cut the mineralized veins, which strike northeast to north-northeast.

## 7.3 PROPERTY GEOLOGY

The following subsection was provided to Mike Gustin (2008) by Hall Stewart of Soho unless otherwise cited. A geologic map and stratigraphic column and geologic map of the Tahuehueto area are shown in Figure 7.2 and Figure 7.3, respectively.

The property contains four main rock types: lower volcanic series andesite, granodiorite stocks, polymictic conglomerate, and felsic ash-flow tuffs of the upper volcanic series. The majority of the project area is underlain by andesite flows, tuffs, and volcaniclastic rocks of the lower volcanic series. The lower volcanic series remains generally undifferentiated. A volcaniclastic unit distinct from the andesite flows exists in the Texcalama and Cinco de Mayo areas and an andesite lithic lapilli tuff exists in the footwall of the El Creston structural zone. Granodioritic stocks intrude the andesites and are exposed at surface in the footwall of the El Creston structural zone and the El Rey mine area. The andesites and granodiorite are overlain by a basal polymictic conglomerate unit that is tens of meters thick and marks the unconformity between the lower and upper volcanic series. Amygdaloidal basalt flows occur locally within the conglomerate unit. In some areas, thin units of ignimbrite were deposited before the conglomerate. Late Tertiary or Quaternary landslides obscure outcrop patterns in the El Creston-El Perdido area and are likely to be present in other areas of steep topography within the project area.

A series of northeast-striking veins that formed within a series of normal faults with subordinate left-lateral displacement hosts the Mineral Resources described in Section 17. The principal, through-going veins have a general strike of 045° to 060° and dip between 65° and 80° to the southeast. This vein set includes Cinco de Mayo, El Catorce, and El Perdido and extends northeastward to Santiago. Other veins with the same orientation include El Rey, Dolores, Tahuehueto, Texcalama, El Espinal, and Tres de Mayo. Within the core area of the Mineral Resources discussed in Section 17, the El Creston series of veins, striking about 035° and dipping 60° to 80° east, formed in a strongly dilatant zone between the through-going El Perdido and El Rey structures.

Figure 7.2 Geology of the Tahuehueto Project Area

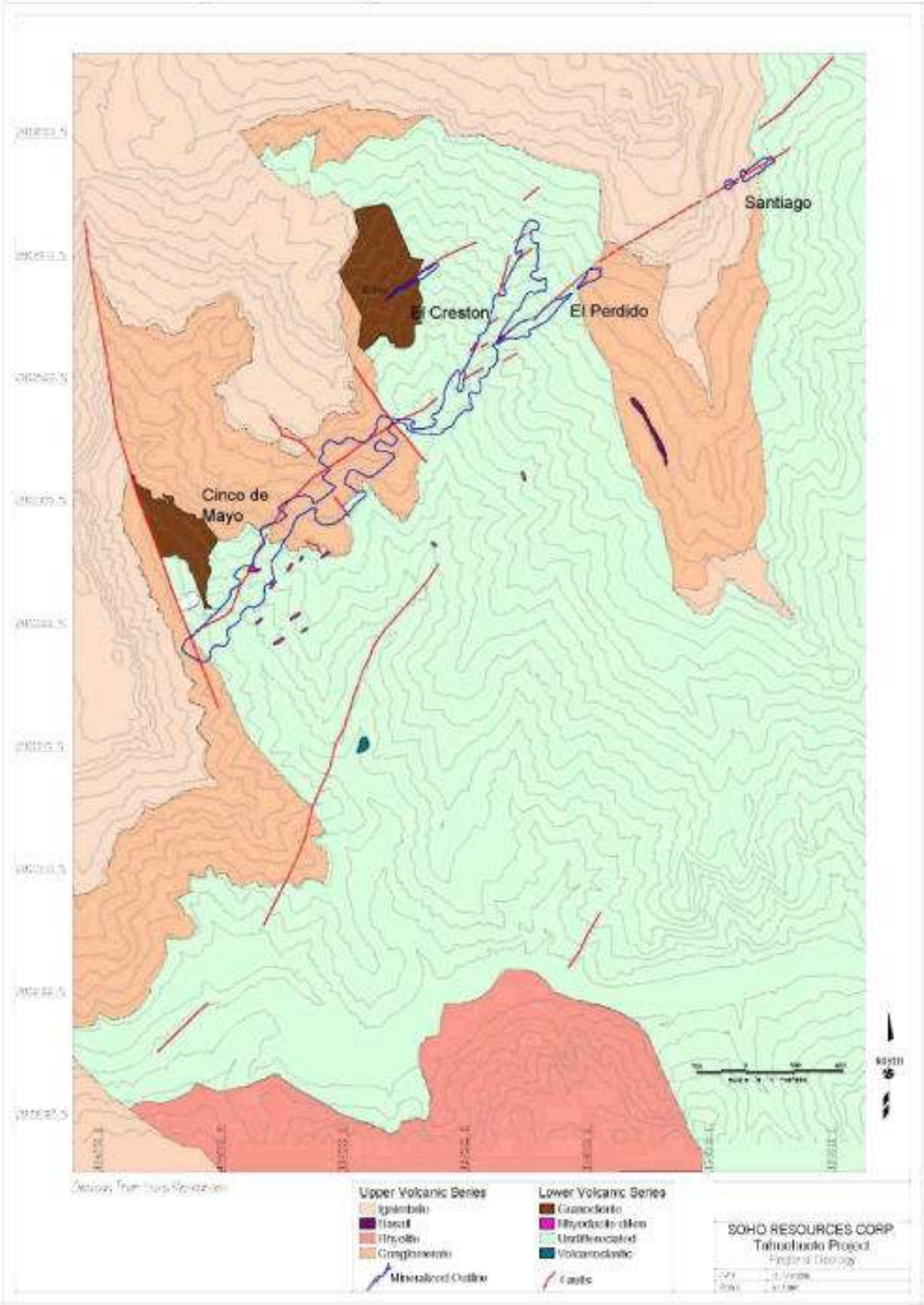
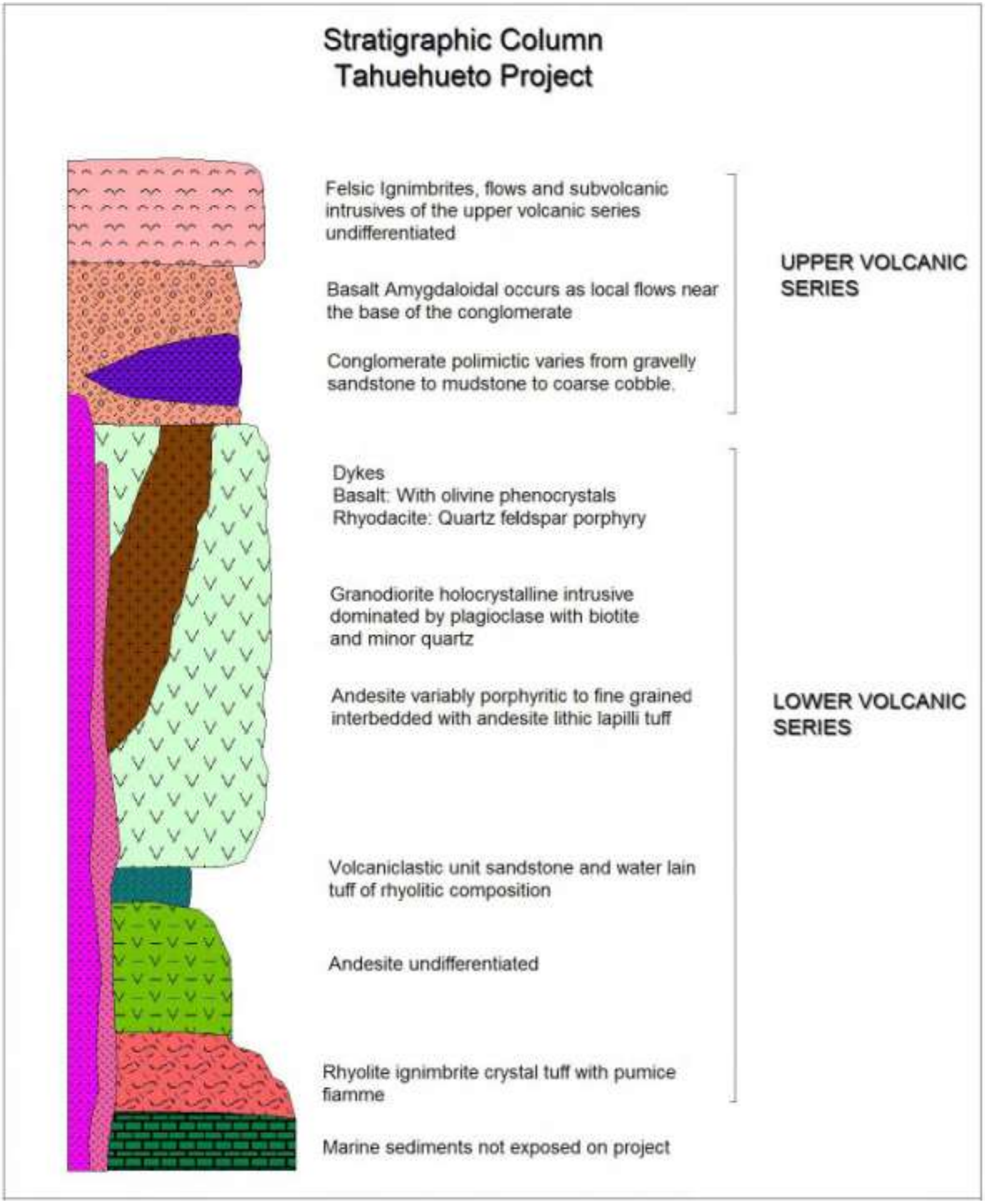


**Figure 7.3 Stratigraphic Column for the Tahuehueto Project**



# 8 DEPOSIT TYPE

## 8.1 GEOLOGICAL MODEL

Metallogenic zonation across the Sierra Madre Occidental ranges from a gold-rich region to the west in Sonora and Sinaloa to a silver-dominant gold-silver province in the core of the Sierra Madre to a silver-zinc-lead province hosted within the central plateau of Chihuahua, Durango, and Zacatecas. Mineralization at Tahuehueto and at the neighboring deposit of Topia is confined mostly to andesite within the lower volcanic series but may extend in a few places up into the lowermost part of the overlying felsic ignimbrites of the upper volcanic series.

K-Ar dating at Topia of igneous rocks and mineralization yield an age of 46.1 Ma for one of the granodiorite stocks, ages between 43.5 Ma and 44.0 Ma for the hydrothermal system, and 37.9 Ma for the lowermost rhyolite welded tuff corresponding to initiation of widespread silicic ignimbrite eruptions in the Sierra (Loucks et al, 1988).

## 8.2 TAHUEHUETO GEOLOGICAL MODEL

Mineralization at Tahuehueto is classified as intrusion related epithermal low sulfidation polymetallic Ag-Au style (Corbett, 2007), with Au and Ag accompanied by Cu, Pb, and Zn mineralization. These types of deposits are interpreted to have been derived from porphyry intrusion source rocks at depth.

A northeast-striking corridor of steep east dipping fractures and normal faults, traced for about 3 km from Cinco de Mayo in the south to Santiago in the north, represents the main control to mineralization at Tahuehueto. North-northeast trending subsidiary structures, such as at El Creston, are less continuous and commonly display more open vein textures typical of a dilational setting (Corbett, 2007). Figure 8.1 (Corbett, 2007) illustrates the varying structural controls to ore shoot formation in low sulfidation Au-Ag deposits, and Figure 8.2 (Corbett, 2007) schematically represents the interpreted structural elements present at Tahuehueto that localize mineralization at Cinco de Mayo, El Creston and at Santiago. In many vein systems much of the mineralization is confined to ore shoots that are commonly developed within dilational structures (Corbett, 2007).

**Figure 8.1 Structural Controls to Ore Shoot Formation in Low Sulfidation Au-Ag Deposits**

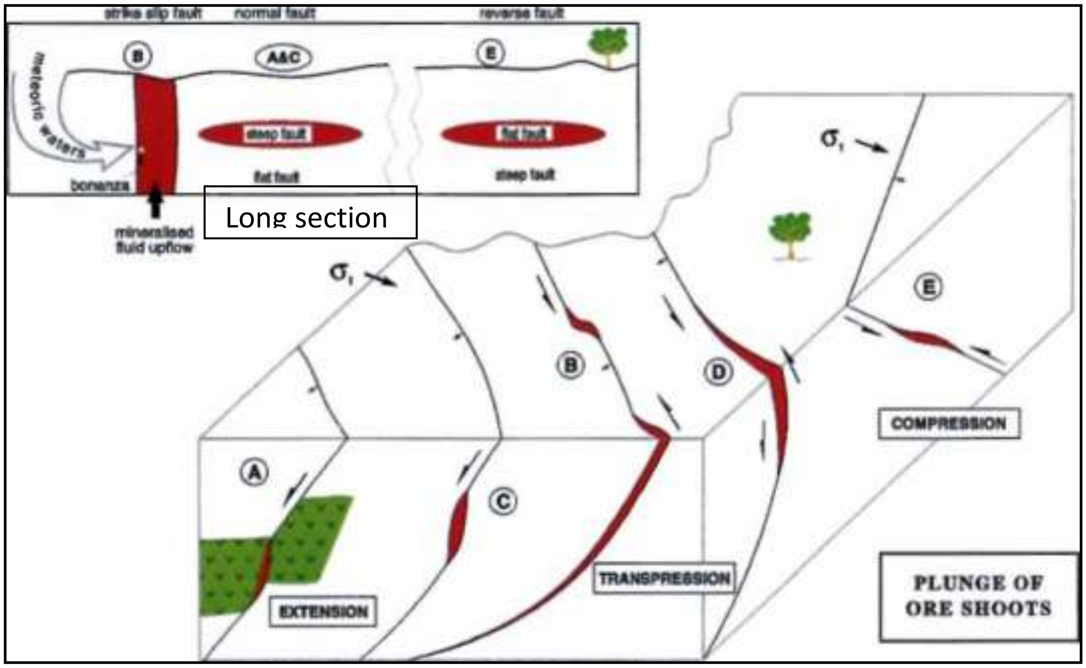
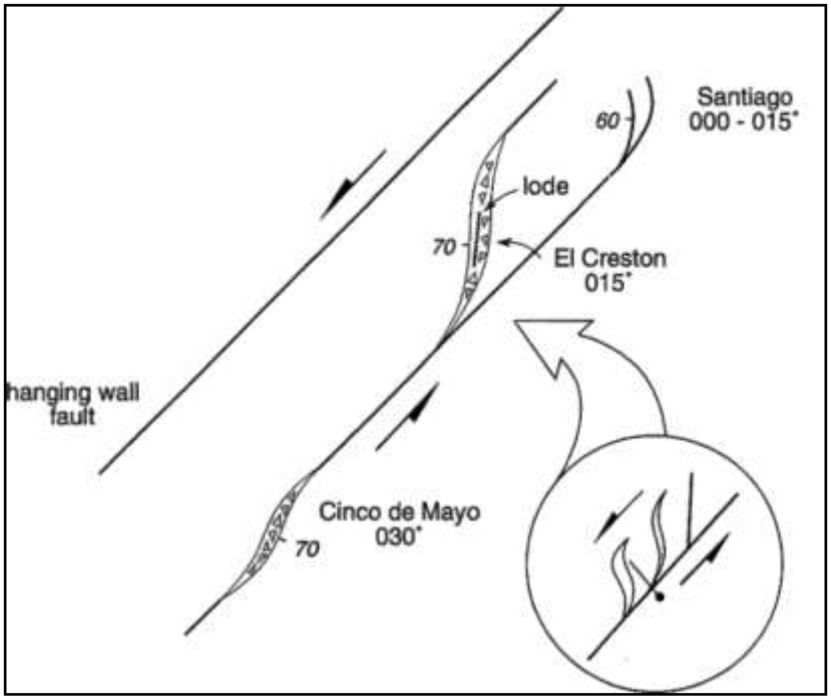


**Figure 8.2 Structural Elements Present at Tahuehueto**



Mineralization at Tahuehueto is strongly telescoped, with early high temperature mineralization and alteration overprinted by intermediate temperature and then by younger epithermal mineralization and alteration assemblages. The multiple mineralizing events obscure vertical zonation patterns that are commonly found in other epithermal vein deposits. Mineralized zones are characterized by pervasive silicification, quartz-filled expansion breccias, and sheeted veins. Multiple phases of mineralization produced several phases of silica, ranging from chalcedony to comb quartz (Corbett, 2007). The surface expression of known mineralization occurs over a vertical distance of at least 850m between Cinco de Mayo and Santiago. The El Creston mineralized zone has been developed by 10 levels over 490m vertical distance.

Cinco de Mayo occurs at the deepest crustal level, where alteration and breccias (below) are indicative of buried porphyry (Corbett, 2007). The Santiago area occurs at the highest elevation where crystalline and chalcedonic quartz veins are consistent with the pronounced overprinting relationships recognized elsewhere on the property, and hypogene hematite in the chalcedony vein is indicative of lower temperature epithermal mineralization (Corbett, 2007).

## 9 MINERALIZATION

Mineralization at Tahuehueto occurs as polymetallic epithermal veins with multiple mineralizing events overprinted on one another in the same vein structure. The primary host rock is andesite of the lower volcanic series, but in at least one case, the hydrothermal system penetrated felsic ignimbrite of the upper volcanic series. Styles of mineralization identified by Corbett (2007) include:

- Initial pervasive propylitic-potassic alteration with local specular hematite develops as intrusion-related alteration.
- Early chalcopyrite-pyrite mineralization, locally with quartz-barite typically forms early and at deeper crustal levels in polymetallic Ag-Au vein systems.
- Polymetallic Ag-Au mineralization comprising pyrite-galena-sphalerite ± chalcopyrite ± chalcopyrite ±Ag sulfosalts ±barite represents the volumetrically most apparent mineralization and displays pronounced vertical variation discerned as changes in the sphalerite color from dark brown Fe-rich high temperature sphalerite formed early and at depth to red, yellow and less commonly white sphalerite as the Fe-poor low temperature end member that typically develops at higher crustal levels and as a later stage. Much of this mineralization occurs as sulfide lodes or as breccia infill. Bulk lower grade ore occurs as fine grained Au and Ag sulfosalts deposited within base metal sulfides as part of the main polymetallic mineralization, rising to higher grade Ag with increased base metal contents. These ores evolve to ore with a more epithermal character and locally higher Au-Ag grades at later stages where base metal sulfides are overprinted by Ag-rich tetrahedrite (freibergite).
- Highest Ag-Au grades locally occur in the absence of Cu-Pb-Zn in ores described as the epithermal end member of polymetallic Ag-Au mineralization which is strongly structurally controlled. High grade Ag may occur as freibergite with celadonite in combination with white sphalerite and dark chlorite commonly with later stage opal-chalcedony. Semi-massive to banded chlorite locally occurs with celadonite-pyrite-opal and displays elevated Au with significantly lower Ag: Au ratios. Hypogene hematite occurs with banded quartz as an epithermal assemblage which accounts for elevated Au grades overprinting earlier sulfide-rich mineralization.

Overprinting of the lower-temperature, higher-level mineral assemblage onto the higher-temperature, deeper-level mineral assemblage is referred to as telescoping. This telescoping may represent the progressive cooling of the hydrothermal system, although in some instances tectonic un-roofing of the cover rocks may also result in a decrease in overburden and progressive deposition of higher crustal level, lower temperature mineral assemblages. Increasing gold and silver grades in the later higher crustal level assemblages without significant base metals is an important element of this telescoping (Corbett, 2007).

Breccias are an integral part of the Tahuehueto hydrothermal system and display several genetic styles. Corbett (2007) notes that many of the sulfide-mineralized zones display sulfide-transport textures; typical of fluidized breccias (Figure 9.1). Milled breccias (Figure.9.2) are those in which the clasts have undergone significant working while being transported from deeper to elevated crustal settings. These breccias typically contain rounded clasts in a matrix of milled rock flour which has undergone hydrothermal alteration. Expansion breccias, in which the fragments have been moved apart and filled in with carbonate or quartz in a jigsaw pattern, are typical in dilational structural settings (Figure 9.3). Magmatic hydrothermal breccias (Figure 9.4) typically occur in near porphyry environments and contain clasts of porphyry intrusions and alteration in a milled matrix. Shingle breccias with elongate, parallel shingle-like fragments, are thought to have been formed by collapse following the explosive escape of volatiles from an underlying magma chamber (Figure 9.5).

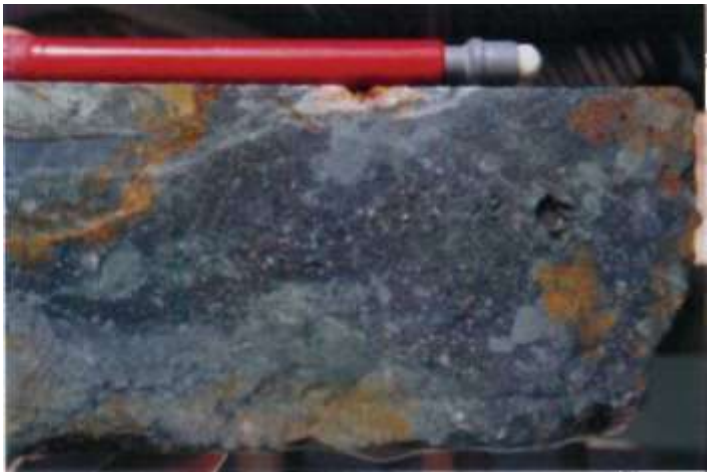
The uppermost portions of the mineralized structures are oxidized. In the oxide zone, mineralization consists of malachite, azurite, chalcocite, covellite, limonite, and hematite. Malachite overprints tetrahedrite, and chalcocite and covellite form coatings on sphalerite. The depth of the oxide-sulfide interface varies considerably, but is generally less than 100m.

Sulfide mineralization lies below the oxidized zone and consists of sphalerite, galena, chalcopyrite, tennantite, tetrahedrite, and probably electrum. Gangue minerals are quartz, pyrite, chlorite, sericite, and calcite. Locally a light green phyllosilicate mineral interpreted to be celadonite (Loucks, *et al* 1988) forms as gangue and is closely associated with high-grade gold and silver mineralization.

Corbett (2007) observed supergene enrichment in both mine workings and in drill hole DDH07-081 from the upper part of the El Creston zone. The oxide-sulfide interface occurs at about 37m in depth in that hole. Corbett (2007) states that silver and zinc were leached from the oxide zone, with silver and copper being enriched below the base of oxidation. Silver increases from 39.1g Ag/t between 34.95 to 37m to 270g Ag/t at 37 to 40.05m in the hole. Gold is concentrated at the base of the zone of oxidation.

## Figure 9.1 Fluidized Breccia

(Photo from Corbett, 2007)



DDH06-63, 159.4m; Core parallel fluidized breccia with sulfide clasts.

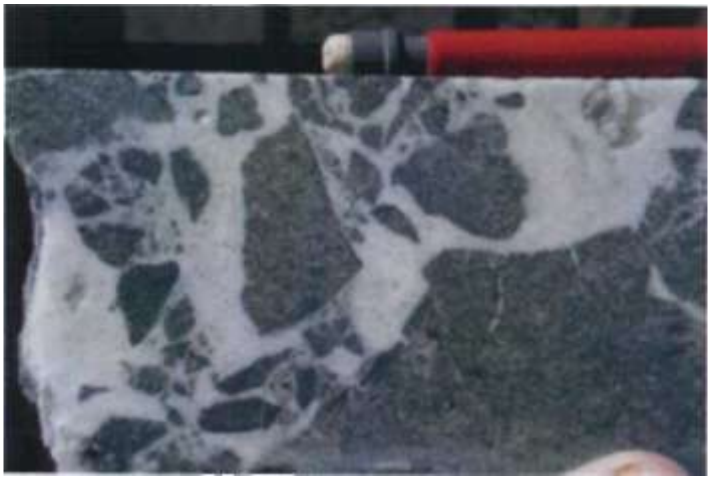
## Figure 9.2 Milled Breccia

(Photo from Corbett, 2007)

DDH06-03, 169.2m

**Figure 9.3 Carbonate filled Expansion Breccia**

(Photo from Corbett, 2007)



DDH07-111, 78.2m

**Figure 9.4 Magmatic Hydrothermal Breccia**

(Photo from Corbett, 2007)

DDH07-85, 85.6m; K feldspar alteration of clasts and chlorite-magnetite propylitic alteration of matrix; minor tourmaline

**Figure 9.5 Shingle Breccia**

(Photo from Corbett, 2007)

DDH07-81, 71m; with serictie-silica-pyrite clast alteration and later kaolin infill

Hydrothermal alteration at Tahuehueto is zoned both laterally and vertically. Potassic alteration consists primarily of pink potassium feldspar replacement of wall rock and of magmatic hydrothermal breccias clasts at depth (Figure 9.4). It also occurs as K–feldspar flooding of many dikes and as vein selvages. At the deepest levels drilled to date K-feldspar is overprinted by sericite; it is also apparent in outcrop near the El Burro mine workings.

Propylitic alteration is most abundant, consisting of chlorite-carbonate ± pyrite ± specularite; rare epidote as vein selvages locally indicates higher temperature conditions. At the deepest levels magnetite is recognized with the propylitic alteration, while disseminated tourmaline is present in a magmatic hydrothermal breccia.

Argillic alteration accompanied by disseminated pyrite overprints the propylitic alteration. In the El Creston adit levels and much of the drill core, primary feldspar is replaced by retrograde illite which varies to sericite in outcrops close to Cinco de Mayo and in the lower portions of DDH85 (Corbett,2007).

Celadonite alteration is present in association with the epithermal Ag mineralization, and is common as wall rock alteration associated with later stage higher Au-Ag mineralization (Figure 9.6).

**Figure 9.6 Celadonite with Chalcedony-Opal**

(photo from Corbett, 2007)

DDH06-63, 170.4m; from relatively high grade Ag interval

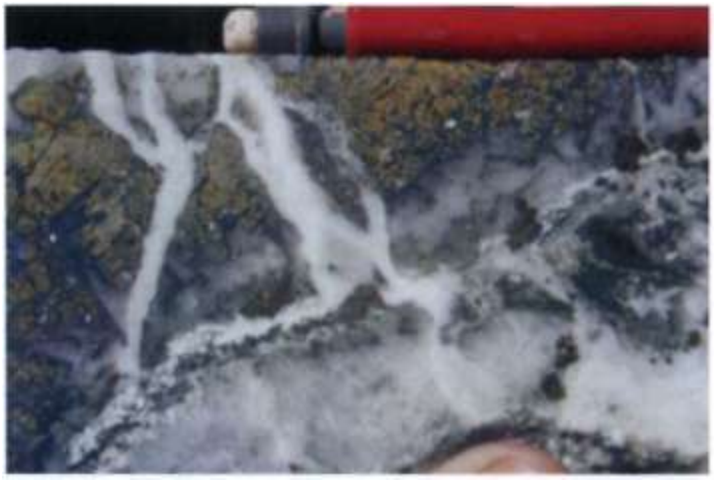
Kaolinite is seen in many drill holes and is interpreted to have been deposited from low pH waters collapsing from a now eroded near-surface acid cap; where cut by later calcite veins it demonstrates a hypogene origin (Figure 9.7).

Alteration at high topographic levels consists of bleaching, oxidation, and development of barite veins.

The main mineralized structural corridor extends over 2.5 km from Cinco de Mayo in the southwest to Santiago in the northeast, and includes the Catorce, El Creston and the El Perdido zones. Figure 9.8 shows the main mineralized structures and targets at Tahuehueto.

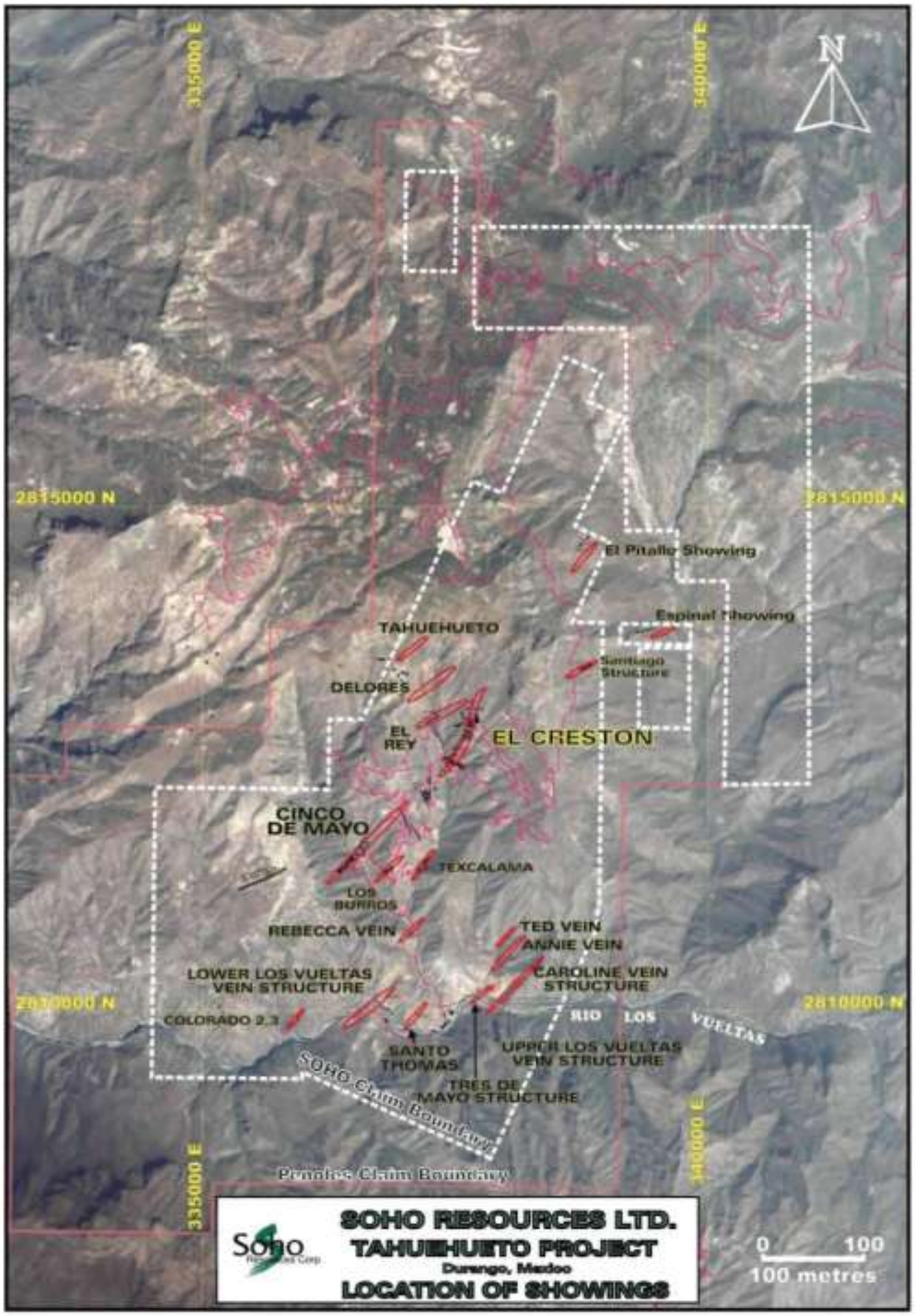
**Figure 9.7 Quartz-Kaolin-Sulfide Vein**

(photo from Corbett, 2007)



DDH07-111, 89.2m

**Figure 9.8 Mineralized Structures and Targets at Tahuehueto**



## 9.1 EL CRESTON

El Creston, which has over 2,000m of historic underground workings and has been the focus of Soho's exploration efforts to date, is a major dilatant link structure situated between the Cinco de Mayo – El Perdido structural zone and the El Rey fault. These structural zones have undergone left-lateral movement resulting in north northeast-trending tensional fractures that define the El Creston structural zone (Corbett, 2007). A large silicified stockwork zone, triangular in plan, developed at the south end of the El Creston structure adjacent to its intersection with the El Perdido structure. El Creston is a broad zone of silicified porphyritic andesite cut by dense quartz/chalcedony stockwork that hosts multiple events of sulfide mineralization. Soho presently is developing the idea that the El Creston zone may have a core consisting of a porphyritic dike, which served as a pre-existing zone of weakness that was exploited as a dilatant zone when movement occurred on the through-going northeast-striking faults (El Perdido, etc.). El Creston is the widest of the mineralized zones at Tahuehueto, with true widths of significant mineralization of up to 35m. The footwall boundary of the El Creston zone strikes about 035° and dips 75° to 85° to the southeast.

Multiple breccias and stockwork events are present at El Creston. The earliest events are made up of coarsely crystalline, bladed, and drusy quartz with associated dark brown sphalerite, galena, and chalcopyrite. These early breccias are observed intact and as fragments within progressively younger breccias. The younger breccias are composed of finely crystalline quartz with base-metal sulfides, including yellow sphalerite plus tetrahedrite (freibergite), and still younger breccias are composed of chalcedony and chlorite/celadonite with very fine pyrite as the dominant sulfide. White low-iron sphalerite is uncommon, but is more prevalent in the later stage veins. The breccias become increasingly rich in precious metals as they become younger, based on crosscutting relationships. Corbett (2007) observed that,

> *The footwall of El Creston (DDH 111, 113) is dominated by a strongly polyphasal late stage low temperature very dilatant breccia characterised by a variety of clasts including polymetallic mineralisation in-filled with locally well banded green chalcedony, indicative of the low temperature character. The presence of angular clasts of calcite, which is normally post-mineral, further suggests this breccia is late stage. Subsurface sedimentary structures demonstrate the dilational character in fault structures, preserved in only the late stage events in the footwall. This author has recognised other polymetallic vein systems 'growing' in the footwall in a manner similar to El Creston. It should be considered during continued exploration whether such a late stage breccia,*

> *which is poorly mineralised at the current level lower temperature portion of the vertical body investigated by drilling to date, grades to a higher temperature better mineralised portion at depth*.

Corbett's observations suggest that precious-metals mineralization may occur at deeper levels than have been tested to date at El Creston. Fluid inclusion studies suggest that the level of boiling of the mineralized fluid was at the lowest levels of the mine (Brown, 2004).

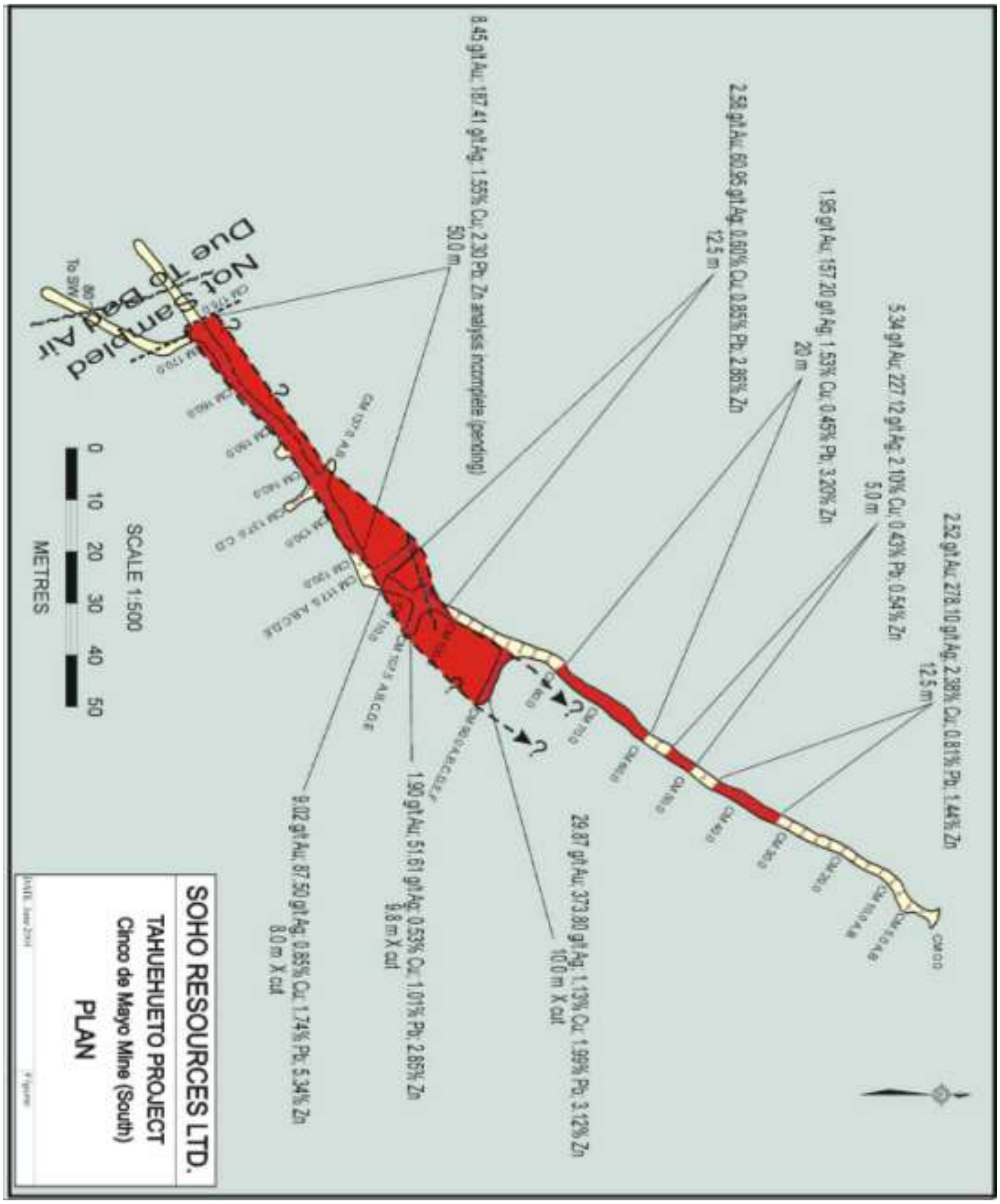
## 9.2 CINCO DE MAYO

Cinco de Mayo is the southwestern-most 700m section of the major northeast trending structural corridor that hosts at least four major zones of mineralization along a strike length of at least 3km. At Cinco de Mayo the mineralized fault zone strikes 035° to 045° and dips 75° to 82° SE. The structure bends to about 055° near a post-mineral fault that delimits the known southern end of mineralization. Three one-level adits have been developed along the vein; portals are all at an elevation of ~955m, with one on the south side of a gully (210m long) and two sub-parallel adits on the north side; total development is over 500m (Brown, 1998a). The adits are developed along 400m of strike length on the vein system, but mineralization can be traced for at least another 150m northeastward on the surface.

The mineralized vein near the end of the South adit (Cinco de Mayo Vein III in Cavey, 1997) is truncated by a fault that strikes ~345°, dips 73° SW and down drops upper volcanic series ignimbrite against the lower volcanic series andesite; total displacement on this post-mineral fault is estimated to be 150 to 200m. To date there has not been any exploration to locate a possible down-faulted extension of the Cinco de Mayo structure hidden beneath the ignimbrites.

A systematic underground channel sampling program was undertaken in the Cinco de Mayo South adit by Soho in 2004 (Figure 9.9). Twenty consecutive samples across the 50m section between 125m and 175m from the portal returned an average grade of 8.45 g/t Au, 187.41 g/t Ag, 1.55% Cu, 2.30% Pb and 3.17% Zn over an average width of 1.54m (Soho, 2004b).

**Figure 9.9 Cinco de Mayo South Adit Sampling**



Surface sampling along the northern exposure of the Cinco de Mayo zone reported by Soho (2006c) returned mineralization along a 275m strike length. A total of 76 samples were collected at various locations along the strike and across the mineralized structure where exposed on the surface. Within this sampled area a section with a strike length of 141.1m with an average width of 3.08m graded 1.76 g/t Au, 72.08 g/t Ag, 0.42% Cu, 3.5% Pb and 3.56% Zn.

According to Corbett (2007), Cinco de Mayo represents the deepest level mineralization investigated at the time of his visit to the property, with alteration and breccias indicative of a buried porphyry. A granodiorite plug has been mapped ~400m to the NNW (Figure 7.2) that has a SE extending apophysis heading towards Cinco de Mayo. Mineralization is dominated by higher-temperature chalcopyrite and brown sphalerite (grading locally to yellow sphalerite) that is overprinted by epithermal, banded, comb to chalcedonic quartz with hypogene hematite; galena and chalcopyrite are also present.

## 9.3 CATORCE

The Catorce zone is a newly named area for a section of the 3km long Cinco de Mayo-Perdido-Santiago structural corridor. Its limits are arbitrarily defined by the fence of drill holes on Section 1900 continuing northeast to hole DDH07-107 located on Section 2400, thus making for a 500m long zone between Cinco de Mayo to the southwest and the southern end of the El Creston zone.

Most of this area is talus covered. The initial confirmation of this target area came in 2005 when three RC holes (RC-002, RC-003, RC-004) were drilled on a blind geophysical induced polarization anomaly located between the El Creston and Cinco de Mayo zones that encountered a broad zone, up to 60m, of disseminated pyrite, silica flooded, highly altered intrusive (Soho, 2005b). The zone was formally named in 2007 to distinguish it from the Cinco de Mayo zone to the south after DDH07-122 encountered an intercept of 5.0m of 13.56 g/t Au, 88.6 g/t Ag, 0.61% Cu, 0.97% Pb and 6.99% Zn (Soho, 2007 Sep 27).

## 9.4 EL PERDIDO

The 700m section of the 3km long northeast trending Cinco de Mayo-Santiago structural corridor from El Creston to where it disappears under ignimbrite of the upper volcanic series, is referred to as the El Perdido zone. The property geology map in Cavey (1997) indicates that the "veta el Perdido" is offset by a north trending fault. The southern portion of the fault trends 040° with a 65° SE dip, while the northern segment trends 050° with an 83° SE dip. Solkowski (2007a) reported that the exposed El Perdido vein at ~1839m elevation, where exposed on the

Level 3 road, has a strike of 040° with a 60° SE dip. Further south of here a 340° trending "breccia structure" appears to cut off the main El Perdido vein. These may not be the same structure, but their presence does indicate post-mineral faulting in this area.

On the El Creston Level 14 (1418m elev.) the El Perdido structure is present in two areas. The southwestern portion is exposed along 35m of workings and strikes ~045°; the northeastern segment is exposed along a 97m drift with a 056° azimuth. The total strike length represented by these two segments on Level 14 is on the order of 255m with an average 055° azimuth.

The vein is also exposed on El Creston Level 16 (1316m elev.) where it is traceable for ~175m of strike length at an average azimuth of 052°. The configuration of the workings suggests that there are either small flexures or cross faults; the structure is apparently cutoff by a cross fault at its northern end on this level. Cavey (1994) reported that samples from the El Perdido vein on Level 16 averaged 0.6 g/t Au, 19.5 g/t Ag, 0.41% Cu, 0.15% Pb and 0.53% Zn.

The positions of the El Creston Level 14 and Level 16 workings along the El Perdido structure are en echelon to each other. They indicate an approximate dip of 68° to the SE over the 100m vertical distance between levels, with a total exposed strike length of ~375m.

Mineralization intersected by drilling at El Perdido is from 5 to 15m in width and has a multi-event, telescoped character and mineralogy similar to the adjacent El Creston area. At least 27 core holes have been drilled within the El Perdido zone. Known mineralization has a strike length of 700m and a vertical extent of +450m.

## 9.5 SANTIAGO

The northeast trending structural corridor from Cinco de Mayo to El Perdido disappears under upper volcanic series ignimbrite for ~500m before reappearing again at Santiago at the same elevation as at El Perdido. The Santiago zone consists of a large alteration zone hosting a vein on the order of 4 m wide striking 055° and dipping +60° NW (Soho, 2006a). With the exception of one small pit there are no known adits on this vein.

Eight samples taken in late 2005 and reported by Soho (2006a) averaged 3.24 g/t Au, 26.3 g/t Ag, and trace amounts of Cu, Pb and Zn over an average sample width of 1.45m. Additional surface sampling results were reported by Soho (2006f) and Canova (2006b) from 8 channels over a strike length of 128m. The brecciated, silicified, quartz-filled zone is hosted in green massive altered andesite. It ranges in width from 16.5m to 7m, with widths diminishing down-slope as the zone disappears under cover. Results support the initial sampling with Au-Ag mineralization without significant base metals.

Corbett (2007) noted that crystalline and chalcedonic quartz veins on the surface at Santiago are consistent with the pronounced overprinting relationships recognized elsewhere at Tahuehueto with hypogene hematite in the chalcedony vein being indicative of lower temperature epithermal mineralization. Other indicators of lower temperature mineralization at Santiago recognized by Corbett (2007) are fluidized breccias in core cut by a later open crystalline quartz vein; polymetallic breccias dominated by chalcedony to saccharoidal quartz, varying to crystalline quartz fill of open space that then grades to very finely banded opal; and massive chalcopyrite with yellow sphalerite that grades rapidly to white sphalerite, commonly in association with tetrahedrite.

The Santiago zone has been drill tested by 17 core holes along a strike length of 300m. The initial hole (DDH06-63) was drilled 100m southwest of the high grade surface samples and intersected 12.59m of 6.91 g/t Au, 128.35 g/t Ag, 1.59% Cu, 0.99% Pb and 1.47% Zn at a depth of 158.1 to 170.69m in the hole.

### 9.6 EL ESPINAL

El Espinal is located ~850m to the northeast of Santiago in lower volcanic series andesite. Currently, it is not known if this zone is an extension of the Cinco de Mayo-El Perdido-Santiago structural zone, or if it is a cross-cutting structure.

The vein strikes 050-090° with a sub-vertical dip, and has been explored by at least 10 adits over a 100m vertical extent from 1190m to 1290m. The vein structure, where exposed, is up to 2+m wide within an alteration zone up to 40m in width (Soho, 2006a). Mineralization consists of chalcopyrite, pyrite, galena, sphalerite and bornite. A 1.2m sample across the vein at the Level 2 portal returned 0.99 g/t Au and 120.0 g/t Ag with minor Cu and Pb but no Zn; a 1.50m sample across the Level 10 portal returned 28.20 g/t Au, 103.00 g/t Ag with trace Cu, Pb and Zn. Along strike to the west an alteration zone has been observed in the access road at 1880m elevation, giving El Espinal a potential strike length of over 500m and a vertical extent of ~700m.

## 9.7 EL REY

The El Rey veins lie ~345m to the northwest of the intersection of the El Creston and El Perdido structures and are hosted in a granodiorite stock. Cavey (1997) states that the structure strikes 052°, dips 80° SE, and is exposed over a length of 400m, with widths between 0.9m to 1.0m. The El Rey zone has been developed underground on four levels, exposing the structure within ~850m of tunnels along a strike length of 450m over a vertical distance of 130m.

Sampling by Soho (2006d, 2006e, 2006h; Canova, 2006a), was undertaken on the 3 accessible levels. The uppermost level (Level 1)was sampled along the length of the vein structure over a distance of 152m; here the structure trends 060° and dips 80° SE with widths of 1.0 to 2.0m, and is hosted in fine to medium grained granodiorite. The structure has an average width of 1.23m and consists of quartz-carbonate veining with visible sphalerite, galena, chalcopyrite, pyrite and occasionally visible silver. Average grades for a 132.7m mineralized strike length (channels taken every 4m across the structure) are 1.92 g/t Au, 220 g/t Ag, 0.19% Cu, 4.09% Pb and 7.16% Zn. Level 2 sampling extended mineralization 40m down dip from Level 1 and confirmed mineralization over 173m of strike length and an average exposed width of 1.72m. Level 3 sampling extended the main El Rey ore shoot 42m further down dip, but sampling of the entire level was not possible because of a caved area. The ore shoot on this level is at least 64.5m long averaging 1.17m width. Average grades for Au, Ag, Pb and Zn are still good, but systematically lower on each successive level sampled. Level 4 was not sampled due to inaccessibility.

The El Rey zone has been tested by 6 core holes. The first two holes intercepted mineralization about 100m below Level 3.

## 9.8 TEXCALAMA

Texcalama lies 800m south of the El Creston - El Perdido structural intersection. Exploration conducted by Soho has extended the known length of the structure to over1800m from 800m south of El Creston to the Rio las Vueltas.

As originally described by Cavey (1994, 1997) the vein strikes 040° and dips 85° SE, averaged 0.8m in width, and could be traced 300m along strike. The vein is composed of milky grey quartz with chlorite, pyrite, galena, sphalerite and chalcopyrite. The entire altered zone may be 20m in width if an alteration envelope of quartz stockwork and brecciation is included (Brown, 2004). There are 5 one level adits within the 300m zone; Table 9.1, put together by Cavey (1997) on data from Consejo de Recursos Minerales (1983b) summarizes historic grades of the vein material within each portion of the main structure. Cavey (1997) reported that 560m of underground development exists in these adits.

**Table 9.1 Historic Grades from Adits along the Texcalama Vein System**

(from Brown, 2004, citing Consejo de Recursos Minerales, 1983b)

| Name | Width (m) | Au g/t | Ag g/t | Cu % | Pb% | Zn % |
|---|---|---|---|---|---|---|
| Santa Rita | 0.3 | 4.1 | 201.0 | 1.06 | 15.95 | 0.53 |
| Texcalama | 0.7 | 4.6 | 28.9 | 0.56 | 1.26 | 2.24 |
| El Saltito | 0.6 | 11.8 | 48.0 | 0.56 | 2.30 | 4.11 |
| Mina del Oro | 0.6 | 3.8 | 30.5 | 0.35 | 4.24 | 8.30 |
| Puelta de Oro | 0.6 | 8.2 | 80.0 | 1.05 | 4.61 | 12.45 |
| Surface | 0.6 | 14.1 | 111.2 | 0.44 | 12.83 | 6.66 |
| Average | 0.56 | 7.8 | 83.3 | 0.67 | 4.69 | 4.60 |

Exploration conducted by Soho has significantly enhanced the importance of this structure. A systematic underground channel sampling program (89 samples from three adits), coupled with surface sampling, extended the known mineralization to 800m along strike (Soho, 2004c). The Texcalama 3 adit (el Saltito[?] of Cavey, 1997), the most northerly of the three sampled by Soho, is the most extensive with 132.5m of drift development along the mineralized zone and a 100m crosscut. Nineteen samples, starting at the portal and covering 45m of strike length, returned a weighted average grade of 9.97 g/t Au, 41.91 g/t Ag, 0.41% Cu, 1.39% Pb and 2.74% Zn over an average width of 1.4m; these values compare reasonably well with the values reported by Cavey (1997) for El Saltito which were taken over a narrower average width of 0.6m.

Geologic mapping reported by Soho (2007b) has expanded the 800m strike length to at least 1800m; widths vary from 1m to over 5m.

About 300m of strike length have been tested by 8 core holes and 3 RC holes.

## 9.9 TRES DE MAYO

The Tres de Mayo zone occurs in the lowest portion of the property, just above the Rio las Vueltas. It consists of a series of parallel to sub-parallel quartz veins 1cm to 2.5m within an 80m wide zone hosted in lower volcanic series andesite near a small intrusive stock of granodioritic to dioritic composition. The Tres de Mayo fault strikes sub-parallel to the El Perdido – Cinco de Mayo fault system, but dips steeply to the northwest. As reported in Cavey (1994), limited historic sampling averaged 0.10g Au/t, 202g Ag/t, and 0.2% Pb. In addition to the mineralized zone, which is exposed over a length of 300m, there is an area of weakly silicified and limonitic volcanic rocks that exhibits a northeast-trending color anomaly. Sampling of this anomaly in 1994 yielded weakly anomalous gold values (Brown, 2004). No work has been conducted on the Tres de Mayo area since 2005, when limited surface sampling and reconnaissance mapping were done.

## 9.10 LOS BURROS (EL CAMINO)

The Los Burros or El Camino vein is situated about half way between the Texcalama and Cinco de Mayo structures. The vein strikes 040°, dips 80° SE, and as exposed in an adit, is 120m long having a width of 0.40m. The vein consists of milky white to yellow quartz with pockets of sphalerite, galena, and chalcopyrite. Cavey (1994) reported that the grade averages 0.06g Au/t, 67g Ag/t, 0.11% Cu, 4.0% Pb and 3.1% Zn.

## 9.11 EL PITALLO

The El Pitallo vein is located ~1500km northwest of the main Santiago vein and has been traced for over 450m. Workings consist of two adits and a shaft, all inaccessible. The vein strikes 040° and dips 85° NW and is 1m to 2m wide. Eight sample results reported by Soho (2006a) include a 1.8m long sample of the vein from the shaft that returned values of 7.67 g/t Au, 120.0 g/t Ag, 0.11% Cu, 2.21% Pb and 11.96% Zn.

## 9.12 DOLORES AND TAHUEHUETO

The Dolores and Tahuehueto veins are located northwest of the El Rey vein. They strike nearly parallel to El Rey and have near-vertical dips. These veins are reported to be from 0.5 to 1.5m wide.

## 9.13 ELOY

Eloy, which is located approximately 3.2km north-northeast of El Creston, is the northernmost occurrence of mineralization known at Tahuehueto. The prospect consists of a 1 to 2m wide vein that strikes 050° and dips about 75° to the southeast. There is a small adit at Eloy with a few tons of mineralized material on the dump. Samples taken in 2007 from the Eloy prospect returned significant silver values; a 1m channel sample assayed 0.44g Au/t, 381g Ag/t, 0.07% Cu, 0.55 % Pb, and 0.67% Zn.

## 9.14 Miscellaneous Prospects

A number of other prospects and color anomalies have been identified within the Tahuehueto project area, but to date, little or no work has been carried out on them. These include: Colorado 2 &3; Lower los Vueltas; Santo Thomas; Upper los Vueltas; Rebecca Vein; Ted Vein; and Carolina.

## 10 EXPLORATION BY SOHO

As described in Section 6.1, Soho entered into a "Promise to Contract" agreement pertaining to Tahuehueto property in 1996 and finalized the agreement in 1997. Soho conducted both surface and underground sampling in 1997 to verify historic mineral inventory estimates and to evaluate the potential for a much larger, lower grade open pitable deposit (Brown, 1998b, 2004). The following summary of Soho's 1997 work is from Brown (2004):

> *The initial part of the work program consisted of both detailed rock channel sampling at the El Creston, along with camp construction.*
>
> *The second half of the work program was devoted to the continued channel sampling of the El Creston underground workings, and the preliminary geological mapping of the El Creston workings. Approximately 1,200 underground and surface channel samples were taken from the El Creston zone, with a few samples taken at Dolores, Cinco de Mayo and Los Burros… Channel samples taken in cross cuts were generally a 1.5 meter width, while channel samples from drifts along the ore were from a 1.0-1.5 meter width depending on the width of the drift. Along drifts, channel samples were taken at 2.5-meter centres…*
>
> *Soho geologists created a relational database to store and manipulate all of the sample location, description and analytical data. All the previous surveyed underground workings were digitised, and all the sample data has been plotted, level by level at El Creston, on sample number, gold, silver, copper, lead, and zinc maps. Soho geologists mapped the underground workings at El Creston, but Soho either in a reconnaissance or property scale manner did no geological mapping, this will have to be addressed in the following exploration programs...*

Soho resumed exploration at Tahuehueto in the spring of 2004 (Soho, 2004). Initial focus was to prove continuity between the two existing highly mineralized El Creston and Cinco de Mayo zones and thereby demonstrate the potential for a large scale gold deposit (Soho, 2004b). Subsequent exploration, as detailed below, has included continued exploration along the mineralized corridor between Cinco de Mayo and Santiago, while testing some of the additional mineralized zones on the property.

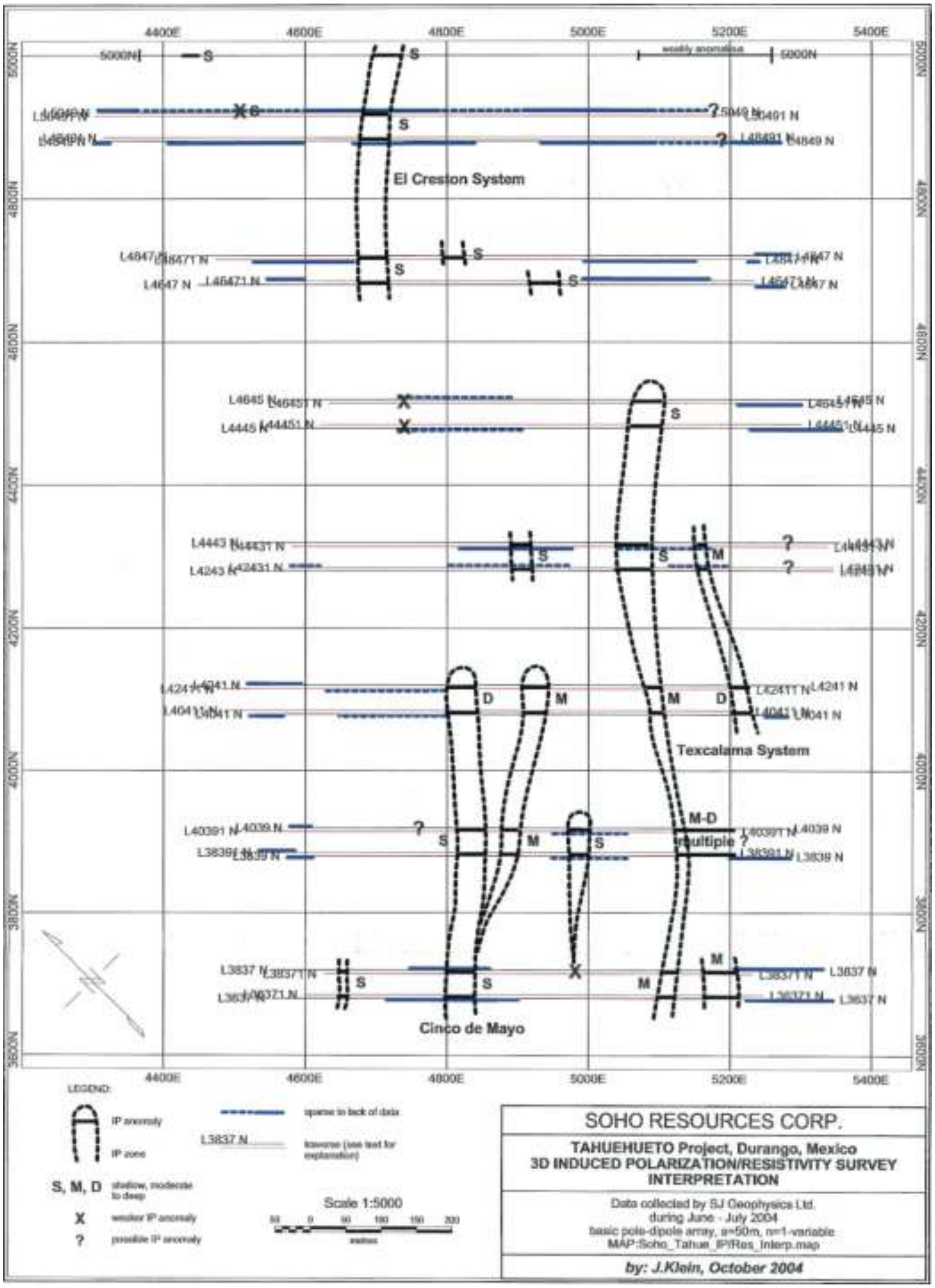
A geophysical survey was implemented in 2004 to prove continuity between the known mineralized zones at El Creston and Cinco de Mayo, followed by a drilling program to test El Creston, Cinco de Mayo, and any anomalies generated from the geophysical study.

SJ Geophysics Ltd. conducted the geophysical survey that included resistivity and IP measurements taken on approximately 18.5km of grid using an Elrec 6 IP receiver and an Androtex 10Kw transmitter (Visser, 2004). The configuration used for this survey was a 3D-enhanced equivalent form of dipole-dipole IP with a 12m by 50m dipole array. Data were analyzed using the DCINV2D and 3D inversion program, which converts surface IP/resistivity measurements into a realistic “Interpreted Depth Section”. The 3D IP survey was designed to examine the sulfide mineralization at El Creston, Cinco de Mayo, and Texcalama, and to test the intervening area for possible extensions of these mineralized zones. The following summarizes the results of this survey:

> *The survey conditions were favourable, good electrical contact to the ground was established and high quality data was recorded across the entire survey grid.*
>
> *The portions of the El Creston, Cinco de Mayo and Texcalama mineralized zones surveyed returned significant anomalous chargeability responses. Discontinuously extending between these zones, which bracket the survey grid, run a suite of highly chargeable features.*
>
> *There does not appear to be a strong resistivity association with the known mineralization. The El Creston and Cinco de Mayo exhibit elevated resistivities. The Texcalama vein system is cross cut by a significant NW-SE trending resitive feature and may reflect a lithological contact between the Lower Volcanic Series and the “El Rey” Intrusive Suite (Visser, 2004).*

Klein (2004) later reviewed the data from the geophysical program; his interpretive results are shown in Figure 10.1.

**Figure 10.1 3D Induced Polarization/Resistivity Survey Interpretation**



In November 2004 Dateline Internacional, S.A. De C.V. was contracted and drilled 34 reverse circulation ("RC") holes *"to test the very strong induced polarization ("IP") geophysical chargeability anomalies located within and between the El Creston and Cinco de Mayo zones along the El Creston-Cinco de Mayo Trend as well as to test the very strong chargeability responses along the Texcalama Trend "(*Soho, 2004d). The RC drilling program commenced in December 2004. This program plus the ensuing drill programs are detailed in Section 11.2.

Drill related activities have been the primary focus at Tahuehueto from 2005 thru 2008. However, Soho has undertaken a number of other exploration related activities since 2004:

Surface and underground sampling programs include:

1) Underground at Cinco de Mayo South (Soho, 2004b);
2) Surface and underground at Texcalama (Soho, 2004c);
3) Surface at Santiago (Soho, 2006a);
4) Surface at El Pitallo (Soho, 2006a);
5) Underground at Espinal (Soho, 2006a);
6) Underground at El Rey (Soho, 2006d, 2006e);
7) Surface along the northern Cinco de Mayo trend (Soho, 2006c);
8) Follow up surface at Santiago (Soho, 2006f);
9) Surface and underground at the numerous prospects & color anomalies on the property;

Results from the sampling programs have been discussed, where appropriate, in sub-sections 9.1 through 9.13.

Surface geologic mapping was initiated in 2004 and suggested that mineralization is closely related to coeval faulting, felsic volcanism, and sedimentation, and that mineralizing structures continue from the lower volcanic units, where they are most pronounced, into the upper volcanic units (Soho, 2004b).

Several petrographic and fluid inclusion reports have been generated on samples from Tahuehueto. A total of 32 rock samples were sent to PetraScience Consultants Inc. for petrographic study in 2004, from which 30 were selected for petrographic analyses (Dunne, 2004b). Eight of these samples (2 from El Creston; 4 from Cinco de Mayo, 1 from Texcalama, and 1 from El Rey,) were selected for fluid inclusion petrography and micro-thermometry (Dunne, 2004a). *"The eight samples from the El Creston Zone comprise a variety of quartz veins,* *breccias and quartz vein breccias with primary and replacement vein textures and alteration assemblages indicative of the low sulphidation (adularia-sericite type) epithermal environment"* (Dunne, 2004b). The seven breccias/quartz vein breccias/vein stockwork samples from the Cinco de Mayo Zone showed alteration assemblages *"indicative of the lower crustiform-colloform and crystalline superzones of a low sulphidation epithermal environment*" and "*possibly transitional to polymetallic gold-silver veins or the quartz-sulphide-gold-copper environment describe by Corbett (2002)".* Two of the four samples from the Texcalama Zone may contain former porphyritic rock fragments. The two samples from El Ray were similar to those from level 3 at El Creston. One of four samples from the Tres de Mayo Zone contains "wispy quartz" texture characteristic of metamorphosed or deep vein systems (Dunne, 2004b). Fluid inclusion evidence for boiling is present from two samples from Cinco de Mayo and one from Texcalama.  Mineralogical evidence for boiling (lattice-bladed or ghost-bladed textures that pseudomorph lattice carbonate(?) exist in samples from level 3 at El Creston, and from Texcalama and El Rey. Dunne (2004a) stated that "*homogenization temperatures and salinities fall in the expected range for epithermal deposits" and "fall in the classification of shallow, boiling low-sulphidation epithermal deposits."*

Five additional rock samples were submitted for petrographic analysis to PetraScience Consultants Inc in 2005. An additional three samples were included for fluid inclusion analysis, but were deemed of little value so were not analyzed (Dunne and Thompson, 2005). The samples were described as variably altered volcanic or volcaniclastic rocks. Alteration consisted of early pervasive K-feldspar alteration followed by assemblages consisting of variable amounts of chlorite, calcite, hematite, sericite, and quartz. Spatial information was not included, so the data are of limited value.

Eleven drill-core samples were sent to Kathryn Dunne for petrographic analysis in 2007. Fourteen polished thin sections were prepared from these samples; and ten doubly polished fluid inclusion plates were prepared from eight of the samples (Dunne, 2007a; Dunne, 2007b). The results from these samples were consistent with the observations and conclusions previously reported by Dunne (2004b).

Drill cuttings samples from drill hole RC-018 from El Creston were submitted to Vancouver Petrographics Ltd in 2005. The samples were from six consecutive five-foot intervals (1.5m) from 220-250' (67.06-76.2m) containing high-grade gold values (11.05-62.3 g/t Au). Both a screened fine grained sample and a coarse grained sample were included for all but the 220-225' interval.  The detailed descriptions of the samples focused on the distribution of native gold which occurred in almost all samples in a variety of textures (Payne, 2005). *"Most commonly it forms inclusions in pyrite, in part associated with other sulphides and in part alone. Less commonly it is associated with chalcopyrite or galena; in most of these occurrences, chalcopyrite and galena are associated with pyrite, either as inclusions or fracture-filling patches. Also widespread but not abundant are disseminated, isolated, small grains in sphalerite. A few free grains of native gold are present. One grain of native gold occurs in sericite. No native gold was seen in quartz. Grain size of native gold is mainly from 0.01-0.05mm, with a few grains up to 0.15mm long. Grains smaller than 0.007mm in size are not abundant and commonly occur near larger grains of native gold, mainly as inclusions in pyrite."*

Six samples (type and locations not identified) were submitted to Vancouver Petrographics Ltd. in 2007. They are described by Leitch, (2007) as being "*strongly to intensely silicic/phyllic/advanced argillic altered and veined felsic volcanic rocks. Alteration locally obscures the original rock type, especially where it is associated with brecciation and significant to pervasive silicification and comb or cockade-textured, vuggy to drusy quartz veining."*

A second suite of 14 samples, taken from core holes, was later submitted to Vancouver Petrographics Ltd. in 2007. Seven or eight of the samples were described as pre-mineral hypabyssal quartz latite porphyries; two as being "micro diorite" and four as "late" dikes of latite to trachyandesite composition (Leitch, 2007). Alteration ranges from propylitic through transitional propylitic/potassic to potassic.

A lithostructural Interpretation using satellite imagery was conducted by Technologies Earthmetric Inc., Montreal, Quebec, Canada on the Tahuehueto Project and surrounding areas for Soho in 2007 (Moreau, 2006). A series of maps at variable scales show interpreted regional and local structural features, interpreted veins and altered areas, along with target areas for exploration generated from the structural interpretation. Although of interest, Soho has not specifically targeted drill holes based on this data (Shearing, 2007, personal communication).

Greg Corbett, considered an expert on epithermal gold systems, visited the property in 2007 to review the geology and exploration at the Tahuehueto Project. He concludes that:

*Mineralization at Tahuehueto is classified as of the intrusion related epithermal low sulphidation polymetallic Ag-Au style and so Au and Ag are accompanied by Cu, Pb and Zn mineralization…*

*Not only are most low sulphidation polymetallic Ag-Au veins structurally controlled, but in many vein systems much of the mineralization is confined to ore shoots which host better mineralization commonly developed within dilational structures…*

Observations and conclusions from the Corbett (2007) report form the basis for much of Section 8 on Deposit Type and for Section 9 on Mineralization.

## 11 DRILLING

### 11.1 HISTORIC DRILLING

The only drilling known to have been undertaken prior to Soho's involvement at Tahuehueto was conducted by the Consejo de Recursos Minerales (1983b). Although 28 surface and underground drill holes were reportedly drilled on the El Creston and Cinco de Mayo structures (Consejo de Recursos Minerales, 1983b), Soho was unable to obtain drill logs, collar locations, or results from this drilling.

According to the Consejo de Recursos Minerales (1983b), 15 angle holes totaling of 2,026.87m were drilled from the surface using Longyear 34 and Longyear 24 rigs. Six of these holes, totaling 813.17m, were drilled at El Rey; six more, totaling 858.15m, were drilled at Cinco de Mayo; one 131.60m hole was drilled at El Creston; and two holes, totaling 223.95m, were drilled at Tres de Mayo. An additional 13 holes, for a total of 4224.40m, were reportedly drilled underground with a Pack Sack JKS25. Four of these holes (119.20m) were drilled at El Rey; seven (234.50m) were drilled at Cinco de Mayo; and two (70.70) were drilled at El Creston.

### 11.2 SOHO DRILLING

Soho first began drilling at Tahuehueto in December 2004 and completed 34 RC holes (RC-001 to RC034, including RC-006A, RC-008A, and RC-028A) during 2005; Twelve holes were drilled at Cinco de Mayo, two at Texcalama and the remainder at El Creston. Dateline Internacional, S.A. de C.V. of Hermosillo, Mexico was the drill contractor for this program. The RC rig was demobilized and replaced by an LF 70 core rig from Mexcore, S.A. de C.V. ("Mexcore") in June 2005 (Soho, 2005c). A total of 50 core holes were drilled with this rig from June 2005 to July 2006; 36 of these holes were drilled in 2005, with two holes drilled at Cinco de Mayo and the remainder at El Creston.

Soho expanded its core drilling to two rigs in August 2006, a UDR 200 and a JT 3000 rig from Major Drilling de Mexico, S.A. de C.V. ("Major"). The two Major rigs completed 76 holes before their contract terminated in July 2007 - DDH06-49 through DDH06-064 (including DDH06-051A), DDH07-065 through DDH07-121, and DDH07-123. A total of 32 holes were drilled in 2006 at Cinco de Mayo, El Creston, El Rey, and Santiago.

Core drilling resumed in August 2007 with a Longyear 38 rig contracted through Tecmin Servicios, S.A. de C.V. ("Tecmin") of Zacatecas, Mexico. Tecmin drilled 13 holes through January

2008, including DDH07-122, DDH07-124 through DDH07-126, and DDH07-128 through DDH07-136. A total of 72 holes were drilled at Cinco de Mayo, El Creston, and Santiago in 2007.

After attempts at establishing road access and drill sites at the intersection of the El Creston and El Perdido structures failed due to extremely steep topography, Soho developed ten remote drill sites and drilled one core hole (DDH07-127) using a fly-capable rig purchased by Soho (Soho, 2007d). The rig, which was operated by Soho, was transported to the drill pad by helicopter.

A total of 72 core holes were drilled in 2007. At the end of 2007, Soho contracted with Falcon Perforaciones Mexico, S.A. de C.V., who began core drilling in January 2008 (Soho, 2007g).

During 2008 an additional 34 core holes were completed for a total of 211 core holes for the project (includes 4 A holes), before drilling was shut down in August 2008.

Seventeen of the Mexcore holes, as well as the hole drilled by Soho's fly rig, were drilled using NQ core. The remaining holes were drilled with HQ core, which was reduced to NQ when required by ground conditions. All of the core rigs were skid-mounted.

### 11.2.1 Drill Collar Surveying

The drill-hole collar locations were surveyed by a variety of methods. A total of 123 of the holes were surveyed using a differential GPS instrument; the elevations for six of these holes were assigned by PhotoSat using photogrammetry, and the elevations for three of the holes were assigned by Soho using the project topography. Total station equipment was used to survey 30 holes. Seven holes (six used in the resource estimation) were surveyed using hand-held GPS, and 17 (16 used in the resource estimation) were surveyed by chain-and-compass.

### 11.2.2 Down-Hole Surveying

Core holes drilled in 2005 were surveyed with a Tropari, Reflex EZ-SHOT, or Flexit. All core holes drilled in 2006 were surveyed with a Flexit, and 2007 core holes were surveyed with either a Flexit or a Reflex EZ-SHOT. The down-hole survey data indicate that the hole deviations are typically minor, usually steepening by less than two degrees.

A total of 12 core holes have no down-hole survey data. Five of these holes were abandoned and not assayed, and one is located outside of the resource modeling area. No RC holes have down-hole surveys.

### 11.2.3 Core Handling Procedures

The core is laid out on logging tables that can accommodate up to 60 boxes of core. The core is re-assembled, washed by technicians, and a geologist reviews the core blocks for significant recovery or re-assembly problems. Technicians then measure RQD and recovery. Geologists log the core, mark sample intervals, and draw cut lines using a wax crayon. After logging, the core is photographed with the sample tags in place.

### 11.2.4 Drill-Hole Database

Soho provided SEWC with a drill-hole database that included collar, survey, and geology data tables. The resources reported in this report were estimated using the Soho database, which includes a total of 248 holes drilled by Soho at Tahuehueto through the end of 2008, including 37 RC holes and 211 core holes (Table 11.1).

**Table 11.1Tahuehueto Resource Drilling Summary**

| RC | | Core | | Total | Total |
|---|---|---|---|---|---|
| No. | Meters | No. | Meters | Drill Holes | Meters |
| 37 | 3,668 | 211 | 43,608 | 248 | 47,276 |

Most of the holes were angled towards the northwest in order to cut the southeast-dipping mineralized structures, although the challenging topography hindered drill pad locations and many of these holes were not strictly orthogonal to the structures. Several holes, especially at El Creston, were collared in the footwall and angled back towards the structures, which yields intercepts significantly in excess of true thicknesses.

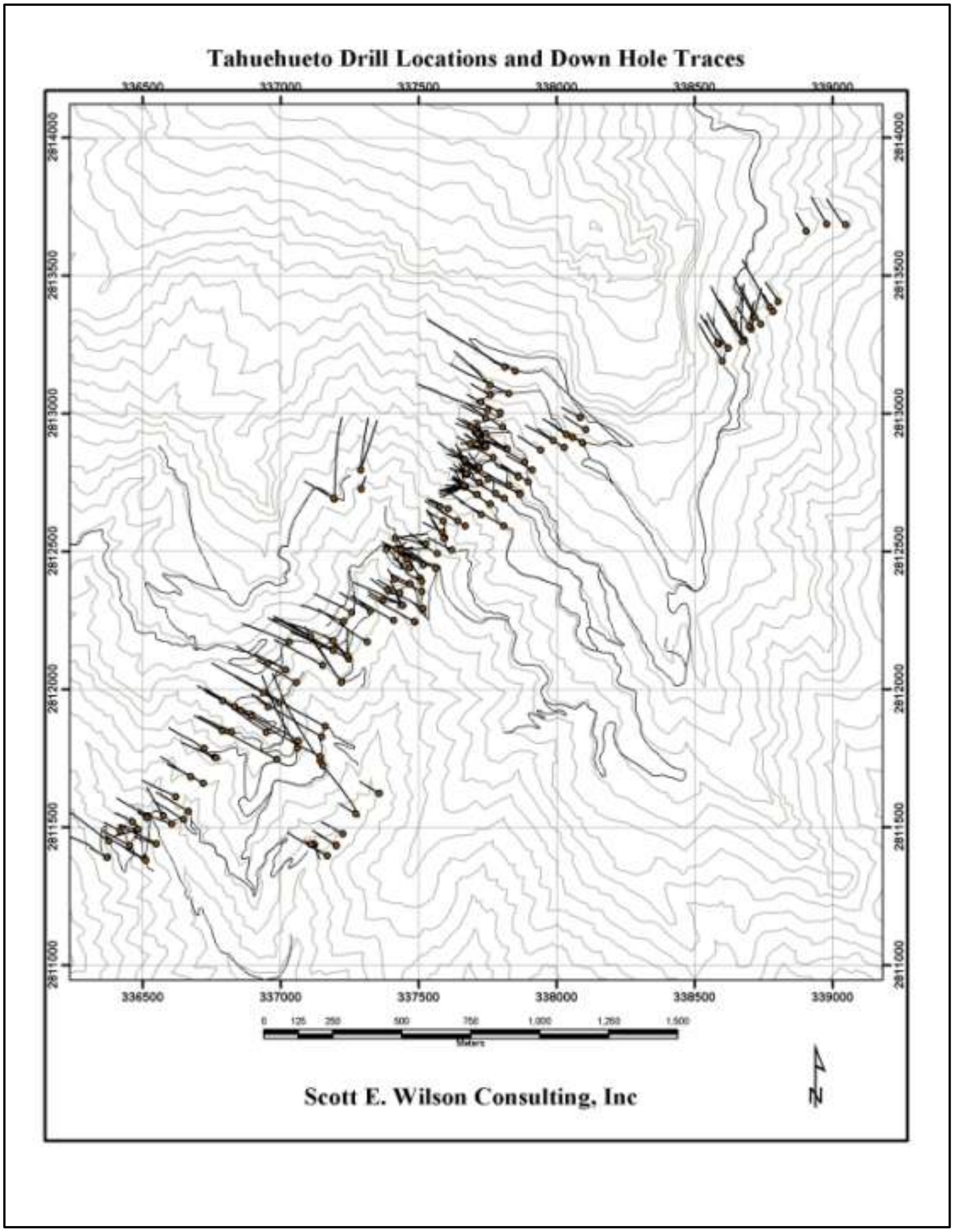
The drill-hole database used for the Tahuehueto Mineral Resource estimation is further summarized in Table 11.2. Figure 11.1 shows a plan map of the Tahuehueto project area with the surface projection of the drill holes.

**Table 11.2Summary of Drilling Database**

| | |
|---|---|
| Number of Holes | 248 |
| Total Length (m) | 47276 |
| Average Length (m) | 190 |
| Meters Sampled & Assayed | 18392 |
| Drillhole Samples with Assays | 18339 |
| Core Holes with Downhole Surveys | 199 |
| RC Holes with Downhole Surveys | 0 |

In addition to the drill-hole information, the project database includes assays for a total of 1,788 underground samples, including 88 from the Cinco de Mayo workings, 450 from El Rey, and 1,250 from El Creston.

**Figure 11.1Tahuehueto Drilling Locations**



## 12 SAMPLING METHOD AND APPROACH

The Tahuehueto database includes Soho RC and core holes. SEWC believes that the RC and core sampling procedures provided samples that are sufficiently representative and of sufficient quality for use in the Mineral Resource estimation discussed in Section 17. Results from Soho channel sampling of the underground workings are also included in the project database; channel sample data from El Rey were used in the Mineral Resource estimation.

### 12.1 HISTORIC SAMPLING

The Consejo de Recursos Minerales collected a total of 301 surface samples, 3,009 underground samples, and 116 drill samples during their exploration programs at the El Rey, Cinco de Mayo, El Creston, Texcalama, and Tres de Mayo zones (Consejo de Recursos Minerales, 1983b). No further details of these programs, including the drilling and sampling results, are known to Soho.

Castle collected 459 surface chip and underground chip-channel samples in 1994; 247 from the El Creston structure, 21 from the Cinco de Mayo structure, and 191 from other sites on the property (Brown, 2004). Soho does not have the results or any further details about the Castle sampling methods.

### 12.2 SOHO CHANNEL SAMPLING

In 1997, Soho undertook channel sampling of ten of the underground levels on the El Creston vein. Brown (2004) describes the channel-sampling program as follows:

> *Approximately 1,200 underground and surface channel samples were taken from the El Creston zone, with a few samples taken at Dolores, Cinco de Mayo and Los Burros. Channel samples were taken with chisel and hammer, and represent no more than a 1.5-meter sample width. Channel samples taken in cross cuts were generally a 1.5 meter width, while channel samples from drifts along the mineralized structure were from a 1.0-1.5 meter width depending on the width of the drift. Along the drifts, channel samples were taken at 2.5-meter centres. Forty-two check panel samples were taken over channel sample sites to confirm analytical results. Select channel and panel samples were then re-assayed from reject material to check the laboratory accuracy.*

Drift channel samples were taken across the roof of the drift, perpendicular to the mineralized zone, while crosscut channel samples were taken at waist height on the crosscut wall (Brown, 1998a).

Soho undertook detailed underground sampling in 2004 of the Cinco de Mayo South, Cinco de Mayo North 1, Texcalama 1, 2, and 3 adits to determine possible extensions of the El Creston zone (Soho, 2004b). The following information on that program is taken from Appendix 1 in a Soho Resources Corp. news release (2004b):

> *A systematic continuous channel sampling program has been undertaken in the Cinco de Mayo main (southwest) adit, and the Texcalama 1, 2 and 3 adits. Sample locations, at 2.5 meter intervals, were delineated by straight chain and demarked with spray paint to allow for further reference and repeat sampling. All samples within adits (as opposed to crosscuts) were acquired across the ceiling of the adit in a continuous hammer and chisel channel sample. The entire width of the adit was sampled. If the adit width exceeded 2 meters the sample was split into 2 or more samples. Where crosscuts were encountered, several samples were collected across the entire crosscut width and each individual sample did not exceed 2 meters in width. Each sample was a continuous hammer and chisel channel sample across the inward wall the crosscut.*
>
> *The channel sampling technique for the adit sampling program is consistent utilizing a 4 pound short-handled sledge hammer and chisel to cut a channel continuously across the adit ceilings or cross cut walls. Attention and best effort was paid to acquiring consistent volumes of material across each sample. To ensure sufficient representative material was acquired, each sample averaged in the 2.5 to 3 kilogram range.*
>
> *All samples were labeled, bagged and sealed (zap strapped) on location. The samples were then transported by burro to the camp office where they were sorted, grouped and sealed in rice bags for transportation to Durango by company truck. In Durango the samples were transferred to the company's subcontractor, Engineer Artemio Terrazus, for immediate delivery to ALS Chemex's sample prep lab in Guadalahara. Once prepped, ALS Chemex oversaw the shipment of the samples to its assay lab in North Vancouver BC*

In 2005-2006, Soho undertook additional underground and surface sampling at the Santiago, Pitallo, Espinal, and El Rey mineralized zones (Soho, 2006a, 2006d). The channel samples did not exceed a maximum length of 1.5m, with the limits of sampled material respecting geological contacts. According to the Soho project manager at the time, the channels were cut across the structure at El Rey at 330°, and individual samples were collected across lengths of one meter or less. Over 150m of the vein structure were sampled (Canova, written communication, 2006a). Canova (2006a) provides the following additional details:

> *Channels were cut every 4 m across the structure that trends 060° and dips 80°SE with widths of 1.0 m to 2.0 m. A total of 38 channels were cut across the structure. The structure is generally 1.8 m wide and consists of quartz-carbonate veining with visible mineralization of sphalerite, galena, and weak chalcopyrite…*
>
> *The structure cuts across a grey, fine to medium grain granodiorite that is massive. The structure is narrow, linear, and rich in gold, silver, lead and zinc.*

Chris Basil, who worked on the El Rey sampling for Soho, provided the following additional detail (written communication, 2008) to MDA (Gustin, 2008):

> *"…the locations were surveyed in by straight chain and brunton, [by Basil] and tied to the adit portals. The resultant coordinates for the channel samples were then calculated based on the surveyed portal locations data that we had at that time (early 2006).*
>
> *The sampling conducted down the adit entry tunnels (where some structures were noted and to generate background) took place along the eastern walls of the adit at a height of approximately 1.4 meters. Along the vein portion of the adits the sampling was along the adit ceilings.*
>
> *The width of the continuous chip / channel samples was approximately 15 cms (note: this refers to the width of the channel, not the length sampled]. Sample size varied due to variable sample lengths. Unlike the first sampling conducted in the 5 de Mayo, which were channels across the entire adit ceilings unless the adit width exceeded 2 meters, the El Rey sampling was broken into contiguous footwall, vein and hanging wall segments."*
>
> A grid was established on the Santiago structure in early 2006 oriented with a 060° bearing along the Santiago structure and covering a strike length of more than 180m (Canova, 2006b). Eight channels were cut across the structure. According to Canova, a total of 124 samples were collected, and the results indicated the width of the structure to be approximately 7 to 16.5m.

## 12.3 SOHO REVERSE-CIRCULATION SAMPLING

Soho drilled 37 RC holes at Tahuehueto, all in the first half of 2005. The following description of their sampling method is from Soho (2005a). Samples were collected every 1.524m from the rig's cyclone with about 30kg of material per sample. Every 1.524m run was split into quarters with a sample splitter, with one-quarter bagged and sealed for shipment to the assay laboratory. The remaining three quarters were bagged, sealed, and stored at the project's field facilities. For every fifth sample, a duplicate sample (equal to one quarter of the total sample) was collected for quality-control analyses. At the field office, samples were recorded, batched, and sealed in large rice bags. Soho personnel drove the samples from the project site to Durango, where they were shipped by secure courier to the sample-preparation facilities of ALS Chemex ("Chemex") in Guadalajara, Mexico.

### 12.3.1 Reverse-Circulation Sample Contamination

Due to the nature of RC drilling, the possibility of contamination of drill cuttings from intervals higher in the hole is a concern, especially when groundwater is encountered or fluids are added during drilling. The only hole known to have encountered water at Tahuehueto is RC-022. This hole is located on the southernmost, and therefore topographically lowest, RC drill pad at El Creston and was drilled to the lowest elevation of all El Creston RC holes. The RC drill logs provide no information as to the presence of water or injection of drilling fluids; RC-022 is known to have intersected the water table only because it still serves as a well, with the depth of water at the time of writing this report being 14m below the collar. A minor amount of water flows from levels 10 and 14 of the El Creston underground workings

Down-hole contamination can sometimes be detected by careful inspection of the RC drill results in the context of the geology and nearby core holes. SEWC found no suggestion of significant RC contamination during the resource modeling work, but cannot be sure that no contaminated samples are in the resource database.

## 12.4 SOHO CORE SAMPLING

Soho began core drilling in mid-2005. The following description of their sampling procedures is from Soho (2005d). Soho drilled with HQ and NQ core, depending on drilling conditions. Samples varied from 0.5 to 2m in length, averaging 1.0m. Core samples were cut in half longitudinally with a rock saw, with one-half sent for assay and the remaining half boxed, sealed and stored at the project's field facilities. Samples were recorded, batched, and sealed in large rice bags at the field office, and then were shipped by Soho staff to the sample-preparation facilities - SGS Minerals Services ("SGS") in Durango, Mexico in 2005 and 2006, and Inspectorate de Mexico S.A. de C.V. ("Inspectorate") in Durango in 2007 through to September 2007 (Soho, 2007a). Since September 2007, samples have been prepared at Chemex's preparation facility in Guadalajara, Mexico (Soho, 2007e).

Soho reports that the core was generally sampled over regular intervals that varied from 30cm to 1.50m, with sample intervals coinciding with major lithological boundaries and veins. In intervals where core recovery was less than 70%, samples within that 3.048m run were sampled as a full 3.048m interval. Samples were split lengthwise with a diamond saw, with one-half taken for assay and the remainder retained for future reference. One blank sample was inserted at random every 25 samples and was placed after a highly mineralized zone, if possible. One standard sample was inserted into each batch of 24 core samples.

# 13 SAMPLE PREPARATION, ANALYSIS AND SECURITY

## 13.1 REVERSE-CIRCULATION SAMPLES

The Soho RC samples were prepped at the Chemex sample-preparation facilities in Guadalajara, Mexico, and the pulps were shipped by Chemex to their laboratory in North Vancouver for analysis (Soho, 2005a). Chemex is ISO 9001:2000 registered. Gold analysis was conducted by fire assaying a 30g charge and utilizing a gravimetric finish (Chemex method Au-GRA21). Silver, copper, lead, and zinc were analyzed by ICP-AES ("inductively coupled plasma – atomic emission spectroscopy") following three-acid digestion and HCL leach (method ME-ICP61). Over-limit silver, copper, lead, and zinc (100ppm for Ag and 10,000ppm for the base metals) results were re-assayed by three-acid digestion and HCL leach, with an AAS ("atomic absorption spectroscopy") finish (method AA62); approximately 2% of the samples were also analyzed for silver by fire assaying with gravimetric finish.

## 13.2 CORE SAMPLES

Core holes DDH05-001 through 05-031 and DDH05-033 through DDH06-048 were analyzed at the SGS lab in Toronto, Canada; SGS is ISO/IEC 17025 and ISO/IEC 9002 registered. The samples were first sent to the SGS sample-preparation facilities in Durango, Mexico, and then the pulps were shipped by SGS to the Toronto lab. Gold grade was determined by fire assaying of 30g charges and finishing with AAS (SGS method FAA313); over-limit (>10g/t) analyses were completed by fire assaying 30g charges and completing with gravimetric finish (method FAG303). Silver, copper, lead, and zinc grades for all samples were determined using four-acid digestion followed by ICP-AES analysis (method ICP40B). Silver over limits (>10ppm) for samples from holes DDH06-037 through 06-048 were determined by AAS after three-acid digestion (method AAS21E); over limits for the earlier holes were by method AAS40E, which no longer exists but may have been similar to AAS21E. Methods AAS21E and AAS40E both had an upper threshold of 300ppm; samples exceeding this limit were analyzed by method AAA50, which is reported in units of g/t and has a 10g/t detection limit, but is not described on the SGS website. AAS40E and AAS21E analyses were also completed on a number of the samples that were not subject to ICP40B over-limit assaying. Copper, lead, and zinc over-limit results were determined by method ICA50, which is reported in percent and has detection limits of 0.01% for all base metals, but is not listed as a current assaying method by SGS.

Inspectorate analyzed core samples from DDH05-032 and DDH06-049A through DDH07-121 in their Sparks, Nevada facility; pulps were first prepared at Inspectorate's preparation facility in Durango, Mexico. Gold was analyzed by 30g fire assay with an AAS finish (Inspectorate method

Au-FAA); all results of 3g Au/t or greater were re-assayed by fire assaying with a gravimetric finish (method FAGRAV). Primary silver, copper, lead, and zinc determinations alternated between AAS analyses following *aqua regia* digestion (Soho, 2007d) and ICP; some primary silver analyses consisted of fire assaying with an AAS finish. The ICP and AAS methods had upper analytical limits of 200ppm for Ag and 10,000ppm for the base metals; over-limit analyses on these samples used the FAGRAV method for silver and the "AAS - Zinc by AA Assay" method for the base metals.

Samples from core holes DDH07-122 through DDH08-207 were also analyzed by Chemex; sample pulps were prepared at the Chemex facility in Guadalajara, Mexico. The pulps were first shipped by Chemex to their analytical laboratories in Lima, Peru for analysis (Soho, 2007e), then to the Chemex laboratory in Vancouver, Canada for analysis between September and December 2007; in January 2008 the pulps were once again being sent to the Lima laboratory (Soho, 2008a). Gold assays were first done on 30g charges by fire assaying with an AAS finish (method Au-AA23); over-limit (>10g/t) analyses were completed using the Au-GRA21 method. Silver, copper, lead, and zinc were analyzed by method OG62 (similar to AA62).

The following description of the custody procedures for the drill core and samples for holes DDH07-077 through DDH08-207 was provided by Soho. Core was in the custody of the drill crew until Soho geologists picked it up twice a day at about 9:00 AM and 6:00 PM. The core was taken to a fenced core-logging facility, where it was stacked until logging and sampling. At the end of each day, the bagged samples were moved into the portal of an adit near the core shed, which was secured with a locked gate. Samples were shipped from the project site to Durango in Soho vehicles by Soho personnel. In Durango, samples were shipped to Chemex in Hermosillo by Paqueteria y Mensajeria en Movimienito (a secure courier with a long-term contract with Chemex).

## 13.3 UNDERGROUND SAMPLES

Brown (2004) states that Soho's surface and underground channel sampling in 1997 was conducted and supervised by three Canadian geologists, including Brown. Samples were prepared by Chemex at their facility in Hermosillo, Mexico, and then the pulps were sent to Chemex's lab in Vancouver, Canada for analysis (Brown, 2004, although Brown, 1998a, states that the 1997 channel samples were shipped directly to the Vancouver lab for both sample preparation and analysis). Brown (1998a) reports that samples were assayed for gold and a 30-element ICP package. Gold was initially assayed by fire assay with an AAS finish using a 30g charge. Samples with gold above 12g Au/t were re-assayed by one-assay-ton fire assay with a gravimetric finish. Samples with silver greater than 200ppm were re-assayed by fire assay with a gravimetric finish. Samples with lead or zinc exceeding 50,000ppm were re-assayed by atomic absorption using nitric-HCl-acid digestion

For Soho's 2004 sampling program, samples were prepared by Chemex at their sample prep lab in Guadalajara, Mexico and the pulps were shipped to Chemex's lab in Vancouver for analysis. According to an undated summary of the sampling of the Cinco de Mayo and Texcalama adits provided to MDA by Soho, primary gold analyses consisted of fire assaying with an AAS finish. Samples with values exceeding this method's upper limits of 10 g/t were then assayed by fire assay with a gravimetric finish. In addition, analysis of a suite of an additional 33 elements was done by ICP-AES, and where upper limits were exceeded for silver and/or base metals, samples were analyzed by *aqua regia* or acid digestion and AAS. A field-derived standard was inserted at regular intervals in the sample series, and the lab performed duplicate analyses on every 40th sample in a run. In addition, the lab inserted a blank at the beginning of each run as well as standards at random intervals. For the Cinco de Mayo and Texcalama 1 and 2 adits, blanks and standards were inserted by Soho into the sample sequence (every 20th sample) for assay quality control. For the Texcalama 3 adit, duplicate samples were taken every 20th sample (10th, 30th, 50th etc.) in addition to the above quality-control measures.

Pulps from the Soho 2005 and 2006 surface and underground channel samples from the Santiago, Pitallo, Espinal, and El Rey mineralized zones were prepared at the SGS facility in Durango and the pulps were sent to their Toronto laboratory for analyses.

# 14 DATA VERIFICATION

## 14.1 INTEGRITY OF DATABASE

In order to properly record all original assay data in the database, as well as to have unique fields for use in the resource estimation, gold, silver, copper, lead, and zinc fields were created in the database that are separate from the original assay data. These fields are assigned one of the assays for each of the five metals for any given sample based on a consistent hierarchy. For example, gravimetric analyses for gold and silver are given a higher priority than AAS analyses, and "ore grade" assays for copper, lead, and zinc are assigned a higher priority than ICP analyses. SEWC verified that the databases were correct before any information was used in this report.

## 14.2 QUALITY CONTROL/QUALITY ASSURANCE PROGRAM

Quality-control samples were available for review and included duplicate samples, analytical standards, and blanks that were inserted into the sample stream by Soho; this discussion also includes analyses of some of the internal laboratory QA/QC results.

### 14.2.1 Blanks

Blank samples are used to test for cross contamination between drill samples in the analytical laboratory, which is most common during sample-preparation stages. In order for the blanks to be meaningful, therefore, they must be sufficiently coarse to require the same crushing stages as the drill samples and should be placed immediately after mineralized drill samples (which would be the source of most cross-contamination issues) in the sample stream.

Soho has been inserting blank samples into the sample stream since drilling began at Tahuehueto in 2005. The coarse blank material is derived from an outcrop within the project area of post-mineral rhyolitic tuffs of the upper volcanic series that lies above the mineralized lower volcanic series rocks.

### 14.2.2 Reference Standards

To increase the integrity of the sample handling process, from collection to shipment to assay, standards are inserted in the sample stream at a rate of one standard and one blank for every 25 drill samples. The reference standards were prepared by WCM Minerals, a division of WCM Sales, Ltd. of Burnaby, BC, Canada. Reference standards are used to evaluate the analytical accuracy of the assay laboratory.

### 14.2.3 Surface and Underground Channel Sampling

Soho completed an underground and surface sampling program at the Santiago, Pitallo, Espinal, and El Rey mineralized zones in 2005 and 2006. Soho reports that blank samples were inserted randomly within each series of 25 samples and standards were inserted every 25th sample during this program. SEWC does not have the results from this QA/QC program.

## 15 ADJACENT PROPERTIES

SEWC is not aware of any material information from adjacent properties that is relevant to this technical report.

## 16 MINERAL PROCESSING AND METALLURGICAL TESTING

Only one metallurgical study of Tahuehueto mineralization is known. The following information is taken from the report of that study by Fomento (Rios, Castrejon, and Nieto, 1977a) and its English translation (Rios, Castrejon, and Nieto, 1977b). During Emijamex's exploration at the Sacramento de la Plata mine between 1975 and 1977, they sent a single 150kg sample for flotation test work. The sample contained sphalerite and galena with minor chalcopyrite in a gangue of quartz, chlorite, hematite, pyrite, and limonite. Geochemical analysis of the sample indicated it contained 3.00g Au/t, 53.00g Ag/t, 6.40% Zn, 3.50% Pb, and 0.24% Cu. According to the translation of the metallurgical report (Rios, Castrejon, and Nieto, 1977b), "*The screening of pulverized material through a -65 mesh indicates a degree of recovery of 82.7, 82.8 and 80.5% of free zinc, lead and copper respectively*". The report concluded that milling should be between -65 and -100 mesh and that "*the studied ore adapts easily to the process of concentration by flotation*" (Rios, Castrejon, and Nieto, 1977b).

In January of 2009 Gary Hawthorn of Westcoast Mineral Testing Inc reviewed the Fomento report and stated that the results of this met test were very encouraging. It was observed that subsequent to the 1970's a number of processing changes have been either adopted or are preferred. These include:

- The zinc sulphate and sodium cyanide combination, although technically effective, is no longer preferred for sphalerite (Sph) depression in lead rougher flotation, having been "replaced" by sulphur dioxide in one of several chemical forms. $SO_2$ is generally as effective as zinc sulphate – cyanide, and its use will eliminate the transport of the significantly more hazardous sodium cyanide. At this stage of the testing, the requirement for a Sph depressant has not been determined in any case, so the first test in any future testing program should be performed without any Sph depressant to investigate the natural partitioning of galena (Ga) and Sph.
- The use of cresylic acid (cresilico) as a frother has been replaced by glycol and MIBC, so it would not be used in any future investigation.
- In the case of the various collectors that were investigated, there are now more recent introductions that will provide improved selectivity.

SEWC discussed these results with Hawthorn and agrees that the Tahuehueto ore deposit is amenable to standard flotation recovery processes.

# 17 MINERAL RESOURCE AND MINERAL RESERVE ESTIMATES

## 17.1 INTRODUCTION

Mineral Resource estimation described in this report for the Tahuehueto project follows the guidelines of Canadian National Instrument 43-101 (“NI 43-101”). The modeling and estimate of the Mineral Resources were done under the supervision of Scott E. Wilson, a qualified person with respect to Mineral Resource estimation under NI 43-101. Mr. Wilson is independent of Soho by the definitions and criteria set forth in NI 43-101; there is no affiliation between Mr. Wilson and Soho except that of an independent consultant/client relationship. There are no Mineral Reserves estimated for the Tahuehueto project.

## 17.2 RESOURCE MODELING

### 17.2.1 Data

A model was created for estimating the gold, silver, copper, lead, and zinc resources at Tahuehueto from data generated by Soho, including detailed geologic mapping, RC and core drilling data, underground sampling, and project topography derived from one-meter resolution IKONOS imagery. These data were incorporated into a digital database using the UTM Zone 13 NAD27 Mexico coordinate system, and all subsequent modeling of the Tahuehueto resource was performed using Vulcan Software.

### 17.2.2 Deposit Geology Pertinent to Resource Modeling

Various structures provide the primary controls of the mineralization at Tahuehueto. The Cinco de Mayo (including the El Catorce area), El Perdido, and Santiago mineralization lie along a structural zone that strikes 045˚ to 055˚ and dips 60˚ to 80˚ to the southeast. The El Rey deposit lies to the northwest along a subparallel structure striking 060˚ and dipping very steeply to the southeast, and mineralization at El Creston is primarily controlled by a structural zone that strikes 030˚ to 035˚ and dips to the southeast. The mineralization in most of these structures consists more of a zone of irregular veins and veinlets than single, well-defined veins. The strongest and most continuous zones of mineralization generally correlate positively with quartz veining and, in unoxidized zones, increases in sulfide minerals.

Soho provided SEWC with a three-dimensional wireframe interpretation of the principal mineralized structures at Tahuehueto. These were used as hard boundaries for the extrapolation of mineralized grades.

The oxidized/partially oxidized zone was delineated from the unoxidized zone by means of a three-dimensional surface created by Soho. SEWC used this surface in the modeling of the resources, as discussed below, after checking it against drill-hole oxidation codes in the project database.

There is a relatively minor amount of underground workings within the Cinco de Mayo, El Creston, and El Rey areas. These workings consist primarily of exploration-type drifts along mineralized structural zones and minor crosscuts. Soho reports that there is no stoping in any of the El Creston or Cinco de Mayo workings, but two raises have been developed between levels 9 and 10 in El Creston. There is one raise to surface from the Cinco de Mayo South adit, and there is a small stope in El Rey between levels 3 and 4.

The underground workings were either surveyed by Soho, or more commonly, Soho has digitized plan maps of the workings created by previous operators; the plan maps of the workings are located in UTM space based on Soho's surveying of the portals of the tunnels. SEWC created three-dimensional void wireframes from the data provided by Soho by projecting the outlines of the workings in plan 1m vertically in both directions. The SEWC void wireframe suggests a total of about 62,000 tonnes was mined (assuming a specific gravity of 2.7).

### 17.2.3 Density

Soho sent a total of 87 samples of core from 2005 drilling at El Creston to SGS for specific gravity determinations (SGS code PHY03V). The Tahuehueto specific-gravity data have positive correlations with the metal grades, which is attributable to the effects of increasing sulfide mineral concentrations, especially sphalerite, on specific gravity. The specific gravity determinations do not account for all natural voids present in the Tahuehueto host rocks. Natural fractures in rock that terminate individual pieces of core, for example, can reflect *in situ* open spaces that cannot be accounted for by specific gravity measurements. These natural voids are more prevalent in the oxidized portions of the Tahuehueto mineralization. The specific gravity was lowered to account for the voids in the oxide portion of the ore deposit. Specific gravity of higher grade mineralization was factored upwards to properly account for the metal content of high grade sulfide mineralization.

Based upon the average specific gravities and empirical observations SEWC applied the following specific gravities to Tahuehueto ore types:

**Table 17.1Tahuehueto Specific Gravity**

| | Sulfide | Oxide |
|---|---|---|
| Stockwork | 2.65 | 2.6 |
| Veins | 2.75 | 2.7 |
| High Grade Zn | 3.75 | 3.7 |
| High Grade Pb | 4.75 | 4.7 |

### 17.2.4 Cinco de Mayo, El Creston, El Perdido and Santiago Geologic Modeling

Vertical cross sections oriented orthogonal to the average strike of each mineralized area at Tahuehueto were used to develop a 3-D geologic model. The sections were spaced at 50m intervals at Cinco de Mayo and 25m intervals at El Creston, El Perdido, and Santiago; some sections at Cinco de Mayo were skipped due to lack of drill data, leading to occasional 100m-spaced sections. The drill-hole traces, underground sample data, topographic profile, surface structural mapping data, were all used in the definition of the Tahuehueto geologic model.

The models are meant to capture the gross geological sense of the ore deposit. In this case the stockwork was modeled and then the veins internal to the stockwork were modeled. The interpretations of the two zones lead the creation of solid geologic models of the ore body. These solid are used for coding a block model with the different ore types and to ensure that geologic controls are used in the grade estimation process.

#### 17.2.4.1 Grade Capping

Log probability plots were evaluated to determine if capping was necessary. Higher grades must be capped if they do not fit the distribution of the mineralization. This ensures that erroneously high grades are not used to overestimate the metal value of the ore deposit. Table 17.2 lists the grade caps used.

**Table 17.2 Capping Values**

| Capping Values | | | | |
|---|---|---|---|---|
| g Au/t | g Au/t | Cu% | Pb% | Zn% |
| 30 | 120 | None | 10 | 10 |

#### 17.2.4.2 Compositing

Drillholes were composited to lengths of 2 meters.

### 17.2.4.3 Resource Block Model

The Vulcan® resource block model for the Tahuehueto Project subdivides the ore deposit into 2m by 2m by 2m cubed blocks. The contact between stockwork and veins was further subdivided into 0.5m by 0.5m by 0.5m blocks. All of the required information about the deposit is stored in each individual block. This includes estimated characteristics such as gold and silver grades. Statistical characteristics such as kriging variances, number of samples used in an estimate, distances to the nearest drillhole, etc., are also stored in each individual block for descriptive evaluations. Physical information stored in the blocks can include rock types, bulk densities, contained metal and alteration is stored in order to evaluate engineering, production and geotechnical parameters that might be utilized to determine the viability of mining the ore deposit.

#### 17.2.4.3.1 Resource Model Dimensions

Due to the nature and complexity of the geologic model of Tahuehueto, three separate block models were created to handle the ore deposit. The Vulcan Model dimensions are listed in Table 17.5, 17.6 and 17.7.

**Table 17.3 Cinco de Mayo/Catorce Model Dimensions**

| | X | Y | Z |
|---|---|---|---|
| Orientation/Bearing | 120 | 30 | Vertical |
| Model Origin | 336115 | 2811450 | 500 |
| Minimum Block Offset | 0 | 0 | 0 |
| Maximum Block Offset | 1050 | 1350 | 1400 |
| Minimum Block Size | 0.5 | 0.5 | 0.5 |
| Maximum Block Size | 2 | 2 | 2 |
| Minimum Number of Blocks | 525 | 675 | 700 |
| Maximum Number of Blocks | 2100 | 2700 | 2800 |
| Number of Block in Stockworks and Veins | | | 7184414 |

**Table 17.4 Creston/El Perdido Model Dimensions**

| | X | Y | Z |
|---|---|---|---|
| Orientation/Bearing | 120 | 30 | Vertical |
| Model Origin | 336115 | 2811450 | 500 |
| Minimum Block Offset | 0 | 1350 | 0 |
| Maximum Block Offset | 1050 | 2450 | 1400 |
| Minimum Block Size | 0.5 | 0.5 | 0.5 |
| Maximum Block Size | 2 | 2 | 2 |
| Minimum Number of Blocks | 525 | 550 | 700 |
| Maximum Number of Blocks | 2100 | 2200 | 2800 |
| Number of Block in Stockworks and Veins | | | 5124350 |

**Table 17.5 Santiago Model Dimensions**

| | X | Y | Z |
|---|---|---|---|
| Orientation/Bearing | 150 | 60 | Vertical |
| Model Origin | 338460 | 2813320 | 1500 |
| Minimum Block Offset | 0 | 0 | 0 |
| Maximum Block Offset | 200 | 500 | 400 |
| Minimum Block Size | 0.5 | 0.5 | 0.5 |
| Maximum Block Size | 2 | 2 | 2 |
| Minimum Number of Blocks | 100 | 250 | 200 |
| Maximum Number of Blocks | 200 | 1000 | 400 |
| Number of Block in Stockworks and Veins | | | 138019 |

### 17.2.4.3.2 El Rey Modeling

El Rey was modeled differently from the other areas due to: (1) the unique form of the mineralization, which consists of two discreet, thin, well-defined structures that are suggestive of classic veins; and (2) the paucity of drill data, which led to the use of underground sampling as in the interpolation of grades. Underground workings at El Rey include drifts along the mineralized structures at several elevations, and these drifts have been systematically sampled across the structures at approximately four-meter intervals along strike. Two drill holes pierce the main structure below the workings.

Vein solids were constructed from polygons interpreted on vertical cross sections at four-meter spacing. These solids were then used to constrain the estimation of mineralization at El Rey.El Rey Model statistics are shown in Table 17.6.

**Table 17.6 El Rey Model Dimensions**

| | X | Y | Z |
|---|---|---|---|
| Orientation/Bearing | 150 | 60 | Vertical |
| Model Origin | 337060 | 2812920 | 1200 |
| Minimum Block Offset | 0 | 0 | 0 |
| Maximum Block Offset | 150 | 350 | 450 |
| Minimum Block Size | 0.5 | 0.5 | 0.5 |
| Maximum Block Size | 2 | 2 | 2 |
| Minimum Number of Blocks | 75 | 175 | 225 |
| Maximum Number of Blocks | 300 | 700 | 900 |
| Number of Block in Stockworks and Veins | | | 45151 |

### 17.2.4.4 Grade Estimation Parameters

Gold grade was estimated using Inverses Distance estimation techniques. The general procedure for creation of the gold-grade model was as follows:

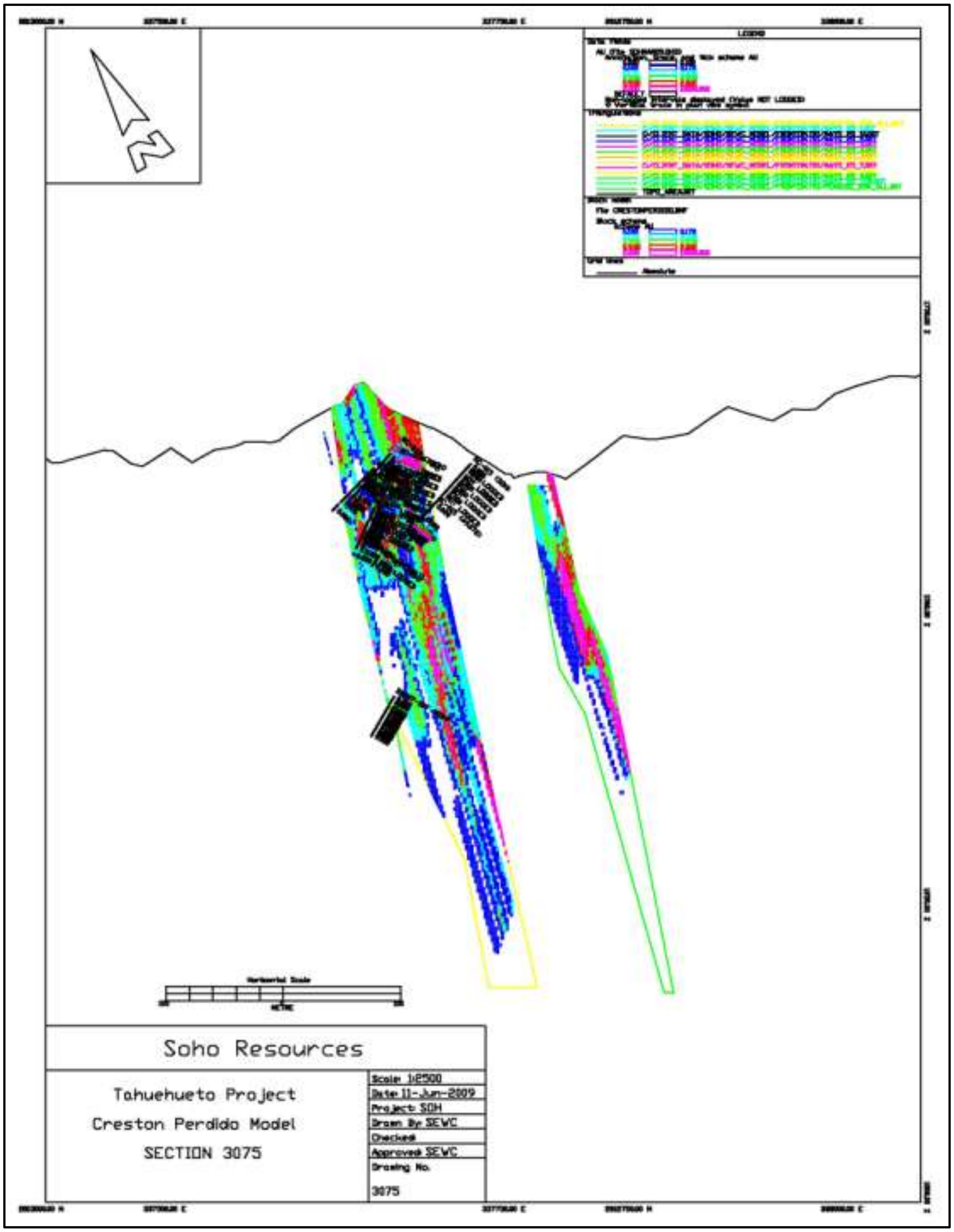
- The major axis of the search ellipse was oriented at the same angles as the geologic structures of each ore deposit.
- A composite had to be a minimum of 1m, or half the SMU, in order to be used in the grade estimation run
- Gold, Silver, Copper, Lead and Zinc were all estimated using the same parameters.

The grade estimation parameters are listed in Table 17.7. Figure 17.1 shows a typical section through Creston and El Perdido.

**Table 17.7Tahuehueto Estimation Parameters**

| Deposit | Rotation About *z* Axis | Rotation About *x* Axis | Rotation About *y* Axis | Major Axis Length | Semi-Major Axis Length | Minor Axis Length | Minimum Samples | Maximum Samples | Maximum Samples per Hole |
|---|---|---|---|---|---|---|---|---|---|
| Cinco de Mayo | 120 | -60 | 0 | 100 | 50 | 10 | 1 | 7 | 2 |
| Catorce | 120 | -60 | 0 | 100 | 50 | 10 | 1 | 7 | 2 |
| El Creston | 115 | -75 | 0 | 100 | 50 | 10 | 1 | 7 | 2 |
| El Perdido | 140 | -75 | 0 | 100 | 50 | 10 | 1 | 7 | 2 |
| Santiago | 140 | -75 | 0 | 100 | 50 | 10 | 1 | 7 | 2 |
| El Rey | 120 | -85 | 0 | 100 | 50 | 10 | 1 | 7 | 2 |

**Figure 17.1Cross Section through Section 3075 Looking 30 Northeast**



## 17.3 RESOURCE CLASSIFICATION

The Mineral Resources presented in this report for the Tahuehueto project conform to the definitions adopted by the Canadian Institute of Mining, Metallurgy and Petroleum ("CIM" 2005):

> *A Mineral Resource is a concentration or occurrence of natural, solid, inorganic or fossilized organic material in or on the Earth's crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge.*
>
> Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories. An Inferred Mineral Resource has a lower level of confidence than that applied to an Indicated Mineral Resource. An Indicated Mineral Resource has a higher level of confidence than an Inferred Mineral Resource but has a lower level of confidence than a Measured Mineral Resource.
>
> *An 'Inferred Mineral Resource' is that part of a Mineral Resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques for locations such as outcrops, trenches, pits, workings and drill holes.*
>
> Due to the uncertainty that may be attached to Inferred Mineral Resources, it cannot be assumed that all or any part of an Inferred Mineral Resource will be upgraded to an Indicated or Measured Mineral Resource as a result of continued exploration.
>
> *An 'Indicated Mineral Resource' is that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics, can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed.*

> *A 'Measured Mineral Resource' is that part of a Mineral Resource for which quantity, grade or quality, densities, shape, and physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters, to support production planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity.*

#### 17.3.1.1 Gold Equivalent Cutoff Grades

The Tahuehueto Mineral Resources are listed at Gold Equivalent cutoff grades. The formula for calculating gold equivalent grades was based on the three year LME average metal prices as of the May 11, 2009.

Two cutoffs were used to tabulate the gold, silver, copper, lead, and zinc resources. A cutoff of 2.0g Au-equivalent/tonne was chosen to capture sulfide mineralization potentially available to flotation processing, while a cutoff of 3.0g Au-equivalent/tonne was applied to oxidized mineralization, which will likely yield lower flotation recoveries than the unoxidized material. The resources are also tabulated at additional cutoffs in order to provide grade-distribution information.

#### 17.3.1.2 Resource Classification Criteria

Resource classes were based on the distance of each model block to the nearest drillhole composite.

- **Inferred Mineral Resources** are defined as any block receiving an estimated grade, where there was at least one hole within the search ellipse.
- **Indicated Mineral Resources** are defined in one of two ways:
  - **Indicated by Interpolation** – where at least two holes were used in the estimation but both holes are too far from the block to be considered measured.
  - **Indicated by Extrapolation** – where a block is estimated with only one drillhole yet the hole is so close that no additional drilling would be required to confirm the presence of the estimated mineralization
- **Measured Mineral Resources** require a minimum of 2 drillholes for the estimate where at least 1 hole is within a highly confident distance that would require no additional

drilling and one hole must be within two times that distance Figure 17.1. Table 17.8 identifies the Classification Criteria for the Tahuehueto ore deposits.

**Figure 17.2 Measured and Indicated Criteria**

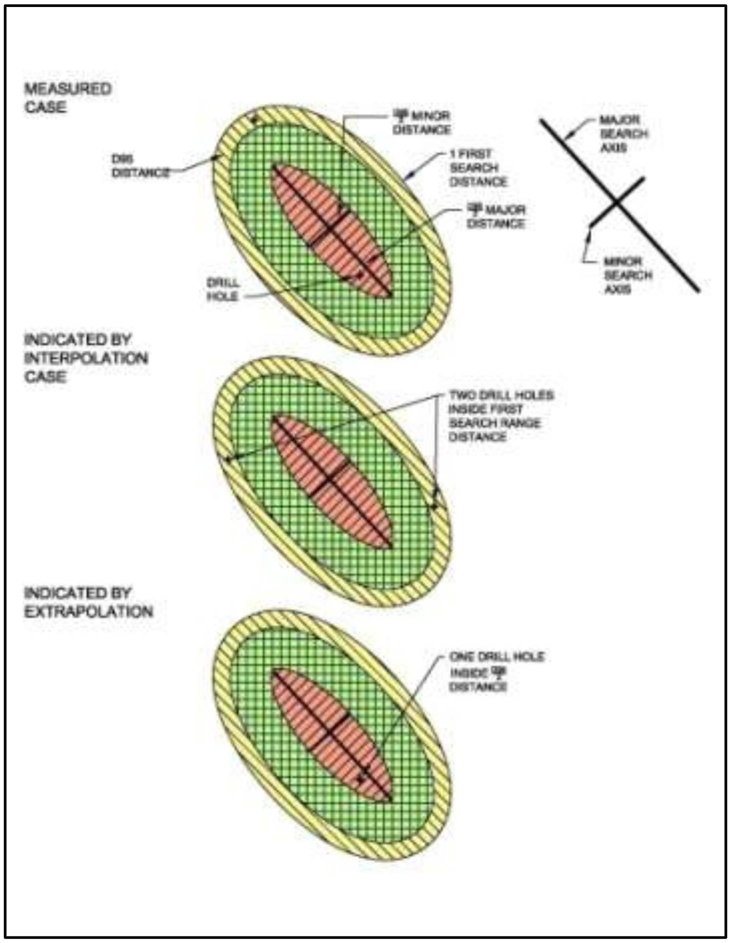


**Table 17.8Tahuehueto Resource Classification Criteria**

| Deposit | Measured | Indicated Distance | Inferred Distance |
|---|---|---|---|
| Tahuehueto | < 20m | 20m-40m | > 40m |

### 17.3.2 Resource Summary

The remaining measured and indicated mineral resource as at May 11, 2009 is summarized in table 17.9. The total inferred mineral resource is summarized in Table 17.10.

**Table 17.9Tahuehueto Measured and Indicated Mineral Resources**

| Mii | Tonnes (1,000's) | g Au/t | Oz. Au (1,000's) | g Ag/t | Oz. Ag (1,000's) | Cu% | lbs. Cu (1,000's) | Pb% | lbs. Pb (1,000's) | Zn% | lbs. Zn (1,000's) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Measured | 3,254 | 2.40 | 251 | 36.30 | 3,798 | 0.28 | 20,439 | 1.10 | 79,228 | 2.07 | 148,759 |
| Indicated | 4,123 | 1.87 | 248 | 33.92 | 4,496 | 0.27 | 24,900 | 1.03 | 93,511 | 1.96 | 177,894 |
| ***Total M&I*** | ***7,377*** | ***2.10*** | ***498*** | ***34.97*** | ***8,294*** | ***0.28*** | ***45,339*** | ***1.06*** | ***172,738*** | ***2.01*** | ***326,653*** |

**Table 17.10 Tahuehueto Inferred Mineral Resources**

| Mii | Tonnes (1,000's) | g Au/t | Oz. Au (1,000's) | g Ag/t | Oz. Ag (1,000's) | Cu% | lbs. Cu (1,000's) | Pb% | lbs. Pb (1,000's) | Zn% | lbs. Zn (1,000's) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| ***Total M&I*** | ***4,868*** | ***1.06*** | ***166*** | ***31.77*** | ***4,971*** | ***0.23*** | ***24,935*** | ***1.23*** | ***132,417*** | ***2.26*** | ***242,241*** |

### 17.3.3 Resource Summary – Grade/Tonne Charts

**Table 17.11Tahuehueto Measured Mineral Resources**

| Cut Off AuEQ/t | Tonnes | g Au/t | Oz. Au | g Ag/t | Oz. Ag | Cu% | lbs. Cu | Pb% | lbs. Pb | Zn% | lbs. Zn |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 3 | 2,304,040 | 3.14 | 232,244 | 43.22 | 3,201,285 | 0.34 | 17,107,717 | 1.32 | 67,172,244 | 2.45 | 124,208,784 |
| 4 | 1,646,376 | 3.98 | 210,889 | 48.40 | 2,561,757 | 0.39 | 14,222,342 | 1.46 | 53,085,003 | 2.78 | 101,023,389 |
| 5 | 1,220,321 | 4.85 | 190,127 | 51.63 | 2,025,715 | 0.43 | 11,630,673 | 1.58 | 42,474,471 | 3.07 | 82,658,373 |
| 6 | 931,641 | 5.72 | 171,305 | 55.46 | 1,661,296 | 0.48 | 9,886,420 | 1.70 | 35,017,084 | 3.27 | 67,110,174 |
| 7 | 713,946 | 6.65 | 152,567 | 59.34 | 1,362,091 | 0.52 | 8,231,405 | 1.80 | 28,343,532 | 3.49 | 54,877,229 |
| 8 | 563,038 | 7.60 | 137,575 | 61.99 | 1,122,118 | 0.56 | 6,898,922 | 1.86 | 23,060,512 | 3.64 | 45,217,773 |
| 9 | 447,797 | 8.59 | 123,636 | 63.96 | 920,855 | 0.58 | 5,766,360 | 1.90 | 18,710,861 | 3.81 | 37,609,462 |
| 10 | 352,023 | 9.67 | 109,404 | 64.65 | 731,658 | 0.61 | 4,725,699 | 1.99 | 15,421,287 | 4.01 | 31,149,919 |

**Table 17.12Tahuehueto Indicated Mineral Resources**

| Cut Off AuEQ/t | Tonnes | g Au/t | Oz. Au | g Ag/t | Oz. Ag | Cu% | lbs. Cu | Pb% | lbs. Pb | Zn% | lbs. Zn |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 3 | 2,757,330 | 2.29 | 202,569 | 33.46 | 2,966,366 | 0.27 | 16,269,016 | 0.98 | 59,795,947 | 1.86 | 113,354,441 |
| 4 | 1,843,533 | 3.16 | 187,442 | 40.58 | 2,405,298 | 0.33 | 13,548,257 | 1.20 | 48,579,942 | 2.27 | 92,364,732 |
| 5 | 1,313,064 | 3.93 | 165,740 | 45.40 | 1,916,660 | 0.39 | 11,301,209 | 1.35 | 39,067,135 | 2.58 | 74,691,182 |
| 6 | 932,990 | 5.03 | 150,762 | 52.32 | 1,569,457 | 0.46 | 9,497,935 | 1.56 | 32,074,956 | 2.95 | 60,726,964 |
| 7 | 645,883 | 6.72 | 139,485 | 62.06 | 1,288,609 | 0.56 | 7,939,805 | 1.80 | 25,664,421 | 3.48 | 49,610,586 |
| 8 | 501,971 | 7.89 | 127,288 | 65.23 | 1,052,717 | 0.59 | 6,538,075 | 1.85 | 20,461,196 | 3.62 | 40,019,210 |
| 9 | 361,629 | 10.12 | 117,649 | 74.52 | 866,343 | 0.69 | 5,513,318 | 2.05 | 16,327,755 | 4.05 | 32,310,204 |
| 10 | 274,382 | 11.70 | 103,217 | 76.25 | 672,620 | 0.72 | 4,380,981 | 2.23 | 13,466,170 | 4.34 | 26,281,918 |

## Table 17.13Tahuehueto Inferred Mineral Resources

| Cut Off AuEQ/t | Tonnes | g Au/t | Oz. Au | g Ag/t | Oz. Ag | Cu% | lbs. Cu | Pb% | lbs. Pb | Zn% | lbs. Zn |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 3 | 2,945,828 | 1.38 | 130,469 | 34.53 | 3,269,908 | 0.26 | 17,130,109 | 1.43 | 93,055,338 | 2.68 | 173,922,553 |
| 4 | 1,945,005 | 1.72 | 107,561 | 38.07 | 2,380,545 | 0.30 | 12,916,812 | 1.56 | 66,779,088 | 3.11 | 133,149,077 |
| 5 | 1,173,344 | 2.19 | 82,597 | 46.93 | 1,770,250 | 0.38 | 9,706,931 | 1.83 | 47,288,829 | 3.32 | 85,813,835 |
| 6 | 685,997 | 2.78 | 61,283 | 50.78 | 1,119,849 | 0.43 | 6,569,411 | 1.98 | 29,948,141 | 3.60 | 54,484,575 |
| 7 | 373,791 | 3.98 | 47,786 | 53.69 | 645,224 | 0.47 | 3,846,533 | 1.83 | 15,060,849 | 3.86 | 31,774,691 |
| 8 | 264,775 | 4.61 | 39,230 | 56.75 | 483,126 | 0.46 | 2,710,879 | 1.87 | 10,943,443 | 4.12 | 24,031,882 |
| 9 | 165,165 | 5.48 | 29,089 | 50.86 | 270,066 | 0.42 | 1,514,787 | 1.90 | 6,924,694 | 4.44 | 16,181,932 |
| 10 | 89,157 | 6.86 | 19,665 | 64.38 | 184,534 | 0.59 | 1,151,245 | 1.85 | 3,635,753 | 4.30 | 8,459,982 |

## 18 OTHER RELEVANT DATA AND INFORMATION

There is no other data or information that could be relevant to the Tahuehueto Project.

## 19 INTERPRETATIONS AND CONCLUSIONS

SEWC reviewed pertinent data from the Tahuehueto Project regarding exploration data, exploration methods, metallurgy and resource estimates. SEWC determined that Soho's statement of mineral resources Tahuehueto Project are in accordance with Canadian National Instrument 43-101, as set forth in the CIM Standards on Resources and Reserves, Definitions and Guidelines (2005). SEWC completed its review of the project in preparation for this technical report. SEWC met its objective and concludes:

- Exploration drilling, sampling, sample preparation, assaying, density measurements and drillhole surveys have been carried out in accordance with best industry standard practices and are suitable to support resource estimates.
- Sampling and assaying includes quality assurance procedures including submission of blanks, reference materials, pulp duplicates and coarse-reject duplicates, and execution of check assays by a second laboratory.
- The Tahuehueto polymetallic deposit resource models were developed using industry accepted methods.
- Mineral resources are classified as Measured and Indicated Mineral Resources and as Inferred Mineral Resources. Resource classification criteria are appropriate in terms of the confidence in grade estimates and geological continuity and meet the requirements of National Instrument 43-101 and CIM Standards on Resources and Reserves, Definitions and Guidelines (2005).
- A metallurgical study has been carried out on a representative sample to estimate gold, silver, lead and zinc recovery for sulfide material. SEWC believes similar materials will be processed and SEWC believes this is the best estimation of future recoveries.
- SEWC has validated Soho's Mineral Resource and Mineral Reserve Statements.

## 20 RECOMENDATIONS

The Tahuehueto Project is at an advanced stage of exploration with a known resource as described within this report. Surface drilling along the explored structures is becoming expensive and impractical, other than where there are gaps in the drill spacing near surface along the explored structures. Future exploration on the known mineralized zones making up the resource reported herein should be conducted from underground, which requires underground development and underground drilling. This underground drilling should be designed to delineate the limits of the mineralized zones both along the known strike and particularly down dip where, for the most part, the zones are open and unexplored at depth. In addition, Soho should initiate a new and modern metallurgical study based upon the recommendations of a qualified metallurgist, possibly using a composite of existing half drill core stored at the property and/or collected from the existing underground adits or alternatively drilling HQ sized core across several of the mineralized zones. Lastly, Soho may want to consider initiating a Preliminary Economic Assessment or Scoping Study to determine initial economic viability of the Tahuehueto Project.

### 20.1 PHASE 1 RESOURCE DEVELOPMENT DRILLING AND METALLURGICAL TEST WORK

Soho should implement surface drilling programs to infill gaps in the estimated mineral resource at Tahuehueto. Phase 1 of the work program should also include updated metallurgical test work to update potential processing recoveries including copper. The estimated cost of the program is summarized in Table 20.1. The successful result of phase 1 of the drilling program would be measured in one of two ways; either in increase in mineral resources globally or by a conversion of inferred mineralization to the indicated or measured categories.

**Table 20.1Phase 1 Recommendations**

| | |
|---|---:|
| Surface Drilling | $300,000 |
| Metallurgical Testing | $200,000 |
| Total Phase 1 Cost | $500,000 |

## 20.2 PHASE 2 UNDERGROUND RESOURCE DEVELOPMENT DRILLING PROGRAM

Phase 2 would be an underground development and drilling program. This will allow for accurate targeting of drilling both along strike and down dip on the mineralized zones where surface drilling is now impractical due to high cost of long drill holes and the risk of long surface holes not hitting intended targets Placement of the underground development drifts should be planned, as much as possible, to allow for the drifts to be used in any possible future production. While Phase 2 can be implemented concurrently with Phase 1 it is not necessary to do so.

**Table 20.2Phase 2 Recommendations**

| | |
|---|---:|
| 4-500 Meter Drifts @ $1,400 USD / Meter | $2,800,000 |
| 30,000 Meters core drilling @ 300USD / Meter | $9,000,000 |
| Total Phase 2 Cost | $11,800,000 |

## 21 REFERENCES

Brown, R. F., 1998a, Report on the mineral resource at El Creston and Cinco de Mayo zones based on Consolidated Samarkand Resources Inc 1997 sampling, Tahuehueto mine project, Durango, Mexico: unpublished report prepared for Consolidated Samarkand Resources, Inc., 7 p.

Brown, R. F., 1998b, Report on the 1997 exploration, Tahuehueto mine project, Sinaloa state, Mexico: unpublished report prepared for Consolidated Samarkand Resources Inc. by R.F.B. Geological, 10 p.

Brown, R. F., 2004, Summary report on the Tahuehueto project, municipality of Tepehuanes, Durango state, Mexico: NI 43-101 Technical Report prepared for Soho Resources Corp., 27p and appendices.

Canova, E., 2006a, El Rey results, discussion of El Rey sampling: unpublished report prepared for Soho Resources Corp. by Geoconsul Canova, 4 p.

Canova, E., 2006b, Santiago results, discussion of Santiago sampling: unpublished report prepared for Soho Resources Corp. by Geoconsul Canova, 6 p.

Cavey, G., 1994, Summary report on the Tahuehueto project, municipality of Tepehuanes, Durango state, Mexico (Draft): unpublished report prepared for Castle Minerals Inc. by OREQUEST Consultants Ltd., 13p.

Cavey, G., 1997, Summary report on the Tahuehueto project, municipality of Tepehuanes, Durango state, Mexico: unpublished report prepared for Consolidated Samarkand Resources Inc. by OREQUEST Consultants Ltd., 31 p.

Consejo de Recursos Minerales, 1983a (January): Informe final de trabajos realizados en el proyecto Tahuehueto, Dgo.: unpublished report, ?p.

Consejo de Recursos Minerales, 1983b (June): Informe final de trabajos realizados en el proyecto Tahuehueto, Dgo.: unpublished report, 214 p.

Corbett, G., 2007, Comments on the controls to Au-Ag mineralisation at the Tahuehueto project, Durango, Mexico: unpublished report prepared for Soho Resources Corp. by Corbett Geological Services Pty. Ltd., 29 p.

Daniels, H. A., 2007, Technical review of Soho Resource Corp. Tahuehueto project: Onsite geological procedures, drill hole database and data/sample QA QC: unpublished report prepared for Soho Resources Corp. by T-Bear Contracting Ltd., 36 p.

Dunne, K. P. E., 2004a, Fluid inclusion report, Tahuehueto project, Durango, Mexico: unpublished report prepared for Coast Mountain Geological Ltd., 5 p.

Dunne, K.P.E., 2004b, Petrographic Report: Las Tahuehueto project, Durango, Mexico: unpublished report prepared for Coast Mountain Geological Ltd. by PetraScience Consultants Inc., 100p.

Dunne, K.P.E., and Thompson, A.J.B., 2005, Petrography Report, Tahuehueto project, Durango, Mexico: unpublished report prepared for Coast Mountain Geological by PetraScience Consultants Inc., 12p.

Dunne, K. P. E., 2007a, Fluid inclusion survey and petrographic report, Tahuehueto project, Durango, Mexico: unpublished report prepared for Soho Resources Corp., 74 p.

Dunne, K. P. E., 2007b, Fluid inclusion report II, Tahuehueto project, Durango, Mexico: unpublished report prepared for Soho Resources Corp., 67 p.

Gustin, M.M., 2008, Technical Report, Tahuehueto Project, Durango, Mexico: NI 43-101 Technical Report prepared for Soho Resources Corp. by Mine Development Associates, 97p and appendix.

Henry, C. D., McDowell, F. W., and Silver, F. T., 2003, Geology and geochronology of granitic batholithic complex, Sinaloa, México; Implications for Cordilleran magmatism and tectonics: Geological Society of America Special Paper 374, p. 237-273.

Kamono, H., 1978, Report on geological investigations at Sacramento (Tahuahueto El Alto) mine, Tepehuanes, Durango: unpublished report prepared by Emijamex, S.A. de C.V., 44p.

Klein, J., 2004, 3D induced polarization/resistivity survey over Soho Resources Corp's Tahuehueto Project, Mexico, a review: unpublished report prepared for Soho Resources Corp., 42p.

Knight Piésold, 2005, Soho Resources Corporation Tahuehueto project, preliminary project development options and baseline data collection (Ref. No. VA201-141/1-1): unpublished report prepared for Soho Resources Corp. by Knight Piésold Ltd., 14p.

Langenscheid, A., 1977, Metallurgical Test Report, Tahuehueto Mine Project (English Translation); unpublished report prepared for EMIJAMEX, S. A., by Comision de Fomento Minero, 11p.

Leitch, C.H.B., 2007a, Petrographic report on 6 samples for Coast Mountain Geological (summary): unpublished report prepared for Coast Mountain Geological Ltd. by Vancouver Petrographics Ltd., 2p.

Leitch, C.H.B., 2007b, Petrographic report on 14 samples for Coast Mountain Geological (summary): unpublished report prepared for Coast Mountain Geological Ltd. by Vancouver Petrographics Ltd., 2p.

Loucks, R. R., Lemish, J., and Damon, P. E., 1988, Polymetallic epithermal fissure vein mineralization, Topia, Durango, Mexico: Part I, District geology, geochronology, hydrothermal alteration, and vein mineralogy: Economic Geology, vol. 83, p. 1499-1528.

Martinez, R., 1992, Informe de reconocimiento geologico del prospecto Tahuehueto: unpublished internal report of Compania Minera Tahuehueto, S.A. de C.V., 12 p.

Metcalfe, P., 2004, Tahuehueto project, summary of geological history to date (draft): unpublished internal Soho Resources Corp. report, 3 p.

Moreau, A., 2006, Lithostructural interpretation using satellite Imagery, Tahuehueto project, Durango State, Mexico: unpublished report prepared for Soho Resources Corp. by Technologies Earthmetrix Inc., 13p.

Payne, J.G., 2005, Untitled petrographic report #050398 on samples from hole RC-18, Tahuehueto project: unpublished report prepared for Coast Mountain Group by Vancouver Petrographics Ltd., 15p.

Pedroza Cano, E., 1991, Tahuehueto mining project: unpublished report prepared by Enrique Pedroza Cano y Asociados, 39 p.

Rios G., R., Castrejon O., M., and Nieto G., R., 1977a, Tahuehueto mining project, metallurgical tests: unpublished report prepared by Comisión de Fomento Minero (in Spanish), 21 p.

Rios G., R., Castrejon O., M., and Nieto G., R., 1977b, Tahuehueto mining project, metallurgical tests: unpublished report prepared by Comisión de Fomento Minero (English translation - summary without most tables), 7 p.

Salas, G. P., 1991, Sierra Madre Occidental metallogenic province, *in* Salas, G. P., ed., Economic Geology, Mexico: Geological Society of America, The Geology of North America, v. P-3, p. 197-198.

Sedlock, R. L., Ortega-Gutierrez, F., and Speed, R. C., 1993, Tectonostratigraphic terranes and tectonic evolution of Mexico: Geological Society of America Special Paper 278, 142 p.

Soho Resources Corp., 2004a, Soho Resources Corp. commences exploration program on Tahuehueto gold project, Durango, Mexico: Soho Resources Corp. news release dated April 13, 2004 on SEDAR website at www.sedar.com.

Soho Resources Corp., 2004b, Soho Resources Corp. announces assay results from Cinco de Mayo adit channel sampling and updates exploration program on Tahuehueto gold project, Durango, Mexico: Soho Resources Corp. press release dated July 6,2004 on SEDAR website at www.sedar.com.

Soho Resources Corp., 2004c, Tahuehueto gold project-Texcalama adits and Texcalama vein system assay results, Durango, Mexico: Soho Resources Corp news release dated August 19, 2004 on SEDAR website at www.sedar.com.

Soho Resources Corp., 2004d, Soho Resources Corp. finalizes drilling contract for 4000 meter drill program on the Tahuehueto gold-silver project, Durango, Mexico: Soho Resources Corp. news release dated November 9, 2004 on SEDAR website at www.sedar.com.

Soho Resources Corp., 2004e, Soho Resources commences reverse circulation drill program on the Tahuehueto project, Durango, Mexico: Soho Resources news release dated December 14, 2004 on SEDAR website at www.sedar.com.

Soho Resources Corp., 2005a, Soho Resources Corp intersects 10.6 metres of 8.8 g/t gold, 67.49 g/t silver, 10.46% zinc and 3.56% lead on first hole at the Tahuehueto gold-silver project, Durango state, Mexico: Soho Resources Corp. news release dated January 27, 2005 on SEDAR website at www.sedar.com.

Soho Resources Corp., 2005b, Soho Resources Corp intersects 4.57 metres of 4.51 g/g gold, 88.67 g/t silver, 1.89% zinc and 0.89% lead at Cinco de Mayo zone and extends zone to depth: Soho Resources Corp. news release dated March 16, 2005 on SEDAR website at www.sedar.com.

Soho Resources Corp., 2005c, Soho Resources reports assay results from the poly-metallic (gold, sliver [sic], lead, zinc) Tahuehueto project, Durango state, Mexico: Soho Resources Corp. news release dated June 20, 2005 on SEDAR website at www.sedar.com.

Soho Resources Corp., 2005d, Soho Resources first diamond drill holes intersects 14.46g/t Au, 7.75% Zn, 67.03g/t Ag, and 2.35% PB over 6.10 meters on DDH 05-01 and 23.70% Zn, 3.00% Pb, 1.17 g/t Au and 39.2 g/t Ag over 2.74 m on DDH 05-02 at Tahuehueto: Soho Resources Corp. news release dated Septermber 7, 2005 on SEDAR website at www.sedar.com.

Soho Resources Corp., 2005e, El Creston – continuity of ore shoot mineralization confirmed to the north and Soho selected for inclusion Micro-Cap Resource Index: Soho Resources Corp. news release dated December 2, 200 on SEDAR website at www.sedar.com.

Soho Resources Corp. 2006a, High grade results indicate potential 4 km strike length to El Creston – Cinco de Mayo trend: Soho Resources Corp. news release dated January 4, 2006 on SEDAR website at www.sedar.com.

Soho Resources Corp., 2006b, Bonanza gold grades encountered on EL1225 ore shoot along El Creston trend: Soho Resources Corp. news release dated February 13, 2006 on SEDAR website at www.sedar.com.

Soho Resources Corp., 2006c, DDH-05-33 returns three mineralized intersections and confirms geological model at Tahuehueto, indication potential for large scale poly-metallic deposit along the El Creston trend: Soho Resources news release on SEDAR at www.sedar.com.

Soho Resources Corp., 2006d, Soho confirms potential of El Rey zone at Tahuehueto project: Soho Resources Corp. news release dated March 16,2006 on SEDAR website at www.sedar.com.

Soho Resources Corp., 2006e, El Rey structure continues to demonstrate high grade silver: Soho Resources Corp. news release dated March 28, 2007 on SEDAR at www.sedar.com.

Soho Resources Corp., 2006f, Santiago zone channel sampling program expands the potential of Tahuehueto project: Soho Resources Corp. news release dated April 20, 2006 on SEDAR website at www.sedar.com.

Soho Resources Corp., 2006g, Soho launches major drilling campaign at Tahuehueto: Soho Resources Corp. news release dated July 25, 2006 on SEDAR website at www.sedar.com.

Soho Resources Corp., 2006h, Soho Resources summarizes progress to date at Tahuehueto: Soho Resources Corp. news release dated September 11, 2006 on SEDAR website at www.sedar.com.

Soho Resources Corp., 2007a, Soho reports high-grade results at Santiago Zone and progress at Tahuehueto: Soho Resources Corp. news release dated February 7, 2007 on SEDAR website at www.sedar.com.

Soho Resources Corp., 2007b, Soho Resources announces high grade results over potentially open pit mineable width at the El Creston target, Tahuehueto project in Durango Mexico: Soho Resources Corp. news release dated May 7, 2007 on SEDAR website at www.sedar.com.

Soho Resources Corp., 2007c, Soho reports several corporate events: Soho Resources Corp. news release dated June 4, 2007 on SEDAR website at www.sedar.com.

Soho Resources Corp., 2007d, Soho Resources Corp. is pleased to report additional drill results from Tahuehueto and comments on multiple events of mineralization: Soho Resources Corp. news release dated August 15, 2007 on SEDAR website at www.sedar.com.

Soho Resources Corp., 2007e, Soho Resources Corp. reports additional results and names new zone at Tahuehueto project in Durango, Mexico: Soho Resources Corp. news release dated September 27, 2007 on SEDAR website at www.sedar.com.

Soho Resources Corp. 2007f, Soho Resources Corp. reports more positive drill results from Tahuehueto: Soho Resources Corp. news Release dated December 3, 2007 on SEDAR website at www.sedar.com.

Soho Resources Corp., 2007g, Soho Resources Corp. contracts Falcon Drilling for Tahuehueto project: Soho Resources Corp. news release dated December 5, 2007 on SEDAR website at www.sedar.com.

Soho Resources Corp., 2007h, President's letter to shareholders: Soho Resources Corp. news release dated December 12, 2007 on SEDAR website at www.sedar.com.

Soho Resources Corp., 2008a, Soho Resources Corp.: exploration update: Soho Resources Corp. news release dated February 1, 2008 on SEDAR website at www.sedar.com.

Soho Resources Corp., 2008b, Soho Resources Corp. reports additional drill results from several zones at Tahuehueto: Soho Resources Corp. news release dated August 12, 2008 on SEDAR website at www.sedar.com.

Solkowski, L., 2005, Archaeological summary, Tahuehueto project, Durango, Mexico, as per guidelines of the Knight Piésold report "Baseline environmental data collection programme" (introduction only): unpublished report prepared for Soho Resources Corp. by Coast Mountain Geological Ltd., 12p.

Solkowski, L., 2006a, Brief summary archaeological sites, numbers 28-29-30, El Pitio-Espinal Valley area, Tahuehueto project-Durango State, Mexico for Soho Resources Corp., Vancouver, B.C.-Canada, December, 2005: unpublished report prepared for Soho Resources Corp. by Coast Mountain Geological Ltd., 46p.

Solkowski, L., 2006b, Brief summary report, wildlife and wildlife habitat for the Soho Resources Corp. exploration mining program Tahuehueto site, N.W. Durango State, Mexico, as per guidelines of the Knight Piésold report "Baseline environmental data collection program dated March 03, 2005": unpublished report prepared for Soho Resources Corp. by Coast Mountain Geological Ltd., 37p.

Solkowski, L., 2006c, Brief summary report, Aquatic resources and habitat capability for the Soho Resources Corp. exploration mining program Tahuehueto site, N.W. Durango State, Mexico, as per guidelines of the Knight Piésold report "Baseline environmental data collection program" dated March 2005: unpublished report prepared for Soho Resources Corp. by Coast Mountain Geological Ltd., 11p.

Solkowski, L., 2006d, Brief summary archaeological sites, update for Soho Resources Corp. Tahuehueto project, Tahuehueto, Durango State, Mexico, March-April-May 2006: unpublished report prepared for Soho Resources Corp. by Coast Mountain Geological Ltd., 64p.

Solkowski, L., 2006e, Archaeological summary update for the Soho Resources Corp. mineral claims, Tahuehueto Durango State, Mexico, June-July, 2006: unpublished report prepared for Soho Resources Corp. by Coast Mountain Geological Ltd., 45p.

Solkowski, L. 2006f, Environmental baseline studies for Shoho [sic] Resurces [sic] Corp., Tahuehueto project, Durango State, Mexico, for water quality-surface water, ground water quality-fisheries and wildlife as per Knight Piesold March 2005 report, baseline date collection: unpublished report for Soho Resources Corp. prepared by Coast Mountain Geological Ltd., 8p.

Solkowski, L., 2007a, Geological summary report for Soho Resources Corp, Tahuehueto project, Durango State, Mexico, August to December, 2006: unpublished report for Soho Resources Corp. by Coast Mountain Geological Ltd., 52p.

Solkowski, L. 2007b, Brief summary report, vegetation and terrestrial ecosystems for Soho Resources Corp., Exploration mining program, Tahuehueto site, N.W. Durango State, Mexico, as per guidelines of the Knight Piésold report “Baseline environmental data collection program dated March 03, 2005”: unpublished report prepared for Soho Resources Corp. by Coast Mountain Geological Ltd., 52p.

Solkowski, L., 2007c, Archaeological summary report for Soho Resources Corp., Tahuehueto exploration project, Durango State, Mexico, “Baseline data collection” for the 1:50,000 Metatitos Sheet, for year 2006: unpublished report prepared for Soho Resources Corp. by Coast Mountain Geological Ltd,. 88p.

Solkowski, L., 2007d, Archaeological summary report, Tahuehueto project Soho Resources Corp., Durango State-Mexico: unpublished report prepared for Soho Resources Corp. by Coast Mountain Geological Ltd., 46p.

Solkowski, L., 2007e, Illustrated archaeological summary report on archaeological structures of the El Torreil and Camino Pelonsitios areas, Soho Resources Corp.-Tahuehueto project-Durango State-Mexico, August 2007: report prepared for Soho Resources Corp. by Coast Mountain Geological Ltd., 20p.

Solkowski, L., 2007f, Archaeological summary report, update on lithic materials discovered, El Torreil-Puerta La Croix-Purgatorio areas, Soho Resources Corp. Tahuehueto project, Durango State-Mexico: unpublished report prepared for Soho Resources Corp. by Coast Mountain Geological Ltd., 21p.

Thompson & Knight, 2008, Tahuehueto project surface disturbance: unpublished legal opinion prepared for Soho Resources Corp., 2 p.

Urias, A., 2007, Untitled legal opinion at the request of Soho Resources Corp.: unpublished report prepared for Soho Resources Corp. by Urias Romero y Asociados, S.C., 25 p.

Visser, S., 2004, Logistical and geophysical report, induced polarization survey, Tahuehueto project, Tepehuanes municipality, Durango, Mexico (draft): unpublished report prepared for Soho Resources Corp. by S.J.V. Consultants Ltd, 80 p.

## 22 DATE

The effective date of this report is June 26, 2009.

## 23 AUTHOR'S CERTIFICATE

I, Scott E. Wilson, of Highlands Ranch, Colorado, do hereby certify:

1. I am currently employed as President by Scott E. Wilson Consulting, Inc., 6 Inverness Court East, Suite 110, Englewood, CO 80112.
2. I graduated with a Bachelor degree in Geology from the California State University, Sacramento in 1989.
3. I am a Certified Professional Geologist and member of the American Institute of Professional Geologists (CPG #10965) and a Registered Member (#4025107) of the Society for Mining, Metallurgy and Exploration, Inc.
4. I have been employed as either a geologist or an engineer continuously for a total of 20 years.
5. I have read the definition of "Qualified Person" set out in National Instrument 43-101 ("NI 43-101) and certify that by reason of my education, affiliation with a professional association (as defined in NI 43-101) and past relevant work experience, I fulfill the requirements to be a "Qualified Person" for the purposes of NI 43-101.
6. I made a personal inspection of the project January 6 and January 7, 2009.
7. I have had no prior involvement with Soho Resources or with the Tahuehueto Project.
8. I am responsible for the preparation of the technical report titled Technical Report, Tahuehueto Project, Durango Mexico dated June 26, 2009, relating to the Tahuehueto Project.
9. As of the date of the certificate, to the best of my knowledge, information and belief, the technical report contains all scientific and technical information that is required to be disclosed to make the technical report not misleading.
10. That I have read NI 43-101 and Form 43-101F1, and that this technical report was prepared in compliance with NI 43-101.
11. I am independent of the issuer applying all of the tests in Section 1.4 of NI 43-101.
12. I consent to the filing of the Technical Report with any stock exchange and other regulatory authority and any publication by them, including electronic publication in the public company files on their websites accessible by the public, of the Technical Report.

Dated June 26, 2009

Scott E Wilson

Signature of Qualified Person

Scott E. Wilson

Printed Name of Qualified Person