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KFx's Product Performance Analyzed.

Below are links to four different images extracted from our September 18th report on KFx Inc. (AMEX: KFX, $10.51) titled "KFx's Product Caused Emergency at First Energy," which is available at asensio.com. Fuel crew supervisors and fuel purchasers are among the experts qualified to comment on the images. The following is a summary of some further observations.

The first video, titled "Bag House At First Energy Terminal", shows a metal structure surrounding a transfer point at First Energy's Warrenton barge terminal. A transfer point is where coal drops from an incoming conveyer belt onto another conveyer belt to change directions.

Inside the enclosure a fan draws coal dust through a filter. The amount of dust created by KFx's delivery overwhelms this dust-control mechanism, causing the filters to "go blind". The heavy black clouds of coal dust shown escaping from the front and back of the dust control device illustrates the seriousness of the fugitive emissions.

The dust seen escaping from both sides of the dust management system will ultimately settle all along the conveyer system and its metal structural support. This residual dust must be eliminated. Safety considerations would not allow for merely ignoring the explosive, flammable dust and allowing it to blow away.

This amount of dust is excessive and unacceptable. In a rare case, such as the one seen here, a procedure to clean off all of the dust that will be trapped in the conveyer's metal structure and through the plant must be developed and executed.

The video titled "Dust Cloud Emissions Visible From Beneath Car Trains" was filmed during the bottom-drop unloading of KFx's delivery to First Energy's barge terminal.

The load is dropped into a hopper and carried away by a conveyer system to where it is normally stockpiled. In the case of KFx's delivery the product was taken directly to a barge on an emergency basis.

The unloading hopper also has a dust management system that sprays down the coal with water and, in some cases, with water treated with surfactants during the unloading.

The amount of dust emission seen here is unacceptable and would violate most state and federal air quality standards.

The next video titled "Watering Down KFx's Delivery At Warrington Barge Terminal" shows severe fugitive dusting from two transfer points in the

conveyer system leading to the barge. Less than a minute and a half of film is shown.

In order to allow the viewer to perceive the clouds of fugitive dust emissions escaping from the transfer point blowing away against the background of trees, the film is sped up and shown in just 20 seconds.

These emissions occurred at a terminal within close proximity to areas inhabited by local residents. An environmental regulator could opine that they represent an endangerment to the welfare of the public, in addition to being a violation of the levels of air pollution permitted for the facility. More importantly, these types of emissions would create fire and explosion risks at any utility.

The final link leads to two still shots, titled "Long View Of KFx's Gillette Plant" that show the large fugitive emission clouds coming off of KFx's plant. The dust leaving KFx's plant and landing on other property may create a remediation liability for KFx. More importantly, the fact that these emissions occurred reveal the dustiness of KFx's product, even at the plant before it was transported.