
Coal to fire NewLead

NewLead Holdings of Greece has added to its burgeoning commodities portfolio after finalising a deal for a coal wash plant in Kentucky.



Michael Zolotas, CEO of NewLead.

The struggling New York-listed owner said the purchase, which it first flagged in September, will provide earnings with a much needed shot in the arm.

Despite securing a recent debt-for-equity deal, the company has warned investors over its cash position and raised doubts over its ability to remain a going concern.

The plant has a contract in place to process up to 150,000 tonnes of coal per month until 2016 though it has only averaged 59,000 monthly since April 2011.

Michael Zolotas-led NewLead did not put a final price on the transaction but three months ago it said it would invest a total of \$68m in two mines and the

coal wash facility.

"The completion of the acquisition of the wash plant is an important step in developing our vertically integrated shipping and commodity model," Zolotas said in an exchange filing.

"The acquisition.....greatly enhances NewLead's commodity arm because it is a vital part of coal production process.

"It ameliorates the quality of the coal produced and it produces profits from washing coal for third parties."

The plant is serviced by a rail road allowing delivery of the coal direct to market, reducing the cost of transportation and giving NewLead a competitive advantage, Zolotas added.

Situation still precarious

NewLead continues to invest in new assets despite the precariousness of its financial position.

New York's supreme court approved a debt-for-equity swap **earlier this month** that saw the Magna Group investment fund take a 9.92% stake.

However, **just days later**, NewLead raised a red flag over its ability to remain a going concern for much longer without improving its cash flow.

In addition to the new plant the company has purchased stakes in several US mines and recently returned to the sale and purchase market for a **handysize newbuilding**.

The 35,000-dwt eco-type vessel is due for delivery from an unnamed yard in the third quarter of next year, suggesting a resale.