

NewLead plots reverse split to remain listed

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- by [Nigel Lowry](#)

Slimmed-down shipowner eyes more investment in US mining

NEWLEAD Holdings is planning a reverse stock split to increase the price of its shares in order to regain compliance with the Nasdaq minimum \$1 bid price requirement.

Greece-based NewLead said that the ratio and amount of the split would be determined based on market conditions and other factors, but it would be announced before market opening on October 1.

The reverse split is anticipated to be effective at close of trading on October 15.

The shares closed in New York on Tuesday at a price of \$0.11 and rose by several per cent in very early trading after NewLead announced the move, coupled with news of further expansion of the company's mining business.

NewLead drastically reduced its dry bulk and tanker fleet to a final two bulk vessels over a marathon restructuring that was completed last year.

Subsequently it has concentrated on developing into an integrated shipping and commodities company with investments in mining in the US.

Last Friday, it completed acquisition of titles in the Viking Mine in Kentucky, which is estimated to hold about 20m t of coal reserves.

NewLead says it will try to reach a settlement with a third party that has challenged the validity of the lease, but it will continue to mine the property.

In addition, the company expects to complete a deal to acquire another Kentucky mine and a coal wash plant within the current quarter, subject to a number of terms and conditions being met.

The aggregate price for acquiring the two mines and the coal wash plant is \$68m, which NewLead intends funding through the issue of two convertible notes with an 8% coupon, \$20m from issue of stock warrants, and \$12m split almost equally between cash and shares.

Michael Zolotas, NewLead's chairman and chief executive, said that the company was prospecting for more mining acquisitions in the area.

"Through the mining business, we are developing a competitive, vertically integrated shipping and commodity company, building on our longstanding presence and experience in the international shipping industry," he said.

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