
NewLead bets on bluegrass

US-listed owner lines up surprise Kentucky thermal coal venture as massive debt load and losses prompt strategy shift.

NewLead Holdings shed new light on its mysterious decent into foreign territory Tuesday but details about the thermal coal foray were largely overshadowed by a staggering full-year loss.



The seriousness of the shipowner's financial struggle became clear after the filing of a delayed annual report in which it posted an annual deficit of \$290.4m, versus a loss of \$86.3m in 2010, and debts of more \$572m.

[\(click HERE to read the report in full\)](#)

Despite a series of asset sales and other restructuring initiatives, which helped reduce the load by \$157.1m, the Nasdaq-quoted company said more than \$400m remained outstanding as of 14 May.

In addition, NewLead said it is in talks to convert \$125m of 7% notes into equity prior to the completion of the overhaul and is in "advanced negotiations" with certain lenders that have been asked to release the owner from its obligations in exchange for common shares.

"We have not resolved various issues in respect of the remaining lenders and therefore the completion of the restructuring is still subject to the negotiation and execution of definitive agreements," it said without offering any assurances or ruling out the possibility of insolvency.

NewLead ended the period with a fleet of five vessels and said further reductions are on the horizon as it is looking to offload the 37,000-dwt tankers **Hiotissa** (built 2004) and **Hiona** (built 2003) and a newbuilding, which would leave it with a pair of panamax bulkers.

When the dust settles the Athens-based owner may use to duo to transport thermal coal for a new joint venture with an unidentified third party that has struck deals to acquire the commodity from reserves located in the US state of Kentucky.

"The joint venture has entered into agreements to purchase certain quantities of thermal coal with specified minimum qualities (after processing at the mine by the mine operator) over a five-year period," it said without elaborating what it cost to secure the 50% stake.

In the event NewLead files for bankruptcy or fails to comply with other provisions outlined in the agreement, which limits its ability to exit the alliance, the other partner would be given the chance to purchase the shipowner's slice.