
Coal coup cometh

NewLead Holdings of Greece has struck \$66m worth of deals to acquire coal reserves in a bid to expand its fledgling commodities business.



Nasdaq-listed NewLead says the agreements are expected to generate approximately \$873.5m worth of revenue over the next three years.

The first contract involves the acquisition of title and excavation rights to 5,000 acres of land in Kentucky that are believed to contain some 18.6 million tons of coal reserves while the second is connected to 18,335 acres in Tennessee with mines holding an estimated 143.1 million tons.

The transactions follow **supply contracts in which NewLead will need to source coal from other providers at prevailing market prices** if the properties purchased fail to bear fruit, it told investors in a statement

Thursday.

"Once we have acquired all of the assets, our coal reserves will consist primarily of sub bituminous B coal, which is 13,500 BTU with low sulphur," added chief executive Michael Zolotas.

"We will also have 'Blue Gem' and 'Rich Mountain' seams of coal, highly sought after in the international market. We believe that our international shipping expertise will allow us to exploit the demand for these coal reserves."

In addition, the company says it has entered an agreement to acquire a mining management company, which will be responsible for managing daily operations and excavation, in exchange for \$3m worth of common stock and \$6.4m worth of warrants.

NewLead noted the mines in Tennessee and Kentucky also include natural gas wells and projects related to the extraction of timber, sand, gravel, fly ash and dimension stone, which are being tapped by third parties that pay royalties.

NewLead is headquartered in Athens where it oversees a fleet that includes two bulkers, the 76,000-dwt NewLead Victoria (built 2002) and 71,200-dwt **NewLead Markela** (built 1990), and a pair of products tankers, the 37,000-dwt Axelot (ex-**Hiotissa**, built 2004) and Laima (ex-**Hiona**, built 2003).

While the freshly minted coal contracts are unlikely to benefit the bulkers initially as both are employed on time charters, a company spokesman tells TradeWinds that the commodities business "is expected to help NewLead's shipping business and vice versa" in the future.

AARON KELLEY IN STAMFORD 17 January 2013, 16:11 GMT