October 19, 2004

**KFx shams the Denver Post.**

On October 8, 2004 the Denver Post published an article on KFx Inc. (AMEX: KFX, $8.14) titled “KFx’s coal deal powers dispute.” The article contains material factual misstatements and exemplifies the biases in the media against investors and their advocates, and shows how even under the worse circumstances public companies can dupe the media.

Readers of the Denver Post article might be led to believe that Kanturk Partners LLC paid KFx a $40 million licensing fee. In fact, the article was published as a result of the controversy created by KFx's misrepresentations of the Kanturk deal. The Letter of Intent between KFx and Kanturk does not obligate Kanturk to pay KFx for anything. There is no outward evidence that Kanturk has any financial resources at all. It is known that Kanturk is a newly formed corporation with a Washington, D.C. address and is partially staffed by KFx insiders.

The article states that KFx’s board of directors includes James Schlesinger, former U.S. Secretary of Energy and Secretary of Defense and Director of CIA. The unexplained inclusion of this lone irrelevant fact is apparently an attempt to lend credibility to KFx. However the article failed to disclose that Schlesinger owned shares of the defunct Solv-Ex Corporation, a fraudulent energy stock promotion that was uncovered by Asensio & Company, Inc. and was prosecuted by the Securities and Exchange Commission. Schlesinger was also on the board of directors of Seven Seas Petroleum Inc. (OTC: SVSSF.PK, $0.0043), an energy stock promotion that went bankrupt in December 2002.

The article begins by calling KFx a “Low-profile” company. For over 25 years, publicity has been a staple of KFx’s scheme to sell its stock promotion to the public. K-Fuel’s inventor began promoting K-fuel in 1978. Since then K-Fuel and KFx have been the subject of hundreds of articles, press releases and interviews.

The article ends with the following statement from the executive director of the American Coal Council (“ACC”) “U.S. eastern coal prices . . . make it economically efficient for buyers to purchase KFx fuel.” The article did not disclose that KFx is a paying member of the ACC.

Before its most recent stock scheme was shown to be a sham, KFx’s fully diluted market capitalization was approaching $700 million. KFx has never generated a single dollar in revenues or profits from a single commercial sale of K-Fuel. As of September 15, 2004 investors had sold 15 million shares of KFx stock short. KFx is touted by no less than three brokerage firms and on CNBC.

As is always the case, be it The Wall Street Journal or the local hometown paper, investors must not rely on the media to tell them whether or not a public company is a scam. For recent examples of the promotional biases of local media investors should read the two asensio.com reports titled "NVEC's home-town paper puzzled by stock's rise."
All of asensio.com's research reports regarding KFx are available at www.asensio.com or by clicking on the following links:

- [KFx Inc.](http://www.asensio.com/Reports/CompleteRecordCompany.aspx?CompanyId=141&CompanyName=KFx+Inc.)
- [KFx section: Alaska's Attorney General involved in KFx wrongful stock promotion.](http://www.asensio.com/Reports/CompleteRecordCompany.aspx?CompanyId=142&CompanyName=KFx+section%3a++Alaska%27s+Attorney+General+involved+in+KFx+wrongful+stock+promotion.)

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[KFx's coal deal powers dispute](http://www.asensio.com/Report-images/kfx/dispute.pdf)

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Denver Post

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