

February 03, 1997

Solv-Ex acknowledges Federal Grand Jury investigation.

Investors bid Solv-Ex stock up as much as \$7 or 47% last week believing that the Company has surpassed its legal problems and will generate cash flow from oil production in early 1997. In fact, Solv-Ex remains embroiled in criminal investigations and civil litigation. Furthermore, we believe that the Company has no possibility to generate any positive operational cash flow. We value Solv-Ex shares at less than \$2 per share. With over a \$500 million in current market value, we believe that unavoidable investor disappointment will soon cause the shares to trade below \$2.

On Friday, January 31, 1997, Solv-Ex reported that it is "extremely pleased that a Federal Grand Jury empanelled for the United States District Court for the Southern District of New York is investigating short selling in Solv-Ex stock" and "that it is not the subject or a target of the investigation".

In fact, Department of Justice regulations make all proceedings of any Federal Grand Jury secret until they are publicly disclosed by the Government. Violators, including the Court's own employees, can be imprisoned for disclosing information about Grand Jury proceedings. Mr. Marvin Smilon, the Public Information Officer of the Office of the U.S. Attorney of the U.S. Circuit Court of the Southern District of New York, has confirmed that there exists absolutely no information to support Solv-Ex's claims in the Court's public record.

Solv-Ex cannot legally possess any special or privileged information about testimony given to the Grand Jury or about the U.S. Attorney's investigation. We believe that Solv-Ex's "report" is merely a very transparent attempt to distort the truth about the investigation into Solv-Ex's dealings with Alulux Mining, S.A., Sandvest Petroleum S.A., PheMex Establishment, Silva Investment Limited and Russ Oil & Technology S.A. All of these are bogus off-shore companies used to purchase Solv-Ex securities. Furthermore we believe that it is highly probable that Solv-Ex's November 15, 1996 Reg S offering may also be the subject of an investigation.

We believe that there is no reason to suspect any investor who sells Solv-Ex stock short of any wrong doing. On the contrary, we see no justification for buying Solv-Ex stock. Therefore, we question the intent and legitimacy of "investors" who purchased Solv-Ex's November 15th Reg S offering. Solv-Ex has already spent over \$84.3 million and 16 years and 8 months on a business plan that has completely failed to generate any interest from any legitimate funding source, industrial company or securities analyst. Solv-Ex has been accused in at least four separate courts of disseminating false information, deceit, fraud, concealing material adverse facts, and artificially inflating its stock price. We believe that Solv-Ex's stock price is absurd and that contrary to management's assertions there are far too many "believers" and far too few skeptics involved in Solv-Ex's stock.

Solv-Ex Corporation (Trading Symbol: SOLVQ) (Price: \$19.50)

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.