

**KFG**

RESOURCES LTD.

***ENERGY. POWER. PROGRESS.***

# COMPANY PRESENTATION

October 2018

# Important Notice and Disclaimer

## Forward-Looking Statements

Certain of the statements contained in this MD&A including, without limitation, financial and business prospects and financial outlook, reserve and production estimates, drilling and re-completion plans, timing of drilling, re-completion and tie-in of wells, productive capacity of wells and capital expenditures and the timing thereof may be forward-looking statements. Words such as "may", "will", "should", "could", "anticipate", "believe", "expect", "intend", "plan", "potential", "continue" and similar expressions may be used to identify these forward-looking statements. These statements reflect management's current beliefs and are based on information currently available to management. Forward-looking statements involve significant risk and uncertainties. A number of factors could cause actual results to differ materially from the results discussed in the forward looking statements including, but not limited to, risks associated with oil and gas exploration, development, exploitation, production, marketing and transportation, loss of markets, volatility of commodity prices, currency fluctuations, imprecision of reserve estimates, environmental risks, competition from other producers, inability to retain drilling rigs and other services, incorrect assessment of the value of acquisitions, failure to realize the anticipated benefits of acquisitions, delays resulting from or inability to obtain required regulatory approvals and ability to access sufficient capital from internal and external sources. As a consequence, actual exhaustive results may differ materially from those anticipated in the forward-looking statements. Readers are cautioned that the foregoing list of factors is not exhausted. Additional information on these and other factors that could affect the Company's operations and financial results are included in reports on file with Canadian securities regulatory authorities and may be accessed through the SEDAR website ([www.sedar.com](http://www.sedar.com)). Although the forward-looking statements contained herein are based upon what management believes to be reasonable assumptions, management cannot assure that actual results will be consistent with these forward-looking statements. Investors should not place undue reliance on forward-looking statements. These forward-looking statements are made as of the date hereof and the Company assumes no obligation to update or review them to reflect new events or circumstances except as required by applicable securities laws. Historical results of operations and trends that may be inferred from the following discussions and analysis may not necessarily indicate future results from operations.

# KFG Resources Ltd. Company Overview

Ticker Symbols:	KFG – TSX Venture KFGRF – OTCBB
Ticker Price (July 31, 2018):	\$0.035 (CAD) – KFG.V \$0.0244 (USA) – KFGRF
Shares Outstanding:	50,584,144
Options:	Nil
Warrants:	Nil
Insider Ownership	9,950,742 or 19.67%

# KFG Resources Ltd. Financials

## Condensed Consolidated Statements of Financial Position At July 31, 2018 (Unaudited)

KFG Resources Ltd. Financial results are expressed in US Dollars. They have been converted into Canadian dollars based on the exchange rate of \$1.3015 on July 31, 2018

<u>Assets</u>	(\$US)	(\$CAD)
Cash on hand	\$ 953,572	\$ 1,241,074
Accounts Receivable	\$ 185,295	\$ 241,161
Prepaid Expenses	\$ 4,836	\$ 6,294
Exploration & Evaluation Assets	\$ 86,880	\$ 113,074
Property & Equipment	\$ 310,684	\$ 404,356
<b>Total Assets</b>	<b>\$ 1,541,267</b>	<b>\$ 2,005,959</b>

<u>Liabilities</u>		
Accounts Payable	\$ 417,571	\$ 543,469
Advances For JV Partner	\$ 158,948	\$ 206,871
Decommissioning Liability	\$ 182,899	\$ 238,043
<b>Total Liabilities</b>	<b>\$ 759,418</b>	<b>\$ 988,383</b>

Oil Reserves Total (April 30, 2015)	128.7	Mbbl
Oil Reserves Total (April 30, 2016)	127	Mbbl
Oil Reserves Total (April 30, 2017)	126.8	Mbbl
Oil Reserves Total (April 30, 2018)	123.1	Mbbl
Proved (April 30, 2018)	74.8	Mbbl
Probable (April 30, 2018)	48.2	Mbbl
Gas Reserves Total (April 30, 2018)	3.9	MMcf

**NPV( With - 10% Discount)                      \$ 3.176M                      \$ 4.134M**

Additional information relating to the Company can be found on SEDAR at [www.sedar.com](http://www.sedar.com)

## Condensed Consolidated Income Statement At July 31, 2018 (Unaudited)

KFG Resources Ltd. Financial results are expressed in US Dollars. They have been converted into Canadian dollars based on the exchange rate of \$1.3015 on July 31, 2018

### Q1 Results

<u>Revenue</u>	(\$US)	(\$CAD)
Oil and gas	\$ 308,557	\$ 401,587
Management Fee's	\$ 88,963	\$ 115,785
<b>Total Revenue</b>	<b>\$ 397,520</b>	<b>\$ 517,372</b>

<u>Expenses</u>		
Automotive	\$ 12,462	\$ 16,219
Depletion & Amortization	\$ 32,702	\$ 42,562
Finance Costs	\$ 462	\$ 601
Foreign Exchange (gain)	\$ 1,283	\$ 1,669
Insurance	\$ 18,301	\$ 23,819
Lease Operation Expense	\$ 109,303	\$ 142,258
Office & Misc	\$ 36,951	\$ 48,092
Rent	\$ 4,235	\$ 5,512
Salaries & Benefits	\$ 114,487	\$ 149,005
<b>Total Expenses</b>	<b>\$ 330,186</b>	<b>\$ 429,737</b>

**Net Income (Loss) :                      \$ 67,334                      \$ 87,635**

**Number Of Producing Wells: 17**

**Average Sales Price For Oil: \$68.41**

**Average Number of Barrels Per Day: 56.92**

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# Company Projects

- Mississippi: Several possible leases to drill and 17 wells currently in production
- Texas: Farmout agreement with Tracer Operating Company, Graham, Tex., to recomplete three shallow gas and oil wells with an option to recomplete three additional wells. These are shallow recompletions (3,600 feet to 4,500 feet) in Palo Pinto and Stephens county, Texas
- Three possible lease payouts (From 6-9% to 18-22%)
  - Craig Lease (Paid Out September 1, 2018)
  - Barnum Lease (Paid Out July 1, 2018)
  - Drouet Lease(Timing is undetermined due to fluctuating oil prices)
- Production Purchases:
  - 5.47% Working Interest (Announced July 12, 2017)
  - 1% Working Interest (Announced October 19, 2017)
- Share buyback recently approved by management (NCIB – Normal Course Issuer Bid)

**Additional information relating to the Company can be found on SEDAR at [www.sedar.com](http://www.sedar.com)**

# Directors

- ▣ Robert Kadane – 57 Years experience in Oil & Gas
- ▣ Stephen Guido – 37 Years experience in Oil & Gas
- ▣ Kevin Haney – 22 Years experience in Oil & Gas
- ▣ Giacomo Grassi – 14 Years combined experience in Retail, Wholesale, Marketing, and Mineral Exploration

# Contact

## Corporate Headquarters

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