

October 07, 2004

Placer Dome and Alaskans discredit KFx.

<p align="justify"> KFx Inc. (AMEX: KFX, \$7.33) has become the direct target of an extraordinary series of damning public statements by Alaskan state officials and businesspeople with real interests in Alaska's Beluga coal deposits. The no-holds-barred statements from individuals with knowledge of KFx and its Alaska dealings are unusual. Even the worst of Wall Street's stock promotions are usually left alone by legitimate businesspeople who normally do not comment publicly on scams in their own industries. The brazenness of KFx's stock promotion scheme has made it an exception.</p>

<p align="justify"> The Beluga coal deposits are controlled by Placer Dome Inc. (NYSE: PDG, \$19.88) and a local private company called PacRim Coal. Placer Dome's James Feug and Jim Chavis told the Anchorage Daily News in an article published yesterday (See link below.) that they had no contact with "anyone" regarding KFx's Beluga coal scheme and that they were "not even looking at [KFx] seriously." Placer Dome also said it was dealing with another company "that has a proven process to dry high-moisture coal."</p>

<p align="justify"> In the same article PacRim's Bob Stiles doubted that KFx's process could work or be competitive. Mr. Stiles said that "there are any number of coal-drying technologies on the market." KFx's product is not and has never been "on the market" in its 29-year history.</p>

<p align="justify"> KFx alleged that Taiwan Power Company will be their "customer" for the coal that may one day come from its nonexistent Alaska plant. The plant will supposedly be financed by a virtually nonexistent KFx-shareholder-controlled entity. Mr. Stiles notes that KFx's alleged Taiwanese "customer" is government controlled and that government laws require its coal suppliers to be up and running for at least one year before they can commit to making any purchases.</p>

<p align="justify"> Finally the head of Alaska's Industrial Development and Export Authority Ron Miller called KFx's process "unproven."</p>

<p align="justify"> All of this should help the KFx shareholders and the Governor of Alaska realize that they have been conned by Alaska's Attorney General Gregg D. Renkes. Mr. Renkes is the only individual with both the authority in Alaska and previous experience of leading a discredited transaction involving a public stock scheme. Mr. Renkes has both an intimate long-term relationship with KFx and is in a position to both benefit from and orchestrate KFx's Alaskan gambit.</p>

<p align="justify"> In an email to asensio.com Manuel P. Asensio wrote, "Mr. Renkes' is claiming that his involvement in trade discussions did not violate the Ethics Act or compromise his office. Mr. Renkes' trade discussions are not at issue. Mr. Renkes' deep and highly personal, and long-running involvement with KFx's questionable stock promotion make it unreasonable to believe he was innocently used by KFx and reasonable to believe that he intentionally aided KFx's use of his office in its Alaskan stock promotion scheme. This and Mr. Renkes' use of blatantly false statements of fact in his description of KFx Inc.'s condition and his gross misrepresentation of KFx's capabilities are what violate laws and compromise his office and what led to the

investigation of the Attorney General."

[holders of coal unaware of deal](http://asensio.com/Report-images/KFX/holders.pdf)

BELUGA: Leaseholders learned of Taiwan arrangement after the fact.

By Paula Dobbyn

Anchorage Daily News

October 6, 2004

[Renkes, who said he'd sell KFx stock, may not have yet](http://asensio.com/Report-images/KFX/renkessaid.pdf)

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