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List of KFx's announced schemes.

Edward Koppelman invented KFx, Inc.'s (AMEX: KFX, \$7.71) upgrading of low-grade coals idea in the 1970s. Since 1984 KFx has announced at least 15 different arrangements with 14 different entities to commercialize its so-called invention. To date not one of these has resulted in commercial success. Meanwhile both unprocessed low-grade coals and numerous other coal upgrading processes have become huge commercial success.

The August 20, 1980 issue of Chemical Week stated that Koppelman began working on K-Fuel in 1975. KFx and its predecessor entities, Energy Brothers Inc., Beaumont Financial Ltd., K-Fuel Partnership, K-Fuel Limited Partnership and K-Fuel, Inc., have been engaged in the promotion of the coal-upgrading concept since 1981.

Theodore Venners ("Ted") is the Chairman and CEO of KFx. Ted and his notorious brother John P. Venners ran a Denver-based company called Energy Brothers Inc. ("EBI") that had publicly promoted coal processing as early as 1984. The April 16, 1984 issue of Coal Week wrote that EBI was building a coal processing plant at the Fort Union mine in Gillette, WY. Ironically on June 28, 2004, 20 years later, KFx announced that it would be locating its "first commercial plant" at the same Fort Union site. Ted was also the founding and managing partner of K-Fuel Limited Partnership from 1984 until its merger with a public shell controlled by a car dealer and his receptionist, in December 1992.

Below is a list detailing KFx's announced schemes all of which failed to create a commercial coal processing business.

1. 1975 – Edward Koppelman began working with SRI International on his process for converting low-grade lignite coal and wood wastes into a high-grade fuel. No commercial sale ever occurred.
2. July 2, 1984 – Coal Week reported that Wisconsin Power & Light ("WP&L") would purchase and test-burn K-Fuel. On October 1, 1990 a WP&L official told Coal Week that "We haven't signed anything yet . . . Before we do anything, we would have to test it, and they don't have a product to test yet." No commercial sale ever occurred.
3. September 1987 – the Wyoming Investment Loan Committee awarded EBI \$11.7 million ("Investment") to produce "high-energy, pollution-free pellets" to be used by utilities to generate electricity. EBI defaulted on the loans. No commercial sales ever occurred.
4. January 1995 – KFx Bohemia, s.r.o., a wholly owned KFx subsidiary, entered into a Letter of Intent with a Czech mining company. The Letter of Intent called for feasibility studies for a suitable K-Fuel project for a proposed Czech joint venture. The Letter of Intent expired in January 1996. No commercial sales ever occurred.
5. August 1995 – KFx and Thermo Ecotek Corporation ("Ecotek"), now a subsidiary of Thermo Electron Corporation (NSYE: TMO, \$27.02), formed KFx Fuel Partners, L.P. ("KFP"). KFP began building a \$42 million 500,000 TPY K-Fuel plant at the Fort Union mine in Gillette, WY. The KFP facility began operation in April 1998 and was closed in June 1999 having produced just 50,000 tons of K-Fuel. As of October 2, 1999 Ecotek had invested a total of \$68 million in the plant. No commercial sale ever occurred.

6. On May 9, 2000 Ecotek transferred the plant and 2 million KFx shares that it owned to Black Hills Corporation (NYSE: BKH, \$27.78) in exchange for Black Hill's agreement to assume a \$4 million reclamation obligation. Black Hills also acquired warrants to purchase 1.3 million shares of KFx common stock at \$3.65 per share and the right to appoint a director to KFx's board. On April 12, 2000 Black Hills issued a press release stating that it would seek outside investment, rectify design flaws and restart the K-Fuel facility. Black Hills did not upgrade the plant. It sold the plant to KFx on May 24, 2004. No commercial sales have ever occurred.

7. September 1995 – KFx Indonesia entered into a memorandum of understanding with an Indonesian state-owned coal-mining company to jointly undertake a feasibility study on the commercialization of K-Fuel in Indonesia. KFx's 2000 10-K states that the feasibility study identified a potential opportunity for K-Fuel in Sumatra but "the Indonesia Project has suffered from the overall economic and political problems experienced by Indonesia and other Asian countries beginning in 1997." In fact, Asia has experienced enormous economic growth. Indonesia has some of the world's best and largest coal reserves and has had enormous success in developing its reserves. But for Kfx no commercial sale ever occurred.

8. April 4, 1996 – KFx formed K-Fuel L.L.C. ("KFL") in a joint venture with a wholly owned subsidiary of Kennecott Energy and Coal Company ("Kennecott"), a subsidiary of Rio Tinto, PLC (NYSE: RTP, \$ 108.65). Kennecott paid KFx a \$1 million joint venture fee in 1996 and agreed to pay for all research and development fees up to \$4 million. No commercial sale ever occurred.

9. June 1996 – KFx entered into a nonbinding memorandum of understanding with a Turkish private coal-mining company for a proposed 500,000 TPY K-Fuel project in western Turkey. No commercial sale ever occurred.

10. December 1996 – KFx formed KFx Fuel Partners II, L.P. ("KFP II") in an effort to build a 635,000 TPY K-Fuel plant adjacent to the KFP facility. No commercial sale ever occurred.

11. March 31, 1997 – KFx disclosed in its 1996 Form 10-K that "KFP also has a test-burn contract with [WP&L] for approximately 30,000 tons of K-Fuel product to be delivered by the end of 1998." No commercial sale ever occurred.

12. March 31, 1997 – KFx disclosed in its 1996 Form 10-K that KFP signed a fuel supply agreement ("FSA") to supply 500,000 tons of K-Fuel to the Ohio Valley Electric Corporation ("OVEC") a subsidiary of American Electric Power, Inc. (NYSE: AEP, \$31.96). Shipments were to begin by the third quarter of 1997. The initial "test-burn" shipment of K-Fuel to OVEC occurred in the first quarter of 1999. The FSA was contingent on a successful test burn of K-Fuel. No commercial sale ever occurred.

13. December 1997 – KFx acquired a 12.6% interest in Charco Redondo, LLC that was to demonstrate a patented process that uses superheated steam and moderate pressure to extract crude oil. No commercial sale ever occurred.

14. January 1998 – KFx completed a feasibility study to construct an activated carbon facility adjacent to the Ft. Union facility. According to Kfx the activated carbon facility was to utilize coal fines from the KFP facility and reduce raw material and operating costs substantially below those of similar freestanding activated carbon facilities. No commercial sale ever occurred.

15. September 20, 2004 – KFx announced that is had entered into a letter of intent to license its technology to Kanturk Partners LLC in a plan to potentially process Alaskan non-commercial grade coal for export to the Taiwanese. The Alaskan governor formed a Council to provide assistance. Kfx did not disclose that an Alaskan official with long and old Kfx ties had comprised his position by promoting the arrangement in the press or accepting a position on the Governor's Council without disclosing his conflict or that Kanturk was a start-up, incorporated in February 2004, controlled by a group of KFx insiders that included the Chairman's brother.

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