

July 03, 1997

Solv-Ex possesses no titanium dioxide product.

Solv-Ex claims to have developed a new product for the paper industry called TiO₂S, which is supposed to be a substitute for titanium dioxide. Solv-Ex also claims to have an "alliance" with Raisio Chemicals Oy to conduct testing and market evaluation of this new product. This may lead investors believe that Solv-Ex has the potential to successfully produce and market a titanium dioxide substitute product. This is not true. Solv-Ex has absolutely no ability to produce either titanium dioxide or its alleged substitute. There exists no evidence that any quantity of TiO₂S can be produced at any cost. In fact, Solv-Ex has not even produced sufficient material to conduct a single production trial.

Titanium dioxide is an extremely important ingredient in paper manufacturing. It is a highly specialized product. No substitute for titanium dioxide exists. Raisio does not manufacture, or even distribute, any titanium dioxide or titanium dioxide substitute product. Raisio has stated that it has no interest in manufacturing, or investing in the manufacturing, of Solv-Ex's alleged titanium dioxide substitute.

Solv-Ex was introduced to Raisio by Mr. George Iomedes. Mr. Iomedes' company, Temanex Consulting, Inc., is engaged in technical consulting in paper quality and printability for the paper and pulp industry. Mr. Iomedes has worked as a consultant for both Raisio's Canadian subsidiary and Solv-Ex. Mr. Iomedes confirms that he is currently working for Solv-Ex on the formulation and testing of its alleged titanium dioxide substitute product. Mr. Iomedes claims to believe that Solv-Ex's TiO₂S is "promising." This is misleading. Mr. Iomedes has no knowledge of how Solv-Ex produced the "test" material, how much it cost to produce or if Solv-Ex has any ability to produce it commercially. In fact, Mr. Iomedes did not even audit or confirm that the alleged test material actually came from Solv-Ex's laboratory.

Raisio Chemicals Canada is composed of three companies: Ro-Lee Chemical Canada, Ltd. in Corhwall, Ontario, Dia-Chem Industries, Ltd. in Vancouver, British Columbia and Raisio Chemicals, Inc. in Berwick, Pennsylvania. Raisio is primarily engaged in the manufacturing and reformulation of starch based paper coating and filler products. None of these companies have any research and development experience in any titanium dioxide product or substitutes. In fact, Dia-Chem's research staff consisting of 8 researchers has been completely eliminated. Raisio has 3 researchers left who are primarily working on starch related coating products.

It is not known how much titanium dioxide substitute Solv-Ex claims to have produced. It is also not known how much it cost Solv-Ex to produce any of the materials it submitted to Raisio for testing. Neither Raisio nor Temanex have performed any evaluation, or engaged any independent consultant to evaluate, Solv-Ex's ability to produce the material that they supposedly tested. In fact, we were unable to confirm from any Raisio employee that they had fully controlled the Solv-Ex material they were testing. Neither the source material nor the laboratory process were audited or controlled by Raisio's research staff.

Solv-Ex possesses no manufacturing capacity for any titanium dioxide substitute product and has no basis for any claim to be able to produce any amount of any titanium dioxide substitute product. No one knows the amount of tar

sands or other materials Solv-Ex used to yield its alleged titanium dioxide substitute product. Neither Solv-Ex nor Raisio have a basis to estimate production costs or the amount of capital required to produce this supposed product. In fact, Solv-Ex has no reasonable basis to even claim any such product can be produced at any cost.

Solv-Ex has only produced small laboratory amounts of its alleged paper product. Any trial run of a titanium dioxide substitute would require tens of tons of material. No paper mill has agreed to a trial production test. Any paper plant willing to attempt to use a titanium dioxide substitute product on a trial basis will have to shut down completely and use tons of the substitute material to produce tons of paper over several days of normal manufacturing. Solv-Ex possesses no production capacity to produce this amount, or any amount, of any titanium dioxide substitute. A paper plant operator would require a producer of an alleged titanium dioxide substitute to have a fully functioning commercial plant with a well proven capacity to deliver required quantities and qualities at stable prices. Neither Solv-Ex nor Raisio possess, or even have any plans to attempt to create, any of these basic requirements.

Solv-Ex Corporation (Trading Symbol: SOLVQ) (Price: \$3.50)

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.