

NewLead renegotiates US coal deals

- Monday 15 April 2013, 16:24
- by [Nigel Lowry](#)

Shipping firm closes excavation rights and extends funding period

GREECE-based NewLead Holdings has succeeded in tweaking coal deals for its recently established commodity arm to clinch excavation rights over its holdings in the US and to collect royalties, but it is still finalising finance for the transactions.

The Nasdaq-listed shipowner last year completed a marathon restructuring that left it with just two owned bulk carriers and a pair of managed product tankers, while it diversified into commodities.

The Michael Zolotas-led company has unveiled agreements to acquire title and coal excavation rights in 5,000 acres of land in Kentucky containing an estimated 18.6m tonnes of coal reserves and ownership and leasehold interests in 18,335 acres of land in Tennessee, estimated to contain about 143m tonnes of coal, natural gas and other resources.

"The agreements have been modified to permit NewLead to extract coal and collect royalties," it said.

NewLead is not required to immediately fund the \$66m aggregate acquisition price of the two properties. Instead, the company must initially pay monthly instalments with a final payment of about \$23m due a year after the last monthly payment.

NewLead is seeking finance for the acquisitions and said it had signed a preliminary term sheet with a lender to fund the transaction.

Mr Zolotas, NewLead's chairman and chief executive, said: "We continue to develop our commodity arm by hiring experienced professionals to help exploit this opportunity."

By amending the agreements, NewLead was "in a position to leverage these assets and commence supplying coal to our growing customer base", he said.

NewLead has signed coal-supply agreements expected to generate \$873.5m in revenues over three years.

At the same time, Newlead has received written notification from the Nasdaq Exchange that it has breached market rules requiring companies to maintain a minimum \$1 bid price for its share.

It has until October 1, 2013 to regain compliance under the normal 180-day grace period.

Article from Lloyd's List

<http://www.lloydslist.com/ll/sector/dry-cargo/article421010.ece>

Published: Monday 15 April 2013

© 2015 Informa plc. All rights Reserved. Lloyd's is the registered trademark of the Society incorporated by the Lloyd's Act 1871 by the name of Lloyd's