SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

[x] Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended June 30, 1997

OR

[ ] Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from ________________ to _______________

Commission file number - 1-7525

THE GOLDFIELD CORPORATION
(Exact name of registrant as specified in its charter)

Delaware	88-0031580
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

100 Rialto Place, Suite 500, Melbourne, Florida	32901
(Address of principal executive offices)	(Zip Code)

(407) 724-1700
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No

There were 26,854,748 shares of common stock, par value $.10 per share, of The Goldfield Corporation outstanding as of June 30, 1997.

<TABLE>

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

THE GOLDFIELD CORPORATION
and Subsidiaries

CONSOLIDATED BALANCE SHEETS
(Unaudited)

	June 30, 1997	December 31, 1996
<S>	<C>	<C>
ASSETS		
Current assets		

Cash and cash equivalents	$ 4,262,550	$ 4,610,198
Accounts receivable and accrued billings	2,437,868	1,420,270
Current portion of notes receivable	76,875	39,771
Inventories (Note 3)	221,961	228,049
Costs and estimated earnings in excess of billings on uncompleted contracts	370,143	600,302
Prepaid expenses and other current assets	279,513	63,794
Total current assets	7,648,910	6,962,384
Properties, net	4,166,150	4,187,288
Notes receivable, less current portion	854,831	875,100
Deferred charges and other assets		
Deferred income taxes (Note 2)	628,000	860,000
Repurchased royalty at cost, less accumulated amortization of $197,757 in 1997 and $184,718 in 1996	121,693	134,732
Cash surrender value of life insurance	637,439	632,739
Total deferred charges and other assets	1,387,132	1,627,471
Total assets	$14,057,023	$13,652,243
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	$ 1,008,542	$ 954,366
Billings in excess of costs and estimated earnings on uncompleted contracts	13,149	74,071
Income taxes payable (Note 2)	31,000	--
Total current liabilities	1,052,691	1,028,437
Deferred gain on installment sales	180,286	180,400
Total liabilities	1,232,977	1,208,837
Stockholders' equity		
Preferred stock, $1 par value per share, 5,000,000 shares authorized; issued and outstanding 339,407 shares of Series A 7% voting cumulative convertible stock	339,407	339,407
Common stock, $.10 par value per share, 40,000,000 shares authorized; issued 26,872,106 shares	2,687,211	2,687,211
Capital surplus	18,369,860	18,369,860
Retained earnings (deficit)	(8,553,712)	(8,934,352)
Total	12,842,766	12,462,126
Less common stock in treasury, 17,358 shares, at cost	18,720	18,720
Total stockholders' equity	12,824,046	12,443,406
Total liabilities and stockholders' equity	$14,057,023	$13,652,243

See accompanying Notes to Consolidated Financial Statements
</TABLE>

<TABLE>

THE GOLDFIELD CORPORATION
and Subsidiaries

CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	1997	1996	1997	1996
<S>	<C>	<C>	<C>	<C>
Revenue				

Electrical construction	$3,559,162	$ 2,171,484	$6,292,688	$ 5,049,546
Mining	514,367	388,346	1,029,937	736,332
Royalty income	5,000	--	5,000	--
Other income, net	79,589	88,416	175,564	188,186
Total revenue	4,158,118	2,648,246	7,503,189	5,974,064
Costs and expenses				
Electrical construction	2,613,665	2,353,568	4,908,943	4,985,139
Mining	425,091	354,843	835,726	671,513
Depreciation and amortization	246,507	229,493	481,530	462,709
General and administrative	319,340	278,855	621,471	572,965
Total costs and expenses	3,604,603	3,216,759	6,847,670	6,692,326
Income (loss) from operations before income taxes	553,515	(568,513)	655,519	(718,262)
Income taxes (Note 2)	239,000	--	263,000	--
Net income (loss)	314,515	(568,513)	392,519	(718,262)
Preferred stock dividends	5,940	5,940	11,879	11,879
Income (loss) available to common stockholders	$ 308,575	$ (574,453)	$ 380,640	$ (730,141)
Income (loss) per share of common stock (Note 4)	$ 0.01	$ (0.02)	$ 0.01	$ (0.03)
Weighted average number of common shares outstanding	26,854,748	26,854,748	26,854,748	26,854,748

See accompanying Notes to Consolidated Financial Statements
</TABLE>

<TABLE>

THE GOLDFIELD CORPORATION
and Subsidiaries

CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	1997	1996	1997	1996
<S>	<C>	<C>	<C>	<C>
Cash flows from operating activities				
Net income(loss)	$ 314,515	$(568,513)	$ 392,519	$ (718,262)
Adjustments to reconcile net income (loss) to net cash provided from (used by) operating activities				
Depreciation and amortization	246,507	229,493	481,530	462,709
Deferred income taxes	208,000	--	232,000	--
Deferred gain on installment sales	(56)	(10,150)	(114)	(14,210)
Loss (gain) on sale of property and equipment	(9,607)	2,575	(38,244)	(2,691)
Increase (decrease) in:				
Accounts receivable and accrued billings	(444,846)	(190,086)	(1,017,598)	99,339
Inventories	(16,286)	(12,570)	6,088	(42,461)
Costs and estimated earnings in excess of billings on uncompleted contracts	510,406	46,396	230,159	(273,417)
Prepaid expenses and				

other current assets	(68,842)	74,287	(215,719)	51,077
Cash surrender value of life insurance	--	--	(4,700)	(4,701)
Increase (decrease) in:				
Accounts payable and accrued liabilities	(86,065)	(74,818)	54,176	(69,133)
Billings in excess of costs and estimated earnings on uncompleted contracts	(46,652)	(34,870)	(60,922)	(33,162)
Income taxes payable	31,000	--	31,000	--
Total adjustments	323,559	30,257	(302,344)	173,350
Net cash provided from (used by) operating activities	638,074	(538,256)	90,175	(544,912)
Cash flows from investing activities				
Proceeds from the disposal of fixed assets	10,500	1,700	76,637	8,008
Loans granted	(23,568)	(10,726)	(33,566)	(30,726)
Collections from notes receivable	12,316	134,828	16,731	153,923
Purchases of fixed assets	(347,936)	(93,416)	(485,746)	(290,504)
Payments made to acquire fixed assets of Fiber Optic Services	--	--	--	(173,138)
Net cash used by investing activities	(348,688)	32,386	(425,944)	(332,437)
Cash flows from financing activities				
Payments of preferred stock dividends	(5,940)	(5,940)	(11,879)	(11,879)
Net cash used by financing activities	(5,940)	(5,940)	(11,879)	(11,879)
Net increase (decrease) in cash and cash equivalents	283,446	(511,810)	(347,648)	(889,228)
Cash and cash equivalents at beginning of period	3,979,104	4,070,392	4,610,198	4,447,810
Cash and cash equivalents at end of period	$4,262,550	$3,558,582	$4,262,550	$3,558,582

See accompanying Notes to Consolidated Financial Statements
</TABLE>

THE GOLDFIELD CORPORATION
and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 1997

Note 1 - Basis of Presentation

In the opinion of the management, the accompanying unaudited interim consolidated financial statements include all adjustments necessary to present fairly the financial position of the Company, the results of its operations and changes in cash flows for the interim periods reported. These adjustments are of a normal recurring nature. All financial statements presented herein are unaudited. However, the balance sheet as of December 31, 1996, was derived from the audited consolidated balance sheet. These statements should be read in conjunction with the financial statements included in the Company's annual report on Form 10-K for the year ended December 31, 1996. The results of operations for the interim periods shown in this report are not necessarily indicative of results to be expected for the fiscal year.

Note 2 - Income Taxes

The income tax provision (benefit) consists of the following:

<TABLE>

	Three Months Ended June 30, 1997	Three Months Ended June 30, 1996
<S>	<C>	<S>
Current		
Federal	$ 5,000	--
State	26,000	--
	31,000	--
Deferred		
Federal	175,000	--
State	33,000	--
Total	$239,000	--

	Six Months Ended June 30, 1997	Six Months Ended June 30, 1996
Current		
Federal	$ 5,000	--
State	26,000	--
	31,000	--
Deferred		
Federal	195,000	--
State	37,000	--
Total	$263,000	--

</TABLE>

Temporary differences and carryforwards which give rise to deferred tax assets and liabilities as of June 30, 1997 and December 31, 1996 are as follows:

<TABLE>

	June 30, 1997	December 31, 1996
<S>	<C>	<C>
Deferred tax assets		
Depletion, mineral rights and deferred development and exploration costs	$ 324,000	$ 325,000
Accrued workers' compensation costs	49,000	62,000
Accrued vacation and bonus	64,000	11,000
principally due to differences in depreciation and valuation write-downs	325,000	340,000
Contingent salary payments recorded as goodwill for tax purposes	6,000	--
Net operating loss carryforwards	2,445,000	2,881,000
Investment tax credit carryforwards	239,000	264,000
Alternative minimum tax credit carryforwards	261,000	256,000
	3,713,000	4,139,000
Valuation allowance	(3,085,000)	(3,279,000)
Total net deferred tax assets	628,000	860,000
Deferred tax liabilities	--	--
Net deferred tax assets	$ 628,000	$ 860,000

</TABLE>

The Company has recorded a valuation allowance to reflect the estimated amount of deferred tax assets which may not be realized.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the projected future taxable income and tax planning strategies in making this assessment. The Company decreased the valuation allowance for net deferred tax assets by approximately $194,000 for the six months ended June 30, 1997 and decreased the valuation allowance $146,000 for the quarter ended June 30, 1997.

At June 30, 1997, the Company had tax net operating loss carryforwards of approximately $7,000,000 available to offset future regular taxable income, which if unused, will expire from 2000 through 2011.

Additionally, the Company at June 30, 1997 had investment tax credit carryforwards of approximately $239,000 available to reduce future Federal income taxes, which if unused, will expire from 1998 through 2000. In addition, the Company has alternative minimum tax credit carryforwards of approximately $261,000 which are available to reduce future Federal income taxes over an indefinite period.

Note 3 - Inventories

Inventories are summarized as follows:

<TABLE>

<S>	June 30, 1997 <C>	December 31, 1996 <C>
Materials and supplies	$101,374	$ 106,672
Industrial mineral products	53,581	62,983
Ores in process	67,006	58,394
Total inventories	$221,961	$ 228,049

</TABLE>

Note 4 - Earnings (Loss) Per Share of Common Stock

Earnings (loss) per common share, after deducting dividend requirements on the Company's Series A Stock of $11,879 in each of the six month periods ended June 30, 1997 and 1996, were based on the weighted average number of shares of Common Stock outstanding, excluding 17,358 shares of Treasury stock for each of the periods ended June 30, 1997 and 1996. The inclusion of Common Stock issuable upon conversion of Series A Stock has not been included in the per share calculations because such inclusion would not have a material effect on the earnings (loss) per common share.

Item 2. Management's Discussion and Analysis of Financial Conditions and Results of Operations.

Results of Operations - Six Months Ended June 30, 1997 Compared to Six Month Ended June 30, 1996.

Net Income (Loss)

The Company had pretax earnings of $655,519 and net income of $392,519 for the six months ended June 30, 1997, compared to a net loss of $718,262 for the six months ended June 30, 1996. Net income for the six months ended June 30, 1997 includes an income tax expense of $263,000, substantially all of which is not payable due to net operating loss carryforwards.

Revenues

Total revenues for the six months ended June 30, 1997 were $7,503,189, compared to $5,974,064 in the like 1996 period. The increase in revenues was primarily attributable to a higher level of activity in electrical construction operations.

Electrical construction revenue increased by 25% in the six months ended June 30, 1997 to $6,292,688 from $5,049,546 for the six months ended June 30, 1996. The increase in electrical construction revenues was primarily due to a higher level of activity.

Revenue from mining operations for the six months ended June 30, 1997 increased by 40% to $1,029,937 from $736,332 for the six months ended June 30, 1996. The increase in revenue from mining for 1997 was primarily a result of new off-site construction contracts utilizing existing mining personnel and equipment.

Operating Results

Electrical construction operations had operating profit of $1,091,876 during the six months ended June 30, 1997, compared to an operating loss of $222,984 for the six months ended June 30, 1996. The increase in operating results was due to a higher level of construction activity and generally improved profit margins. The varying magnitude and duration of electrical construction projects may result in substantial fluctuation in the Company's backlog from time to time. At June 30, 1997, the approximate value of uncompleted contracts was $5,900,000, compared to $ 4,000,000 at February 14, 1997 and $2,300,000 at June 30, 1996.

During the six months ended June 30, 1997, operating income from mining operations was $32,550, compared to an operating loss of $91,299 during the six months ended June 30, 1996. Operating profit(loss) includes royalty income and depreciation expense. The improvement in operating results from mining operations in the second quarter of 1997 was primarily a result of new construction contracts. Royalty income for the second quarter of 1997 was $5,000 as compared to no royalty income for the second quarter of 1996. During 1995, the lessee suspended mining operations at Harlan Fuel Company. The original royalty agreement provided that the Company was to receive annual minimum royalties in the amount of $150,000. During the year ended December 31, 1996, the Company did not receive any 1996 minimum royalty payments. Effective February 14, 1997, the agreement was amended to provide for a payment of $20,000 and monthly minimum payments of $5,000 until all minimum royalties are collected. The expiration date of the royalty agreement will be extended beyond 2002 to the extent necessary to permit payments of the $150,000 per year minimum royalties. Such annual minimum royalties will be recognized when realization of the income is assured. The Company is continuing to amortize the royalty interest on a straight line basis over the period ending January 2002.

The St. Cloud Mining Company, a wholly-owned subsidiary of the Company ("St. Cloud"), sold 7,941 tons of natural zeolite during the six months ended June 30, 1997, compared to 7,200 tons during the six months ended June 30, 1996.

Surface and underground mining of base and precious metals have been halted at St. Cloud since the third quarter of 1991 and the first quarter of 1992, respectively, due to declining prices and mine grades. St. Cloud's viability is sensitive to the future price of base and precious metals, particularly silver.

During the six months ended June 30, 1997, The Lordsburg Mining Company, a wholly-owned subsidiary of the Company ("Lordsburg"), sold 15,970 tons of construction aggregate material, compared to 10,269 tons sold during the six months ended June 30, 1996. During the six months ended June 30, 1996, Lordsburg sold 7,095 tons of barren siliceous flux to copper smelters. Lordsburg did not sell any barren siliceous flux during the six months ended June 30, 1997.

Production from underground mining at Lordsburg, which was suspended in February 1994, had previously been intermittent due to low ore grade and inconsistent smelter demand. The ore produced from the mine was used by nearby copper smelters as precious metal bearing siliceous flux. Future demand for underground ores cannot be determined at this time.

Although the Company has continued limited production of construction aggregates and siliceous flux at Lordsburg, a final decision with respect to the future operations at Lordsburg has not been reached.

Costs and Expenses

Total costs and expenses and the components thereof remained relatively constant during the six months ended June 30, 1997 as compared to the like period in 1996.

Electrical construction costs were $4,908,943 and $4,985,139 for the six months ended June 30, 1997 and June 30, 1996, respectively.

Depreciation and amortization was $481,530 in the six months ended June 30, 1997, compared to $462,709 in the six months ended June 30, 1996.

General corporate expenses of the Company were $644,471 in the six months ended June 30, 1997, compared to $592,165 in the six months ended June 30, 1996.

Results of Operations - Three Months Ended June 30, 1997 compared to Three Months Ended June 30, 1996

Net Income(Loss)

The Company had pretax earnings of $553,515, and net income of $314,515 for the three months ended June 30, 1997, compared to a net loss of $568,513 for the three months ended June 30, 1996. Net income for the three months ended June 30, 1997 includes an income tax expense of $239,000.

Revenues

Total revenues for the three months ended June 30, 1997 were $4,158,118, compared to $2,648,246 in the like 1996 period. The increase in revenues was primarily attributable to electrical construction operations.

Electrical construction revenue increased by 64% in the three months ended June 30, 1997 to $3,559,162 from $2,171,484 for the three months ended June 30, 1996. The increase in electrical construction revenues was primarily due to increased level of construction activity.

Revenue from mining operations for the three months ended June 30, 1997 increased by 32% to $514,367 from $388,346 for the second quarter for 1996. The increase in revenue from mining for 1997 was primarily a result of new off-site construction contracts.

Operating Results

Electrical construction operations had operating profit of $796,135 during the three months ended June 30, 1997, compared to an operating loss of $326,735 for the three months ended June 30, 1996. The increase in operating results was due to a higher level of activity and generally improved profit margins. The varying magnitude and duration of electrical construction projects may result in substantial fluctuation in the Company's backlog from time to time.

During the three months ended June 30, 1997, mining operations had income of $9,131, compared to an operating loss of $41,739 during the three months ended June 30, 1996. Operating profit(loss) includes royalty income and depreciation expense. The increase in operating results from mining operations in the second quarter of 1997 was primarily due to new construction contracts.

St. Cloud sold 3,941 tons of natural zeolite during the three months ended June 30, 1997, compared to 3,164 tons during the three months ended June 30, 1996.

During the three months ended June 30, 1997, Lordsburg sold 8,707 tons of construction aggregate material, compared to 7,040 tons sold during the three months ended June 30, 1996. During the three months ended June 30, 1996, Lordsburg sold 4,979 tons of barren, siliceous flux to copper smelters. Lordsburg did not sell any barren, siliceous flux during the three months ended June 30, 1997.

Costs and Expenses

Electrical construction costs were $2,613,665 and $2,353,568 for the three months ended June 30, 1997 and June 30, 1996, respectively. The increase during the 1997 period resulted from the higher level of activity.

Depreciation and amortization was $246,507 in the three months ended June 30, 1997, compared to $229,493 in the three months ended June 30, 1996.

General corporate expenses of the Company were $331,340 in the three months ended June 30, 1997, compared to $288,455 in the three months ended June 30, 1996.

Liquidity and Capital Resources

Cash and cash equivalents as of June 30, 1997 were $4,262,550, compared to $4,610,198 as of December 31, 1996. Working capital at June 30, 1997 was $6,596,219, compared to $5,933,947 at December 31, 1996. The Company's ratio of current assets to current liabilities was 7.3 to 1 at June 30, 1997, compared to 6.8 to 1 at December 31, 1996.

The Company paid cash dividends on its Series A Preferred Stock in the amount of $11,879 in each of the six month periods ended June 30, 1997 and 1996. No cash dividends have been paid by the Company on its Common Stock since 1933, and it is not expected that the Company will pay any cash dividends on its Common Stock in the immediate future.

Pursuant to an unsecured line of credit agreement between Southeast Power and SunTrust Bank of Central Florida, N.A. (guaranteed by the Company), Southeast Power may borrow up to $1,000,000 at the bank's prime rate of interest. This credit line expires April 30, 1998, at which time the Company expects to renew it for an additional year. No borrowings were outstanding under this line of credit during the six months ended June 30, 1997 and 1996. However, beginning in 1996 $100,000 of this line of credit was reserved for a standby letter of credit.

The Company's capital expenditures for the six months ended June 30, 1997 were $485,746, compared to $463,642 for the six months ended June 30, 1996. The capital expenditures for 1996 include the acquisition of the fixed assets of Fiber Optic Services for $173,138.

PART II. OTHER INFORMATION

Item 4. Submission of Matters to a Vote of Security-Holders.

(a) The Annual Meeting of Stockholders was held on June 3, 1997.

(b) This information is omitted pursuant to instruction 3.

(c) At the Annual Meeting of Stockholders, the stockholders elected 5 Directors. Set forth below are the votes cast for the election of Directors:

<TABLE>

	For	Withheld
<S>	<C>	<C>
John P. Fazzini	19,793,006	1,221,826
Danforth E. Leitner	19,797,356	1,217,476
James Sottile	19,742,451	1,272,381
John H. Sottile	19,819,276	1,195,556
John M. Starling	19,808,908	1,205,924

</TABLE>

The stockholders also voted to approve the appointment of KPMG Peat Marwick LLP as Independent Accountants. Votes cast in favor were 20,362,458, against were 444,822 and abstaining were 207,552.

(d) Not applicable.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits in accordance with the provisions of Item 601 of Regulation S-K

10-6(d) Amendment dated July 18, 1997 to Promissory Note dated April 12, 1993 between The San Pedro Mining Corporation, Royalstar Resources Ltd., and Royalstar Southwest (now assumed by Royalstar Washington, Inc.).

(b) Reports on Form 8-K

No Current Report on Form 8-K was filed during the quarter ended June 30, 1997.

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

THE GOLDFIELD CORPORATION
(Registrant)

Date: August 14, 1997 /s/ John H. Sottile
(John H. Sottile)
President and Chief
Executive Officer

Date: August 14, 1997 /s/ Stephen R. Wherry
(Stephen R. Wherry, C.P.A.)
Vice President, Treasurer
and Chief Financial Officer

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarter Ended June 30, 1997 Commission File No. 1-7525

THE GOLDFIELD CORPORATION

EXHIBITS

August 14, 1997

Royalstar
Resources Ltd.

Please respond to:
1019 8th Street, Suite 3095
Golden, Colorado 80401
Phone 303-277-1222
Fax 303-277-0006

July 18, 1997
Revised

Mr. John H. Sottile, President
Florida Transport Corporation VIA FAX & MAIL
100 Rialto Place, Suite #500 407-724-1703
Melbourne, Florida 32901

Re: Promissory Note dated April 12, 1993 executed by The San Pedro Mining Corporation, Royalstar Resources Ltd., and Royalstar Southwest (now assumed by Royalstar Washington, Inc.) In favor of Florida Transport Corporation in the original amount of $1,170,000.

Dear Mr. Sottile:

In the last two weeks you and I have engaged in several telephone discussions related to the obligation of San Pedro Mining Corporation, et al under the above-mentioned Promissory Note (the "Note") dated April 12, 1993 executed by the San Pedro Mining Corporation, Royalstar Resources Ltd., and other Royalstar affiliates (jointly "Royalstar") in favor of Florida Transport Corporation (hereinafter "Florida Transport").

Your accountant has informed Royalstar that as of July 12, 1997 Royalstar is delinquent on the above-mentioned Note in the amount of US$44,254.63. An additional payment of approximately $15,000 is due August 12, 1997 bringing the total amount due August 12th to $59,254.63 plus interest accrued from July 12, 1997.

In addition, on February 18, 1997 Royalstar agreed to and signed a Letter Agreement with Florida Transport and a Bill of Sale in favor of Florida Transport, attached hereto as Exhibit A, for a certain list of equipment then owned by San Pedro and located at the San Pedro facilities near Santa Fe, New Mexico in payment of $150,000 then due to Florida Transport. That Letter Agreement provided an option for Royalstar to repurchase the equipment listed in the Bill of Sale from Florida Transport for $150,000 at any time on or before

April 18, 1997. That date was later extended by Florida Transport until June 30, 1997. Royalstar did not exercise its right to repurchase that equipment because of certain financial difficulties.

As you are aware Royalstar Resources Ltd. has entered into a Contract with Globex Mining Enterprises, Inc. (Globex) for the sale of Royalstar's interest in Gold Capital Corporation (Tonkin Springs Project, Nevada). This sale is scheduled to close on or before August 30, 1997. Globex has informed Royalstar that all issues leading toward closing are on schedule and they expect to close on or before the end of August. Upon Closing, Royalstar will receive approximately Cdn$5.8 million which will be used, in large part, to pay outstanding bills - including that owed to Florida Transport.

As we discussed earlier this week Royalstar proposes, with your concurrence, to settle the Florida Transport account in the following manner:

1. Following Closing of the Globex Arrangement and on or before September 12, 1997 Royalstar will bring the existing account outstanding up to date. We anticipate this will amount to the existing amount due through, and including September 12, 1997, of US$74,254.63 plus interest from June 12, 1997;

2. On or before September 12, 1997 Royalstar will also repurchase the list of equipment covered by the February 18, 1997 Bill of Sale to Florida Transport for a total price of $150,000;

3. Royalstar will pre-pay $50,000 in payments to Florida Transport on or before September 12, 1997. This pre-payment is to be retained and applied by Florida Transport against the final three monthly payments under the Promissory Note;

4. Royalstar will establish a policy to make monthly payments required by the above-mentioned Note on a prompt and timely basis; and

5. This settlement proposal is subject to: a) a timely Closing of the Globex Arrangement; and b) concurrence of the Board of Directors of Royalstar, such concurrence is anticipated. In the event the Globex Arrangement does not conclude in a timely fashion, Royalstar will promptly advise Florida Transport and the parties will attempt to resolve all outstanding matters in a businesslike fashion.

Mr. Sottile, as the new management of Royalstar I certainly understand your past problems with Royalstar on this account and appreciate your willingness to work with new management to resolve the situation on an equitable basis. If this proposal meets with your agreement, please indicate to me your concurrence and have your Mr. Wherry provide me, prior to August 30, 1997, the correct amount of principal and interest due through September 12, 1997.

If you have any questions or concerns related to this proposed settlement, please feel free to contact me at your convenience.

Royalstar looks forward to re-establishing a good working relationship with Florida Transport.

Sincerely,
ROYALSTAR RESOURCES LTD.

/s/ Paul C. Jones
Paul C. Jones
Executive Vice President

Agreed and Accepted:

FLORIDA TRANSPORTATION CORPORATION

/s/ John H. Sottile
John H. Sottile, President

Enclosure

Appendix A - Letter Agreement and Bill of Sale dated February 18, 1997 between Royalstar and Florida Transport.

<TABLE> <S> <C>

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<RECEIVABLES> 2,514,743
<ALLOWANCES> 0
<INVENTORY> 221,961
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