

NewLead completes key debt settlement

- Thursday 19 June 2014, 10:35
- by Nigel Lowry

But separate dispute with Ironridge rumbles on NEWLEAD Holdings has completed wiping off nearly \$45m in debt from its balance sheet, but is embroiled in an increasingly acrimonious spat with an institutional investor.

The six-month-long debt swap scheme resulted from a settlement deal with Magna Group Partners (MGP) and Hanover Holdings, which had purchased \$44.8m in past NewLead debt obligations.

Filings with regulators show that this week NewLead delivered an additional 8.5m shares to MGP, pursuant to the settlement.

According to Nasdaq-listed NewLead, the programme has enabled it to acquire an eco-type handysize bulker newbuilding of 35,000 dwt and mining-related assets.

The vessel is expected to be delivered to NewLead between July and August this year.

Other acquisitions enabled by the debt clear-up included a coal wash plant in Kentucky, and access to develop the Five Mile mine, including a rail terminal, in the same US state.

The Greece-based company said that it expected title to the mine would be transferred to NewLead by the end of this year.

Chief executive Michael Zolotas said: "This programme allowed us to develop a vertically integrated shipping and commodity company.

"NewLead is ready to move forward with an enhanced balance sheet and accretive assets."

Meanwhile, NewLead has clashed with investor Ironridge Global IV over obligations stemming from the investor's \$25m purchase of preferential stock earlier this year

The shipowner and commodities company recently failed to obtain an injunction in a New York court against Ironridge issuing further shares in NewLead, an act it branded "inappropriate", as the two squabble over the implementation of their agreement.

Micro-cap specialist Ironridge has instigated arbitration proceedings.

NewLead said that the court did not accept jurisdiction on its injunction bid but that "we intend to vigorously defend our interests and pursue our claims for significant damages".

This week the company said that Ironridge had directed the transfer agent to issue more shares to it despite NewLead's opting to pay a dividend and a related liability in cash.

Article from Lloyd's List

<http://www.lloydslist.com/lll/sector/finance/article443638.ece>

Published: Thursday 19 June 2014

© 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