

June 11, 1997

Solv-Ex possesses no valuable reserves.

Solv-Ex's management claims that its Bitumount and Fort Hills oil sands leases contain valuable reserves. Solv-Ex has not stated the estimated dollar value of its reserves but has made statements concerning so-called "reserves" per share. Among these statements is that Solv-Ex has reserves of more than 150 barrels of "oil" per share. These statements, and certain published promotional materials based on these statements about "reserves", may lead investors to conclude that Solv-Ex's oil sands leases have a certain per share value. This is a misperception that has been purposely cultivated by management. Solv-Ex's claim to possess reserves that have a significant per share value is completely false and untrue.

Solv-Ex has also stated that it has reserves of 8 billion barrels of "oil," 4 billion barrels of "oil" that are recoverable and that minerals contained in its reserves are worth 2 or 3 times the value of the "oil". These statements may lead investors to believe that Solv-Ex's oil sands leases are valuable. This also is not true. Solv-Ex's claim to possess reserves that have a significant value that can be of any consequence to its investors is also completely false and untrue.

Solv-Ex purchased the Bitumount lease in 1988 for \$250,000 plus a possible later additional payment of \$250,000 in cash or "freely-tradable" Solv-Ex stock. The Bitumount lease is over 41 years old and has already been extensively mined. It was purchased by Solv-Ex from Can-Amara Oil Sands, Inc., a small defunct Canadian public company. Solv-Ex purchased the Fort Hills lease in 1995 for \$440,000 from Petro-Canada. Syncrude, a large oil sands operator purchased two leases adjunct to the Solv-Ex's Fort Hills lease from Petro-Canada. This transaction occurred the year before Solv-Ex bought Fort Hills from Petro-Canada. (Petro-Canada owns approximately 12% of Syncrude.) Among the many negative factors that led to Syncrude's decision to not purchase the Fort Hills lease, even for the paltry sum of \$440,000 or \$8.80 per acre, was the amount of overburden that is implied in its name.

Solv-Ex has not made its "own independent estimate of in-place reserves" for the Fort Hills lease. Solv-Ex acknowledges that its only basis for valuing the Fort Hills lease is work performed by Petro-Canada. The same is true for Solv-Ex's information concerning the Bitumount lease. Solv-Ex's Bitumount reserve claims are based on wells drilled by the seller. Solv-Ex has done "no confirmation drilling" on the Bitumount site. In both transactions Solv-Ex possessed no information other than that provided by the sellers, which was available to all other interested buyers.

The market for Alberta oil sand leases is well developed. Accurate, thorough information concerning the region's reserves and prices paid for oil sands leases is available publicly. Much of the Athabasca oil sands formation has been extensively drilled and geologically mapped. Alberta's laws require that the results of all private drilling programs be filed with the Department of Energy's Energy and Utilities Board after one year. This public database includes information on over 5,000 wells.

The Department of Energy maintains a list of all oil sands transfers of ownership that is also publicly available. The value of a lease is determined by the density and thickness of oil sands deposits, the quality of the ore, the amount of overburden and its proximity to bitumen extraction and upgrading facilities.

In the last 18 months the Alberta Department of Energy has issued over 205 new oil sands lease agreements covering more than 545,000 acres. These leases were sold through a public offering process. The average price paid for the new leases was approximately \$193 per acre. Solv-Ex paid \$85.12 per acre for the smaller 5,874 acre Bitumount lease and \$8.80 per acre for the larger 50,000 acre Fort Hills lease. These prices equal the lowest prices paid for Alberta oil sands rights. Even at these low prices, Solv-Ex was the only willing buyer for these leases. This is a very clear indication that Solv-Ex's leases are among the least desirable in Alberta. However, even if you value Solv-Ex's leases at the highest price recently paid for Athabasca oil sands rights, Solv-Ex's reserves would still yield no value to Solv-Ex's shareholders.

Solv-Ex Corporation (Trading Symbol: SOLVQ) (Price: \$5.625)

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.