MRA Research

Independent Investment Research

United States/Greece
Shipping & Natural Resources

Research Update

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NewLead Holdings Ltd. (NEWL OTC:QB)

Restructuring & Contemplated Expansion of Product Lines – Special Situation

Reason for Report: Recent Events

Recent Price: $0.50

Market Data	
Market Capitalization (mln)	$1.43
Fully Diluted Shrs Outstnd (mln)	2.89
Float (mln)	2.86
Ave. Volume (3 month 000)	8,771
Institutional Ownership	N/A
Insider Ownership	6.6%
Exchange	OTC:QB

Balance Sheet Data	
Shareholders' Equity (000s)	($141,349)
Price / Book Value	n.m.
Net Cash (000s)	$2,271
Working Capital (000s)	($259,279)
Long-term Debt (000s)	n.m.
Total Debt to Capital	n.m.

Revenue Data	2103	2012	2011
(FYE 12/31) Revenue (000's)	$7,343	$8,298	$12,220

Summary and Investment Thesis

- **Since our last comment on April 21 NewLead has been the subject of a number of events and press releases that are important for investors to remain informed about the company and the equity. There has been a series of contradictory and contentious press releases centered around a dispute over payments due apparently under a prior court settlement.**
- **The latest court ruling appears adverse to NEWL and as we are writing has resulted in an unresolved trading halt pending a request for further information by Regulators. We direct readers to the "Recent Developments" section of this report but also to the Company's recent regulatory filings, including but not limited to the 20F covering the period ended December 31, 2013.**
- **The recently filed annual report showed a smaller than previously expected loss for the year on better revenue than the prior year period. Please refer to the research update dated April 21 for background information on the Company.**
- **We are issuing a Research Update on NEWL as an interesting restructuring or special situation type play for those interested in the shipping and commodities sectors. A recent $25mm capital raise and entry into certain mining/commodity related ventures in Kentucky could provide the Company an avenue forward ultimately to success and profitability in the future. On a cautionary note investors may need to conduct further diligence and await additional information flow and clarification of recent events. Investigation of conflicting legal claims, an unresolved trading halt and potentially ongoing litigation are headwinds for the stock near term.**

NEWLEAD

Technical Analysis

NewLead Holdings

INTRA-DAY:
NEWL remains in a major sustained downtrend. We need to see evidence of support beginning to assert to become interested technically.

- The stock has been under intense pressure which might be suggested by news catalysts over the last couple of years.
- Current support is $0.33 with no clear technical benchmark below that. The stock will just need to prove itself.
- Resistance appears first near $0.75 and then the $1.10 level. We would be patient and wait for upward price action to appear.

NewLead Holdings Ltd. 120 MIN (NEWL $0.50) (Trading Halted June 18)

Company Background

Corporate History

NOTE: We present a condensed discussion as the full detail is beyond the scope of this report. Readers are urged to refer to the Form 20K Annual Report filed with the Securities & Exchange Commission. The legal and commercial name of the Company is NewLead Holdings Ltd., a company incorporated under the BCA on January 12, 2005. NewLead's principal place of business is 83 Akti Miaouli & Flessa Street, Piraeus Greece 185 38 and its telephone number is (+30) 213-014-8600.

NewLead has historically been an international shipping company, and is now an international, vertically integrated shipping and commodity company. NewLead engages in the transportation of refined products, such as gasoline and jet fuel, and dry bulk goods, such as iron ore, coal and grain. Management conducts operations through vessel-owning companies whose principal activity is the ownership and/or operation of product tankers and dry bulk vessels. In addition, under specific management agreements, NEWL performs part of the commercial, technical and operational management of vessels outside of its owned fleet. NewLead currently owns a fleet of two dry bulk carriers with a combined carrying capacity of approximately 0.15 million dwt and manages two double- hulled oil tanker/asphalt carriers. NEWL seeks to provide customers with safe, reliable and environmentally sound seaborne transportation services that meet stringent internal and external standards while endeavoring to capitalize on the dynamics of the shipping industry.

In addition, NewLead has recently launched a commodities unit in order to take advantage of emerging dynamics in the maritime industry. NEWL engages in the business of purchasing, trading and transporting commodities, principally coal, through certain joint venture affiliates. NewLead has also entered into agreements for the ownership of certain title and mineral excavation rights to land in Kentucky, as well as rights, title, permits and leases in coal mines in Tennessee. The Company is currently in default under such agreements. The transactions are subject to the delivery of certain definitive agreements and other closing conditions. The Company has not yet obtained the necessary financing to satisfy payment under these agreements and, as a result, the transactions did not close on their intended closing dates, and as of August 30, 2013, have still not closed.

The properties in Kentucky and Tennessee also include natural gas wells and projects relating to extraction of timber, sand, gravel, fly ash and dimension stone. Management expects third parties to extract some of these commodities on the properties and pay royalties. In connection with the potential acquisition of the two properties, the Company hired three executive employees with extensive mining expertise that will manage and supervise the Company's mining operations. In addition to the properties located in Kentucky and Tennessee, the Company is also in discussions for the acquisition of additional coal properties. However, there is no assurance that any such discussions will result in an agreement. As of August 30, 2013, NEWL's coal mining business has not yet commenced operations. While management hopes to finalize the acquisitions and begin mining operations as soon as possible, there is no assurance that the coal business will begin operating in the near future, or at all. Furthermore, on January 4, 2013, NEWL acquired 3,750 grams of nickel wire (the "Nickel") in exchange for 258.5 million common shares of the Company. Management intended to use the Nickel as collateral for funding NEWL's capital-intensive activities and to provide a platform upon which to execute its diversified growth strategy. On May 24, 2013, the transaction was unwound whereby the nickel wire was returned to the seller and the shares issued in the transaction cancelled.

Due to the economic conditions and operational difficulties of the Company, management entered into restructuring discussions with each of the lenders under its facility and credit agreements, the holders of its 7% Notes and the counterparties to its capital leases. See 20K "Item 5.—Operating and Financial Review and Prospects—Liquidity and Capital Resources" for a detailed discussion. To date, management has completed its restructuring, except for the credit facility with Piraeus Bank (CPB loan). Due to the recent economic conditions of the country of Cyprus and the recent acquisition of the Greek branch of Cyprus Popular Bank Public Co. Ltd. by Piraeus Bank, the restructuring efforts with Piraeus Bank (CPB loan) have experienced difficulties and, as a result, have been delayed. Due to these difficulties, NEWL has chosen to treat negotiations with Piraeus Bank (CPB loan) separately from restructuring efforts with other lenders. As such, there can be no assurance that a satisfactory final agreement will be reached Piraeus Bank (CPB loan) in any future efforts outside of the Restructuring, or at all. To date, the Company is also in default under the terms of the 4.5% Note, the Portigon AG Credit Facility and in the Mojave Finance Inc. Credit Facility. These lenders have continued to reserve their rights in respect of such defaults. They have not exercised their remedies at this time; however, they could change their position at any time. As such, there can be no assurance that a satisfactory final agreement will be reached with these lenders. During 2011 and through August 30, 2013, management has sold, disposed of or handed control over to lenders a total of 20 vessels and hulls under construction (or its ownership of the ship owning subsidiaries) in connection with the Restructuring. As a result, as of August 30, 2013, NEWL own two dry bulk carriers.

Prior to the Restructuring and as of June 30, 2011, NEWL's total indebtedness was approximately $585.5 million, which was net of $76.0 million of beneficial conversion feature, or BCF, related to the $125.0 million of 7% Notes. As of December 31, 2012, NEWL's outstanding indebtedness was $152.3 million, excluding the $0.048 million of unamortized BCF treated as a debt discount to the 7% Notes. Clearly the preceding discussion raises significant issues and concerns about the ability of the Company to execute on its strategy and to continue operations on a sustainable basis going forward. We strongly caution investors to investigate the Company's filings and other available information carefully. This stock appears suitable only for aggressive investors trading with risk capital and should be aware that the entire investment could be lost.

Recent Developments

NASDAQ Halts NewLead Holdings Ltd.

NEW YORK, June 18, 2014 (GLOBE NEWSWIRE) -- The NASDAQ Stock Market(R) (NDAQ) announced that trading was halted today in NewLead Holdings Ltd. (NEWL) at 9:39:53 Eastern Time for "additional information requested" from the company at a last price of $0.4955. Trading will remain halted until NewLead Holdings Ltd. has fully satisfied NASDAQ's request for additional information. For news and additional information about the company, please contact the company directly or check under the company's symbol using InfoQuotesSM on the NASDAQ(R) Web site.

Ironridge Global IV, Ltd. reports Federal Court rejects all of the claims asserted by NewLead Holding; rules in favor of Ironridge on all issues, and finds that Ironridge may appropriately instruct the transfer agent to deliver shares in lieu of cash

- Ironridge Global an institutional investor in micro-cap public companies, obtained a published legal decision in favor of Ironridge by the United States District Court, Southern District of New York.
- The official legal citation for the published opinion against NewLead Holdings is NewLead Holdings Ltd. v. Ironridge Global IV Ltd.
- In ruling in favor of Ironridge, the Federal Court explained: "As noted, Ironridge agreed to accept cash instead of shares. But NewLead has refused to pay the cash."
- Due to NewLead's wrongful failure to pay its debts when due, the court allowed Ironridge to, "resort to self-help and instruct the transfer agent to deliver shares if NewLead does not pay."
- In the order, U.S. District Judge William H. Pauley III also expressly found that Ironridge has never engaged in short selling, that Ironridge never manipulated NewLead's stock, and that Ironridge has no undisclosed brokerage relationships.

NewLead Holdings Ltd. Alleges Inappropriate Issuance of NewLead's Shares by Ironridge

PIRAEUS, Greece, June 17, 2014 /PRNewswire/ -- NewLead Holdings Ltd. (NEWL) ("NewLead" or the "Company") today announced that Ironridge Global IV, Ltd. ("Ironridge") has inappropriately, again, exercised "self-help" in directing the transfer agent to issue shares to it, after conceding in court that NewLead had made an election to pay the dividend and embedded dividend liability of the Promissory Note ("Note") in cash. NewLead has given notice of this election and, without waiver of its claims and rights to set-off, remitted the dividend to Ironridge and expects to pay the embedded dividend liability to Ironridge over the seven year period up to the maturity date of Note. NewLead is obligated to give notice to those individuals and entities who attempt to sell these shares on behalf of Ironridge that these shares have not been appropriately issued and NewLead will, and others may, seek recourse for damages and sanctions for those aiding and abetting in any such sales.

NewLead Holdings Ltd. Completes $44.8 Million Balance Sheet Program

PIRAEUS, Greece, June 18, 2014 /PRNewswire/ -- NewLead Holdings Ltd. (NEWL) ("NewLead" or the "Company") today announced that the Company completed the $44.8 million balance sheet program ("program") with Magna Group Partners Limited ("MGP") and Hanover Holdings I, LLC ("Hanover"). Through this program NewLead enhanced its balance sheet by $44.8 million by settling past-due indebtedness. The program allowed NewLead to complete the acquisition of one newbuilding eco-type 35,000 dwt dry bulk Handysize vessel, expected to be delivered to NewLead's fleet between July and August 2014, a coal wash plant in Kentucky, USA, and access to develop the Five Mile mine, that includes a CSX rail load facility, the Andy Rail Terminal, in Kentucky, USA, as well as clearing the way to acquire the title to such mine. It is expected that by the end of 2014, title to the Five Mile mine will be transferred to NewLead.

Mr. Michael Zolotas, Chairman and Chief Executive Officer of NewLead, stated: "We are delighted to have completed this program in less than six months while contributing accretive debt-free assets to the Company. This program 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."

NewLead Holdings Ltd. Files Form 20F Annual Report

PIRAEUS, Greece, May 12, 2014 /PRNewswire/ -- NewLead Holdings Ltd. (NEWL) ("NewLead" or the "Company") announced today that its Annual Report on Form 20-F for the fiscal year ended December 31, 2013 (the "Annual Report") has been filed with the U.S. Securities and Exchange Commission.

Please refer to the Form 20F as a complete discussion of the financial disclosure is beyond the scope of this update.

Selected Financial Data

The NewLead historical successor information is derived from the audited consolidated financial statements of NewLead for the years ended December 31, 2013, 2012, 2011 and 2010 and for the period from October 14, 2009 to December 31, 2009. The NewLead historical predecessor information is derived from the audited consolidated financial statements for the period from January 1, 2009 to October 13, 2009. The information is only a summary and should be read in conjunction with "Item 5.-Operating and Financial Review and Prospects" and our audited consolidated financial statements and the audited financial statements of our predecessor and notes thereto. "Predecessor" refers to NewLead Holdings Ltd. prior to the Company's $400 million recapitalization on October 13, 2009, and "Successor" refers to NewLead Holdings Ltd. after the recapitalization on October 13, 2009.

	Successor					Predecessor
Amounts in $thousands	**Year Ended December 31, 2013**	**Year Ended December 31, 2012**	**Year Ended December 31, 2011**	**Year Ended December 31, 2010**	**October 14 to December 31, 2009**	**January 1 to October 13, 2009**
Statement of Operations Data						
Operating revenues	7,343	8,928	12,220	17,438	3,261	14,509
Vessel operating expenses	(4,598)	(3,266)	(2,928)	(9,714)	(3,609)	(15,321)
Management fees	-	-	-	(715)	(132)	(584)
Selling, general & administrative expenses	(81,893)	(8,249)	(16,521)	(15,311)	(11,931)	(8,392)
Depreciation, depletion and amortization expenses	(2,860)	(6,564)	(8,180)	(4,237)	(644)	(6,331)
Impairment losses	-	(7,054)	(83,950)	(39,515)	-	(40,859)
Operating loss from continuing operations	(83,169)	(16,470)	(99,655)	(56,121)	(15,400)	(63,508)
Interest and finance expense	(62,670)	(86,549)	(22,672)	(18,550)	(19,024)	(6,624)
Loss on extinguishment of convertible notes	-	(293,109)	-	-	-	-
Other income / (expense), net	47	(3,528)	(1,457)	1	-	31
Loss before equity in net earnings in Joint Ventures	(146,012)	(399,656)	(123,716)	(72,546)	(33,820)	(67,080)
Loss from continuing operations	(146,802)	(402,125)	(123,716)	(97,618)	(35,865)	(95,448)
Net loss	(158,224)	(403,925)	(290,395)	(86,349)	(35,725)	(125,764)
Net loss attributable to NewLead Holdings' Shareholders	(158,232)	(402,562)	(290,395)	(86,349)	(35,725)	(125,764)
Loss per share (basic and diluted) continuing operations	(110.66)	(1,124.50)	(7,511.60)	(4,691.21)	(2,723.06)	(12,600.00)
Loss per share (basic and diluted)	(119.27)	(1,129.53)	(17,631.76)	(5,583.79)	(2,876.44)	(23,620.50)
Outstanding shares	3,234,891	882,485	17,417	16,284	14,699	5,380
Weighted average number of shares (basic and diluted)	1,326,545	357,604	16,470	15,464	12,420	5,324
Balance Sheet Data (at period end)						
Cash and cash equivalents	2,271	1,043	5,119	67,531	106,255	-
Restricted cash (current)	-	1,311	250	12,606	403	1,898
Total current assets	12,422	12,225	33,723	102,569	121,421	10,018
Restricted cash (non-current)	31	31	31	30,700	9,668	-
Total assets	151,331	61,799	396,752	761,733	485,369	196,849
Current portion of long-term debt	60,306	78,739	339,722	26,773	14,240	221,430
Convertible notes, net	101,651	62,552	53,391	-	-	-
Share settled debt	72,595	-	-	-	-	-
Promissory notes payable	-	11,000	-	-	-	-
Total current liabilities	291,701	177,426	583,604	94,739	54,260	256,303
Long-term debt	-	-	-	543,591	262,313	-
Total liabilities	292,680	177,426	599,186	675,452	324,710	256,303
Total shareholders' (deficit) / equity	(141,349)	(115,627)	(202,434)	86,281	160,659	(59,454)
Other Financial Data (for period ending)						
Net cash (used in) by operating activities	(2,871)	(11,084)	(3,089)	(9,685)	(5,869)	(10,557)
Net cash (used in) / provided by investing activities	(1,671)	81,836	(69,612)	(22,189)	-	2,216
Net cash provided by / (used in) by financing activities	5,770	(74,828)	10,289	(6,850)	112,124	4,332
Net increase / (decrease) in cash and cash equivalents	1,228	(4,076)	(62,412)	(38,724)	106,255	(4,009)
Fleet Data (at period end)						
Number of product tankers owned (1)	-	-	4	6	9	9
Number of container vessels owned (2)	-	-	-	-	2	2
Number of dry bulk vessels owned (3)	2	2	13	12	3	-

(1):Includes four tankers for 2011, six tankers for 2010 and four for the other periods presented that considered to be discontinued operations for all periods presented.

(2):Considered discontinued operations for all periods presented.

(3): Includes thirteen dry bulk vessels for 2011, twelve dry bulk vessels for 2010 and three dry bulk vessel for the October to December 2009 period that considered to be discontinued operations for all periods presented.

On October 17, 2013 and on December 6, 2013, a 1-for-15 and a 1-for-3 reverse share split of the common shares, respectively, were effected, after the approval by the Board of Directors and by written consent of a majority of shareholders. The reverse share splits consolidated every fifteen common shares and every three common shares, respectively, into one common share, with par value of $0.01 per share. In addition, on March 6, 2014, a 1-for-10 reverse share split of the common shares, was effected, after the approval by the Board of Directors and by written consent of a majority of shareholders. The reverse share split consolidated every ten common shares into one common share, with a par value of $0.10 per share. There can be no assurances that the Company will not undertake further reverse splits subsequent to the filing of this report. The number of authorized common shares and preferred shares were not affected by the reverse splits. With respect to the underlying common shares associated with share options and any derivative securities, such as warrants and convertible notes, as may be required by such securities where applicable, the conversion and exercise prices and number of common shares issued have been adjusted retrospectively in accordance to the 1:15 ratio, 1:3 ratio and 1:10 ratio, respectively, for all periods presented. Due to such reverse share split, earnings per share, convertible notes, warrants and share options have been adjusted retrospectively as well, where applicable. The consolidated financial statements for the years ended December 31, 2013, 2012 and 2011 reflect the reverse share splits.

Completion of Restructuring of Indebtedness

Due to the previously disclosed economic conditions and operational difficulties of the Company, during 2011 management entered into restructuring discussions with each of the lenders under the facility and credit agreements, the holders of NEWL 7% senior unsecured convertible notes (the “7% Notes”) and the counterparties to NEWL capital leases (collectively, the agreements governing such debt, the “Financing Documents”). As part of those discussions, management appointed Moelis & Company (“Moelis”) to act as the Company’s financial advisors in respect of an overall restructuring proposal with respect to the Financing Documents. On November 8, 2011, NEWL and Moelis presented to each of the lenders under the Financing Documents a commercial presentation which set out a comprehensive global restructuring proposal (the “Restructuring Proposal”), and which included, among other things, proposed amendments to the Financing Documents (including amortization relief and reset of financial covenants). The aim of the restructuring was to increase liquidity, normalize trade vendor payments and deleverage the Company on a going forward basis. Management has completed the restructuring efforts for the Syndicate Facility Agreement, Kamsarmax Syndicate Facility Agreements, Eurobank Credit Facility, Northern Shipping Fund LLC Capital Lease Obligation, Portigon AG (formerly, West LB Bank) Credit Facility, Piraeus Bank Credit Facilities, Handysize Syndicate Facility Agreement, Lemissoler Maritime Company W.L.L. Capital Lease Obligation (all references to the Lemissoler Maritime Company W.L.L. Capital Lease Obligation refer to the agreement entered into with Prime Mountain Shipping Ltd, Prime Lake Shipping Ltd, Prime Time Shipping Ltd and Prime Hill Shipping Ltd, the four affiliate companies of Lemissoler Maritime Company W.L.L., in November 2010, for the sale and immediate bareboat leaseback of four dry bulk vessels comprised of three Capesize vessels, the Brazil, the Australia, and the China, as well as the Panamax vessel Grand Rodosi) and the 7% Notes, subject, in the case of the Syndicate Facility Agreement, to the final payment of outstanding fees. However, due to the recent economic conditions of the country of Cyprus and the acquisition of the Greek branch of Cyprus Popular Bank Public Co. Ltd. by Piraeus Bank A.E. (“Piraeus Bank”), NEWL has experienced difficulties with its restructuring efforts with Piraeus Bank (CPB loan) and, as a result, the restructuring has been delayed. Due to these difficulties, management has chosen to treat the negotiations with Piraeus Bank (CPB loan) separately from the restructuring efforts with other lenders. The Company remains in restructuring negotiations with Piraeus Bank (CPB loan) outside of the Restructuring Proposal.

In addition, while management has completed the restructuring efforts with the lenders under the Syndicate Facility Agreement, management continues to have an outstanding liability of $0.1 million under the Syndicate Facility Agreement related to loan fees outstanding. While the proceeds from the sale of the four LR1 vessels under the Syndicate Facility Agreement were used to repay the outstanding amounts owed and fees under the agreement, the debts have nevertheless not been formally discharged and released of any and all of the obligations in respect of the Syndicate Facility Agreement due to this outstanding liability.

RISK FACTORS

Fleet

As discussed in the Company’s annual report on Form 20F, the Company has had a significant reduction in the size of its fleet. As of August 30, 2013, NEWL owns a fleet of two dry bulk vessels and manages two double-hulled oil tanker/asphalt carriers. During 2011 and through August 30, 2013, NEWL has sold, disposed of or handed control over to lenders a total of 20 vessels and hulls under construction (or ownership of the ship owning subsidiaries) in connection with the Company’s restructuring. Investors should study financial reports including the 20F in detail before considering purchase of the stock.

Company Specific Risk Factors

There is substantial doubt about the Company's ability to continue as a going concern.
The Company's financial statements were prepared using principles under Generally Accepted Accounting Principles in the United States of America (GAAP) applicable to a going concern. Because of its losses, working capital deficiencies, negative operating cash flow and shareholders' deficiency, management concluded that there is substantial doubt as to the Company's ability to continue as a going concern. Over the past two years, NEWL has experienced losses, working capital deficiencies, negative operating cash flow and shareholders' deficiency, which has affected, and which is expected will continue to affect, management's ability to satisfy its obligations, despite the Restructuring and new business arrangements. Charter rates for bulkers have experienced a high degree of volatility. Charter hire rates for bulkers continue to be at historical lows. The Company is in default on certain prior contracts and commitments which could affect its ability to continue operating.

The Company is highly leveraged, anticipates that it will continue to have a high degree of leverage, and may incur substantial additional debt, which could materially adversely affect its financial health and ability to obtain financing in the future, react to changes in the business and make debt service payments.
As of December 31, 2012, NEWL's outstanding indebtedness was $152.3 million, excluding the $0.048 million of unamortized BCF treated as a debt discount to the 7% Notes. Despite Restructuring efforts, as of August 30, 2013, NEWL continues to have a high degree of indebtedness. Although it is likely that any agreements governing the Company's future indebtedness, including the terms of any indebtedness remaining outstanding as a result of the Restructuring, will contain limitations on management's ability to incur indebtedness, the covenants in such debt agreements typically contain a number of exceptions. As such, NEWL may still be able to incur a significant amount of additional indebtedness. The high level of indebtedness could have important consequences to shareholders.

For the years ended December 31, 2012, 2011 and 2010, NEWL derived 100%, 100% and 56%, respectively, of its revenue from continuing operations from two or three charterers.
NEWL has historically derived a significant part of its revenue from a small number of charterers. For the year ended December 31, 2012, 100% of revenue from continuing operations was derived from two charterers (each of which comprised 70% and 30% of revenues, respectively). For the years ended December 31, 2011 and December 31, 2010, approximately 100% and 56%, respectively, of revenue was derived from two and three charterers, respectively. The loss of charterers upon whom NEWL has historically been dependent may adversely affect results of operations, cash flows and financial condition.

NEWL's charterers may terminate or default on their charters, which could materially affect NEWL's results of operations and cash flow. When the charter agreements expire or terminate, NEWL will need to find new employment for the affected vessels in the currently depressed charter market, which may adversely affect results of operations and cash flows.
Charterers may terminate their charters earlier than the dates indicated in their charter agreements. The terms of charters vary as to which events or occurrences will cause a charter to terminate or give the charterer the option to terminate the charter, but these generally include a total or constructive total loss of the related vessel, the requisition for hire of the related vessel or the failure of the related vessel to meet specified performance criteria. In addition, the ability of each of the charterers to perform its obligations under a charter will depend on a number of factors that are beyond NEWL's control. NEWL's vessels may be subject to periods of off-hire, which could materially adversely affect the business, financial condition and results of operations.

After the sale of all of its tanker vessels, NEWL continues to have only part of the commercial, the technical and the operational management of this type of vessels and if management is unable to operate other tanker vessels that they may acquire efficiently, they may be unsuccessful in competing in the highly competitive international tanker market.
The operation of tanker vessels and transportation of petroleum products is extremely competitive. Competition arises primarily from tanker owners, including major oil companies as well as independent tanker companies, some of whom have substantially greater resources than NEWL. Competition for the transportation of oil and oil products can be intense and depends on price, location, size, age, condition and the acceptability of the tanker and its operators to the charterers.

Risks Relating to The Coal Business

During 2012, NEWL entered into a variety of transactions in order to develop a commodities sector of its business. Management has entered into a joint venture arrangement and has established a new entity with J Mining & Energy Group for the purchase and trading of coal. As of August 30, 2013, NEWL coal operations have not yet commenced. Further, management has entered into agreements (i) to acquire title and mineral excavation rights to 7,695 acres of land in Kentucky, USA (ii) to acquire ownership and leasehold interests in 18,335 acres in Tennessee, USA containing coal and natural gas and other natural resources and (iii) to supply coal to certain creditworthy counterparties. The transactions are subject to the delivery of certain definitive agreements and other closing conditions. The Company has not yet obtained the necessary financing to satisfy payment under these agreements and, as a result, the transactions did not close on their intended closing dates, and as of August 30, 2013, have still not closed. As a result, the coal mining business has not yet commenced operations. In addition to the properties located in Kentucky and Tennessee, the Company is also in discussions for the acquisition of additional coal properties. However, there is no assurance that any such discussions will result in an agreement. While management hopes to finalize the acquisitions and begin mining operations as soon as possible, there is no assurance that the coal business will begin operating in the near future, or at all.

Analyst Certification

I, Michael Anderegg, hereby certify that the view expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the recommendations or views expressed in this research report.

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