

NewLead confirms newbuild bulker acquisition

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Debt-for-equity deal paves way for addition to the fleet

NEWLEAD Holdings, the Nasdaq-listed dry bulk shipping and commodities company, has confirmed that it will add a first eco-design bulk carrier to its fleet.

The 35,000 dwt handysize newbuilding is understood to have been ordered by NewLead earlier but it will now be funded through a debt-for-equity swap with a Magna Group investment fund.

Costing \$19.5m, the vessel is scheduled to be delivered to Greece-based NewLead in the third quarter of next year and is expected to be debt-free.

Chairman and chief executive Michael Zolotas said the company was already exploring options for chartering the vessel but employment would likely be announced closer to delivery.

"Following the completion of NewLead's restructuring and alongside the development of its commodity arm, our aim is the continuous growth of our fleet," said Mr Zolotas.

A marathon restructuring completed a year ago slashed NewLead's debt as well as its owned fleet, which has been reduced to two panamax bulkers.

Two medium range tankers that were managed in the interim after leaving NewLead's ownership were recently transferred to a manager linked to the new owners.

However, two small Greek-owned bitumen tankers were recently taken under the company's management.

News of the handysize newbuilding comes ahead of a one-for-three reverse share split, the company's second reverse split in less than two months.

A one-for-15 reverse split was undertaken in October and the share price remained higher than \$1 for 19 days but has since slumped below the minimum bid price threshold.

Magna Group company MG Partners' stake in NewLead stems from a move to acquire debts of an aggregate of nearly \$45m from various creditors of the owner. The debt-for-equity deal was approved by a US court.

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