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# NewLead closes coal deal

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**NewLead Holdings has closed a revised deal to exploit coal reserves in the United States though it has yet to secure financing for the purchase.**



Michael Zolotas, CEO of NewLead.

The New York-listed owner agreed in January to invest \$66m for the excavation rights to acreage in Kentucky and Tennessee that it believes could yield revenue of \$873m over three years.

Its investment was partly underpinned a month later by a \$148m contract to supply coal to a mystery buyer.

A deadline to conclude an agreement for excavation rights had already been delayed to 5 March to allow NewLead to secure the \$66m needed to fund the investment.

The company says a preliminary deal is now in place with a lender though it stressed there was no guarantee it would be firmed up.

However amendments to the initial contract signed in January will allow NewLead to begin funding the investment while gaining more time to finalise a deal with creditors.

Under the revised terms NewLead can begin extracting coal and collecting royalties right away.

The cash will allow it to start paying monthly instalments of \$850,000 through May 2013 with the balance payable in nine monthly instalments with a one-off payment of \$23m due a year after the last instalment is paid.

The company also announced today that it has hired coal mining executives to lead its US commodities push though it did not reveal any names.

Michael Zolotas, chairman and CEO, said: "We continue to develop our commodity arm by hiring experienced professionals to help exploit this opportunity.

"In addition, by amending the agreements to allow NewLead to extract minerals from the coal mines, we are in a position to leverage these assets and commence supplying coal to our growing customer base."

NewLead says the 5,000 acres of land in Kentucky contain 18.6 million tonnes of estimated coal reserves and the 18,335 acres in Tennessee could hold as much as 143.1 million tonnes of coal, natural gas and other natural resource reserves.

However it stressed that its estimates were based on independent appraisals using a methodology which was not compliant with that required by the Securities and Exchange Commission (SEC).

The company has commissioned reserve reports that comply with SEC methodology.