

June 24, 1997

Solv-Ex attempts new Reg S offering. Conversion may cause shares to exceed amount authorized.

On June 18, 1997 Solv-Ex entered into an agreement with Greystone Capital Ltd. to attempt the sale of a new \$11 million convertible Reg S offering. Solv-Ex already has a \$10 million convertible Reg S outstanding. Both of these Reg S offerings allow holders to convert into an unlimited number of shares at a discount to the market regardless of price. Solv-Ex's management has acknowledged that these Reg S offerings may cause Solv-Ex to exceed the number of shares it is authorized to issue. Solv-Ex has 30 million authorized shares.

Excluding Mr. Rendall's \$2.0 million March, 1997 loan, Solv-Ex had a \$438,801 negative cash position as of March 31, 1997. This shows that Solv-Ex had spent all the funds it had obtained before March 31, 1997 and still owed at least \$58.4 million. Yet Solv-Ex is still incapable of producing any sales, earnings or cash flow. Furthermore, despite all its alleged expenditures, Solv-Ex possesses no asset it can sell or mortgage to obtain any cash. As a result, Solv-Ex can only finance its expenses through stock sales. However, Solv-Ex failed to file a registration statement as required under its own agreements and has never sold any of its shares through a legitimate underwriting. Instead, Solv-Ex has borrowed short-term money from alleged off-shore investors who are repaid through unregistered stock sales to unknowing U.S. investors.

It has now been shown that all of Solv-Ex's production capability claims are completely false and untrue. Solv-Ex's dire financial condition and grave legal problems alone make its \$160 million market value impossible to legitimately defend. Solv-Ex's management has exacerbated its already desperate situation by selling as many shares as possible regardless of price. This clearly indicates that management understands that Solv-Ex's shares are grossly overvalued at any price.

As stated above, Solv-Ex has 30 million shares authorized and has 24.3 million shares outstanding. Solv-Ex already has a \$10 million Reg S convertible outstanding. The number of shares required to cover the eventual conversion of this Reg S, the existing \$33 million convertible loan, certain options and the new contemplated Reg S may likely exceed Solv-Ex's authorized number of shares. This will require an amendment of Solv-Ex's articles of incorporation and a shareholder vote. In order to hold a shareholder meeting Solv-Ex will have to file a proxy statement with the Securities and Exchange Commission.

The above described Reg S offering is at least Solv-Ex's third attempted off-shore, unregistered stock sale since "Peter Young" financing. All of these transactions have been abnormal. Last November, Venture Guarantee, Ltd.'s ("Vengua") President, Edward Fitzpatrick, claimed to have an agreement with Solv-Ex to sell one of these earlier Reg S offering. Vengua is affiliated with Select Capital Advisors, Inc. ("Select"). Ronald G. Williams is Select's Chairman and CEO. On February 12, 1996 BusinessWeek reported that Mr. Williams was a disbarred attorney who in 1993 was arrested and charged with fraud and stock manipulation after having pled guilty to earlier fraud charges.

Mr. Williams has been closely associated with Mr. Samuel A. Francis, who is Solv-Ex's founder. Mr. Francis bought 1,750,000 Solv-Ex shares for approximately \$0.05 shortly before Solv-Ex's initial "best efforts" offering. On August 15, 1990 a Grand Jury indicted Mr. Francis with charges of racketeering, witness tampering, conspiracy and

"employing a variety of fraudulent and manipulative devices and contrivances" to defraud the investing public. The events covered in the criminal indictment dated as far back as February 21, 1977. This was four years before Mr. Rendall and Mr. Francis came together to promote Solv-Ex's "penny stock" offering. On April 30, 1992 Mr. Francis pleaded guilty and was convicted of securities fraud related to the above indictment and was committed to prison in Camp Biggs, El Paso, Texas for one year and one day. As of October 27, 1994 Mr. Francis still owned 1,049,728 shares of Solv-Ex stock. As of September 30, 1995 the number of Solv-Ex's shares outstanding had increased sufficiently to cause Mr. Francis' Solv-Ex stock holding to fall below 5%. As a result, Solv-Ex would no longer be required to disclose Mr. Francis' Solv-Ex stock holdings in its proxy statement. A search of the Securities and Exchange Commission Solv-Ex filings found no reported sales of Solv-Ex stock by Mr. Francis, his wife or a trust for their children since July, 1994.

Solv-Ex Corporation (Trading Symbol: SOLVQ) (Price: \$3.8125)

Short selling involves a risk not associated with the purchase of stock including, but not only limited to, unlimited loss and stock borrowing risks. Additional information is available upon request.