NORD RESOURCES CORP
Form 10-Q
November 13, 2009

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

[x] QUARTERLY REPORT UNDER SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **September 30, 2009**

[ ] TRANSITION REPORT UNDER SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: 1-08733

NORD RESOURCES CORPORATION

(Exact name of small business issuer as specified in its charter)

DELAWARE	**85-0212139**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

One West Wetmore Road, Suite 203
Tucson, Arizona **85705**
(Address of principal executive offices) (Zip Code)

(520) 292-0266
Issuer's telephone number

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [x] No [ ]

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes [ ] No [x]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer, non-accelerated filer, and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer [ ] Accelerated filer [ ]

Non-accelerated filer [ ] (Do not check if a smaller reporting company) Smaller reporting company [x]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes [ ] No [x]

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date. **70,427,252 shares of common stock as of September 30, 2009.**

NORD RESOURCES CORPORATION

Quarterly Report On Form 10-Q
For The Quarterly Period Ended
September 30, 2009

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FORWARD-LOOKING STATEMENTS

This quarterly report on Form 10-Q contains forward-looking statements that involve risks and uncertainties. Forward-looking statements in this quarterly report include, among others, statements regarding our capital needs, business plans and expectations. Such forward-looking statements involve risks and uncertainties regarding the market price of copper, availability of funds, government regulations, permitting, common share prices, operating costs, capital costs, outcomes of ore reserve development, recoveries and other factors. Forward-looking statements are made, without limitation, in relation to operating plans, property exploration and development, availability of funds, environmental reclamation, operating costs and permit acquisition. Any statements contained herein that are not statements of historical facts may be deemed to be forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as may , will , should , expect , plan , intend , anticipat estimate , predict , potential or continue , the negative of such terms or other comparable terminology. Actual event results may differ materially. In evaluating these statements, you should consider various factors, including the risks outlined in our annual report on Form 10-K for the year ended December 31, 2008, this quarterly report on Form 10-Q, and, from time to time, in other reports that we file with the Securities and Exchange Commission (the SEC). These factors may cause our actual results to differ materially from any forward-looking statement. Given these uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements.

PART I FINANCIAL INFORMATION

Item 1. Financial Statements

The following unaudited condensed consolidated interim financial statements of Nord Resources Corporation and its wholly-owned subsidiary Cochise Aggregates and Materials, Inc. (sometimes collectively referred to as we , us or our Company) are included in this quarterly report on Form 10-Q:

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It is the opinion of management the interim condensed consolidated financial statements for the three and nine months ended September 30, 2009 and September 30, 2008 include all adjustments necessary in order to ensure that the condensed consolidated financial statements are not misleading. These condensed consolidated financial statements reflect all adjustments which are, in the opinion of management, necessary to present fairly the financial position, results of operations and cash flows for the interim periods presented in accordance with accounting principles generally accepted in the United States of America. Except where noted, these interim condensed consolidated financial statements follow the same accounting policies and methods of their application as our Company s audited annual consolidated financial statements for the year ended December 31, 2008. All adjustments are of a normal recurring nature. These interim condensed consolidated financial statements should be read in conjunction with our Company s audited annual consolidated financial statements as of and for the year ended December 31, 2008.

NORD RESOURCES CORPORATION AND SUBSIDIARY
CONDENSED CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2009 AND DECEMBER 31, 2008

	September 30, 2009 (Unaudited)	December 31, 2008
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 319,599	$ 4,465,245
Accounts receivable	454,678	320,493
Inventories	10,001,513	221,271
Current portion of derivative contracts	-	9,604,405
Prepaid expenses and other	84,058	360,901
Total Current Assets	10,859,848	14,972,315
Property and Equipment, at cost:		
Property and equipment	46,625,478	4,657,929
Less accumulated depreciation, depletion and amortization	(3,452,600)	(1,614,405)
	43,172,878	3,043,524
Construction in progress	-	36,944,454
Net Property and Equipment	43,172,878	39,987,978
Other Assets:		
Restricted cash and marketable securities	686,476	2,220,138
Derivative contracts, less current portion	-	9,549,697
Debt issuance costs, net of accumulated amortization	879,034	877,249
Total Other Assets	1,565,510	12,647,084
Total Assets	$ 55,598,236	$ 67,607,377

The accompanying notes are an integral part of these condensed consolidated financial statements.

NORD RESOURCES CORPORATION AND SUBSIDIARY
CONDENSED CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2009 AND DECEMBER 31, 2008
(Continued)

	September 30, 2009 (Unaudited)	December 31, 2008
LIABILITIES AND STOCKHOLDERS EQUITY		
Current Liabilities:		
Accounts payable	$ 9,818,934	$ 9,694,716
Accrued expenses	2,079,405	887,438
Current portion of deferred revenue	310,396	-
Current maturities of long term debt	8,946,007	6,932,109
Current maturities of derivative contracts	3,558,581	299,717
Current maturities of capital lease obligation	15,808	7,995
Total Current Liabilities	24,729,131	17,821,975
Long Term Liabilities:		
Derivative contracts, less current maturities	3,255,246	137,367
Long term debt, less current maturities	17,892,015	19,063,298
Capital lease obligation, less current maturities	31,292	45,015
Deferred revenue, less current portion	4,577,457	-
Accrued reclamation costs	151,710	144,256
Other	886,469	47,103
Total Long Term Liabilities	26,794,189	19,437,039
Total Liabilities	51,523,320	37,259,014
Commitments and contingencies		
Stockholders Equity:		
Common stock: $.01 par value, 200,000,000 shares authorized, 70,427,252 and 69,493,635 shares issued and outstanding as of September 30, 2009 and December 31, 2008, respectively	704,273	694,936
Additional paid in capital	110,599,709	109,940,000
Accumulated deficit	(100,415,239)	(100,013,216)
Accumulated other comprehensive income (loss)	(6,813,827)	19,726,643
Total Stockholders Equity	4,074,916	30,348,363
Total Liabilities and Stockholders Equity	$ 55,598,236	$ 67,607,377

The accompanying notes are an integral part of these condensed consolidated financial statements.

NORD RESOURCES CORPORATION AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2009 AND 2008
(Unaudited)

	2009	2008
Net sales	$ 13,118,107	$ 7,240,812
Costs applicable to sales (exclusive of depreciation, depletion and amortization shown separately below)	10,303,422	5,986,621
Write-down of copper inventory to net realizable value	-	228,577
General and administrative expenses (includes stock based compensation of $318,528 and $455,382, respectively)	2,081,682	3,049,452
Depreciation, depletion and amortization	1,043,834	228,568
Loss from operations	(310,831)	(2,252,406)
Other income (expense):		
Interest expense	(1,450,946)	(345,586)
Miscellaneous income (expense)	1,359,754	424,633
Total other income (expense)	(91,192)	79,047
Loss before income taxes	(402,023)	(2,173,359)
Provision for income taxes	-	-
Net loss	$ (402,023)	$ (2,173,359)
Net loss per basic and diluted share of common stock:		
Weighted average number of basic and diluted common shares outstanding	70,211,630	67,422,684
Basic and diluted loss per share of common stock	$ (0.01)	$ (0.03)

The accompanying notes are an integral part of these condensed consolidated financial statements.

NORD RESOURCES CORPORATION AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2009 AND 2008
(Unaudited)

	2009	2008
Net sales	$ 6,521,136	$ 2,585,266
Costs applicable to sales (exclusive of depreciation, depletion and amortization shown separately below)	4,578,119	2,985,336
Write-down of copper inventory to net realizable value	-	228,577
General and administrative expenses (includes stock based compensation of $70,413 and $89,827, respectively)	633,750	1,016,907
Depreciation, depletion and amortization	542,158	80,703
Income (loss) from operations	767,109	(1,726,257)
Other income (expense):		
Interest expense	(673,547)	(74,008)
Miscellaneous income (expense)	(723)	191,937
Total other income (expense)	(674,270)	117,929
Income (loss) before income taxes	92,839	(1,608,328)
Provision for income taxes	-	-
Net income (loss)	$ 92,839	$ (1,608,328)
Net earnings (loss) per basic and diluted share of common stock:		
Weighted average number of basic common shares outstanding	70,511,842	68,471,774
Basic earnings (loss) per share of common stock	$ 0.00	$ (0.02)
Weighted average number of diluted common shares outstanding	71,761,210	68,471,774
Diluted earnings (loss) per share of common stock	$ 0.00	$ (0.02)

The accompanying notes are an integral part of these condensed consolidated financial statements.

NORD RESOURCES CORPORATION AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENT OF
CHANGES IN STOCKHOLDERS EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2009
(Unaudited)

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Com-prehensive Income (loss)	Total Stockholders Equity
Balance at December 31, 2008	69,493,635	$ 694,936	$ 109,940,000	$ (100,013,216)	$ 19,726,643	$ 30,348,363
Comprehensive loss:						
Net loss	-	-	-	(402,023)	-	(402,023)
Unrealized mark to market adjustment of cash flow hedges, net	-	-	-	-	(25,530,845)	(25,530,845)
Net realized gains from cash flow hedges	-	-	-	-	1,370,960	1,370,960
Effective portion of copper hedges transferred to net sales	-	-	-	-	(992,296)	(992,296)
Effective portion of copper hedges transferred to capitalized mine development costs	-	-	-	-	(271,897)	(271,897)
Ineffective portion of copper hedges						

transferred to miscellaneous income	-	-	-	-	(1,367,595)	(1,367,595)
Effective portion of interest rate swap transferred to interest expense	-	-	-	-	251,203	251,203
Comprehensive loss	-	-	-	-	-	(26,942,493)
Compensation expense from issuance of stock options	-	-	221,028	-	-	221,028
Exercise of stock options	348,336	3,484	47,034	-	-	50,518
Common stock issued to settle outstanding claims	506,329	5,063	194,937			200,000
Common stock issued for deferred stock units	78,952	790	(790)	-	-	-
Issuance of warrants to Nedbank Limited	-	-	100,000	-	-	100,000
Compensation expense from issuance of deferred stock units	-	-	97,500	-	-	97,500
Balance at September 30, 2009	70,427,252	$ 704,273	$ 110,599,709	$ (100,415,239)	$ (6,813,827)	$ 4,074,916

The accompanying notes are an integral part of these condensed consolidated financial statements.

NORD RESOURCES CORPORATION AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2009 AND 2008
(Unaudited)

	2009	2008
Cash Flows From Operating Activities:		
Net loss	$ (402,023)	$ (2,173,359)
Adjustments to reconcile net loss to net cash provided (used) by operating activities:		
Depreciation, depletion and amortization	1,043,834	228,568
Accretion expense on accrued reclamation costs	7,454	9,837
Amortization of debt issuance costs	179,144	179,829
Issuance of stock options for services rendered	221,028	357,882
Issuance of deferred stock units for services rendered	97,500	97,500
Gain on sale of hedges-effective portion	(992,296)	-
Gain on sale of hedges-ineffective portion	(1,367,595)	(127,548)
Proceeds from settlement of effective hedges	682,093	-
Accretion of warrant modification	-	125,137
Write-down of inventory to net realizable value	-	228,577
Changes in assets and liabilities:		
Accounts receivable	(134,185)	23,658
Inventories	(8,807,715)	(571,954)
Other assets	276,843	(9,703)
Accounts payable	7,730,832	887,344
Accrued expenses	734,972	(126,113)
Accrued interest	941,950	-
Deferred revenue	(62,147)	-
Other liabilities	(10,634)	-
Net Cash Provided (Used) By Operating Activities	139,055	(870,345)
Cash Flows From Investing Activities:		
Decrease in restricted cash and marketable securities	1,533,662	3,000,000
Proceeds from sale of ineffective hedges	940,070	-
Capital expenditures	(11,672,112)	(587,427)
Construction in progress	-	(12,010,531)
Net Cash Used By Investing Activities	(9,198,380)	(9,597,958)
Cash Flows From Financing Activities:		
Proceeds from issuance of notes payable	-	12,000,000
Debt issuance costs	(80,929)	-
Proceeds from exercise of options	50,518	50,000
Proceeds from sale of royalty interest	4,950,000	-
Principal payments on capital leases	(5,910)	(23,634)
Proceeds from exercise of warrants	-	562,000
Net Cash Provided By Financing Activities	4,913,679	12,588,366
Net Increase (Decrease) in Cash and Cash Equivalents	(4,145,646)	2,120,063
Cash and Cash Equivalents at Beginning of Period	4,465,245	3,368,910

Cash and Cash Equivalents at End of Period	$ 319,599	$ 5,488,973
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the period for:		
Interest	$ 330,234	$ 40,620
Income taxes	-	-

The accompanying notes are an integral part of these condensed consolidated financial statements.

NORD RESOURCES CORPORATION AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2009 AND 2008
(Unaudited)
(Continued)

	2009	2008
Supplemental Disclosure of Non-cash Investing and Financing Activities:		
Common stock issued for purchase of property	$ -	$ 51,040
Common stock issued to settle outstanding claims	200,000	
Accounts payable reclassified to other long term liabilities	850,000	-
Warrants issued in connection with debt facilities	100,000	-
Common stock issued in exchange for deferred stock units	790	444
Mark to market of cash flow hedges	(25,530,845)	86,331
Property and equipment financed by accounts payable	(6,556,614)	-
Construction in progress financed by accounts payable	-	2,900,309
Acquisition of equipment under lease	-	79,310
Capitalized interest financed by accrued interest	357,660	565,617
Gain on sale of copper hedges-effective portion allocated to mine development costs	(271,897)	-
Depreciation expense allocated to inventory	972,527	-
Accrued interest capitalized to long term debt, less current maturities	612,674	-
Accrued interest capitalized to current maturities of long term debt	1,225,348	-

The accompanying notes are an integral part of these condensed consolidated financial statements.

1. FINANCIAL STATEMENTS

The accompanying financial information of Nord Resources Corporation (the Company) is prepared in accordance with the rules prescribed for filing condensed interim financial statements and, accordingly, does not include all disclosures that may be necessary for complete financial statements prepared in accordance with U.S. generally accepted accounting principles. The disclosures presented are sufficient, in management s opinion, to make the interim information presented not misleading. All adjustments, consisting of normal recurring adjustments which are necessary to make the interim information not misleading, have been made.

Certain reclassifications have been made to the respective September 30, 2008 condensed interim consolidated financial statements and to the December 31, 2008 consolidated financial statements to conform to the current period presentation. Accordingly, to properly report the Company s by-product operations, income earned on the sale of decorative rock and aggregate in the amount of $66,580, formerly recorded as miscellaneous income during the three months ended March 31, 2009, has been reclassified on the condensed consolidated statement of operations for the nine months ended September 30, 2009 to costs applicable to sales. In addition, in order to properly report the related amounts in accordance with the credit agreement, as amended and restated, with Nedbank Limited (Nedbank), the current portion of accrued interest in the amounts of $612,674 and $265,442 and the accrued interest excluding the current portion in the amounts of $1,225,348 and $729,965 have been capitalized to the current maturities of long term debt and long term debt, less current maturities, on the consolidated balance sheets as of September 30, 2009 and December 31, 2008, respectively.

Results of operations for the three and nine months ended September 30, 2009 are not necessarily indicative of results of operations that may be expected for the year ending December 31, 2009. The Company recommends that this financial information be read in conjunction with the complete consolidated financial statements included in the Company s Annual Report on Form 10-K for the year ended December 31, 2008, previously filed with the Securities and Exchange Commission (the SEC).

2. BASIS OF PRESENTATION

The accompanying condensed consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The condensed consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amount and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material. The Company s continuation as a going concern is dependent upon its ability to continue copper cathode production at the Johnson Camp Mine in a timely and cost effective manner and ultimately achieve the forecasted copper cathode production from the mining of new ore, to continue to meet its obligations under its credit agreement with Nedbank, and to sell copper at a level where the Company is profitable. The Company s continued existence is dependent upon its ability to achieve its operating plan. If management cannot achieve its operating plan because of production or sales shortfalls or other unfavorable conditions, the Company may find it necessary to dispose of assets, or undertake other actions as may be appropriate.

3. RECENTLY ISSUED ACCOUNTING GUIDANCE

In June 2009, the Financial Accounting Standards Board (FASB) established the *FASB Accounting Standards Codification* (ASC) as the single source of authoritative GAAP to be applied by nongovernmental entities. The ASC is a new structure which took existing accounting pronouncements and organized them by accounting topic. Relevant authoritative literature issued by the SEC and select SEC staff interpretations and administrative literature was also included in the ASC. All other accounting guidance not included in the ASC is non-authoritative. The ASC was effective for the Company s interim quarterly period beginning July 1, 2009. The adoption of the ASC did not have an impact on the Company s consolidated financial position, results of operations or cash flows.

In March 2008, the ASC guidance for derivatives and hedging was updated for enhanced disclosures about how and why an entity uses derivative instruments, how derivative instruments and the related hedged items are accounted for, and how derivative instruments and the related hedged items affect an entity s financial position, financial performance and cash flows. The Company adopted the updated guidance on January 1, 2009. The adoption had no impact on the Company s consolidated financial position, results of operations or cash flows. See Note 9 for the Company s derivative instruments disclosure.

In May 2009, the ASC guidance for subsequent events was updated to establish accounting and reporting standards for events that occur after the balance sheet date but before financial statements are issued or are available to be issued. The update sets forth: (i) the period after the balance sheet date during which management of a reporting entity should evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements, (ii) the circumstances under which an entity should recognize events or transactions occurring after the balance sheet in its financial statements, and (iii) the disclosures that an entity should make about events or transactions occurring after the balance sheet date in its financial statements. The Company adopted the updated guidance for the interim period ended June 30, 2009. The adoption had no impact on the Company s consolidated financial position, results of operations or cash flows.

In June 2009, the ASC guidance for consolidation accounting was updated to require an entity to perform a qualitative analysis to determine whether the enterprise s variable interest gives it a controlling financial interest in a variable interest entity (VIE). This analysis identifies a primary beneficiary of a VIE as the entity that has both of the following characteristics: (i) the power to direct the activities of a VIE that most significantly impact the entity s economic performance and (ii) the obligation to absorb losses or receive benefits from the entity that could potentially be significant to the VIE. The updated guidance also requires ongoing reassessments of the primary beneficiary of a VIE. The updated guidance is effective for the Company s fiscal year beginning January 1, 2010. The Company is evaluating the potential impact of adopting this guidance on the Company s consolidated financial position, results of operations and cash flows.

In August 2009, the ASC guidance for fair value measurements and disclosure was updated to further define fair value of liabilities. This update provides clarification for circumstances in which: (i) a quoted price in an active market for the identical liability is not available, (ii) the liability has a restriction that prevents its transfer, and (iii) the identical liability is traded as an asset in an active market in which no adjustments to the quoted price of an asset are required. The updated guidance is effective for the Company s interim reporting period beginning July 1, 2009. The adoption of the ASC did not have an impact on the Company s consolidated financial position, results of operations or cash flows.

4. MINE DEVELOPMENT COSTS

Costs incurred to get the mine ready for its intended purpose and that provide benefits to future periods, net of the realized value of nominal amounts of copper sold during the development period, are capitalized as mine development costs. Costs incurred upon the attainment of the production stage, which is determined upon the achievement of levels of commercial production that are not a result of the development and testing of the mining process, are expensed as incurred.

Production of Copper from Old Dumps

The Company commenced copper cathode production from leaching old dumps in January 2008 and completed the first copper cathode sale from these operations in February 2008. Accordingly, the attainment of the production stage from residual leaching operations was achieved effective February 1, 2008. Until December 31, 2008, the capitalized costs incurred in the development and testing of the old dumps were being amortized on a straight-line basis over the expected life of production of existing ore on the old dumps which was estimated to be 5 years. In January 2009, management revised its estimate of the expected life of production from the old dumps to 3 years. Consequently the unamortized balance as of December 31, 2008 in the amount of $468,034 is being amortized on a straight-line basis over the remaining 2 years. During the three and nine month periods ended September 30, 2009, the Company amortized $58,504 and $175,513, respectively, in mine development costs from old dumps to cost of goods sold. The balance of the mine development costs, net of accumulated amortization, for old dumps was $292,523 as of September 30, 2009.

Production of Copper from Mining of New Ore

As a result of the development and testing of mining operations for the production of new ore, the Company began producing a nominal amount of copper cathode from newly-mined ore in February 2009. The Company achieved commercial production from the mining of new ore, which was based upon substantial completion of the testing and development phase, on April 1, 2009. Upon the achievement of commercial production from the mining of new ore, the costs to operate the mine were expensed as incurred and the capitalized mine development costs associated with the production of copper from the mining of new ore commenced being amortized over the life of the mine based on a units of production method. During the nine months ended September 30, 2009, the Company capitalized $1,526,317 of mine development costs which was net of revenues in the amount of $470,340 realized from the sale of 280,728 pounds of incidental copper cathode produced during the testing and development phase and $271,897 from the settlement of copper derivatives related to this nominal production. As the Johnson Camp Mine attained the production stage on April 1, 2009, subsequently, no mine development costs were capitalized. During the three and nine month periods ended September 30, 2009, the Company amortized $27,237 and $59,379, respectively in mine development costs from development and testing of mining operation of new ore. The balance of the mine development costs, net of accumulated amortization, for development and testing of mining operations of new ore was $1,781,701 as of September 30, 2009.

5. STOCK-BASED COMPENSATION

Stock Options

The Company has granted incentive and non-qualified stock options to its directors under terms of its 2006 Stock Incentive Plan. The Company has also granted non-qualified, non-plan stock options, which have been authorized by the Company s board of directors. Stock options are generally granted at an exercise price equal to or greater than the quoted market price on the date of grant.

There are 5,600,674 stock options outstanding at September 30, 2009, of which 1,171,676 are non-qualified non-plan stock options and 4,428,998 have been issued pursuant to the Company s 2006 Stock Incentive Plan. The outstanding options expire at various dates from 2010 to 2017.

The Company granted 100,000 and 600,000 stock options during the three and nine month periods ended September 30, 2009, respectively. During the three and nine month periods ended September 30, 2009, the Company recognized $37,913 and $221,028, respectively, in compensation expense related to employee stock options that vest over time or that were cancelled prior to vesting.

The Company did not grant any stock options to employees and directors during the three months ended September 30, 2008. The Company granted 106,674 stock options during the nine months ended September 30, 2008, to persons other than employees and directors. The Company recognized $57,327 and $357,882 in compensation expense related to employee and director stock options for the three and nine month periods ended September 30, 2008, respectively.

As summarized in the following tables, during the three month period ended September 30, 2009, there were 100,000 stock options granted, 278,334 stock options were exercised, and 109,998 were cancelled or forfeited. During the nine month period ended September 30, 2009, 600,000 stock options were granted, 348,336 stock options were exercised, and 2,632,665 were cancelled or forfeited.

	Number of Shares	Weighted Average Exercise Price
Three months ended September 30, 2009		
Options outstanding at June 30, 2009	5,889,006	.49
Granted	100,000	.38
Exercised	(278,334)	.16
Cancelled/Forfeited	(109,998)	.09
Options outstanding at September 30, 2009	5,600,674	.51

	Number of Shares	Weighted Average Exercise Price
Nine months ended September 30, 2009		
Options outstanding at December 31, 2008	7,981,675	$ .59
Granted	600,000	.23
Exercised	(348,336)	.15
Cancelled/Forfeited	(2,632,665)	.73
Options outstanding at September 30, 2009	5,600,674	$ .51

The following table summarizes certain additional information about the Company s total and exercisable stock options outstanding as of September 30, 2009:

	Number Outstanding	Weighted Average Remaining Contractual Life in Years	Weighted Average Exercise Price	Intrinsic Value
Total stock options	5,600,674	4.7	$ .51	$ 525,908
Exercisable stock options	4,057,339	4.9	$ .65	$ 137,459

The closing price of the Company s common stock on the OTC Bulletin Board on September 30, 2009 was $0.385 per share. Accordingly, the intrinsic value of total stock options and exercisable stock options as of September 30, 2009 was $525,908 and $137,459, respectively.

The following tables summarize the unvested stock options outstanding as of September 30, 2009:

	Number of Shares	Weighted Average Grant Date Fair Value
Three months ended September 30, 2009		
Unvested options outstanding at June 30, 2009	1,689,998	$ .12
Granted	100,000	.23
Vested	(150,001)	.65
Cancelled/Forfeited	(96,662)	.51
Unvested Options outstanding at September 30, 2009	1,543,335	$ .05

	Number of Shares	Weighted Average Grant Date Fair Value
Nine months ended September 30, 2009		
Unvested options outstanding at December 31, 2008	2,576,667	$ .20
Granted	600,000	.14
Vested	(1,004,004)	.19
Cancelled/Forfeited	(629,328)	.51
Unvested Options outstanding at September 30, 2009	1,543,335	$ .05

The total grant date fair value of options vested during the three months and nine months ended September 30, 2009 was $84,533 and $179,907, respectively. The Company recognizes stock option compensation expense on stock options with a graded vesting schedule on a straight line basis over the requisite service period for each separately vesting portion of the award as if the award was, in substance, multiple awards. As of September 30, 2009, 1,543,335 stock options remain unvested, which will result in $49,435 in compensation expense to be recognized over the next six quarters.

The Company uses the Black-Scholes option pricing model to estimate the fair value of stock options granted. As indicated above, there were 100,000 options granted during the three month period ended September 30, 2009 and 600,000 were granted during the nine months ended September 30, 2009. The expected forfeiture rate of 8% in 2009 was based on historical employee turnover rates and included actual forfeitures of stock options due to the resignation of one of the Company s officers as well as other forfeitures. The expected term of the options granted to employees is estimated using the formula set forth in SEC Staff Accounting Bulletin (SAB) No. 107. The risk-free interest rate is based upon the U.S. Treasury yield curve in effect at the date of grant and the expected volatility is based on the weighted historical volatility of the Company s common stock and that of its peer group.

The fair values for the stock options granted during the nine month periods ended September 30, 2009 and 2008 were estimated at the respective dates of grant using the Black-Scholes option pricing model with the following assumptions:

	Nine Months Ended September 30, 2009	Nine Months Ended September 30, 2008
Risk-free interest rate	1.1% to 1.4%	2.3%
Expected life	2.8 to 3.0 years	3.0 years
Expected volatility	97% to 104%	78%
Expected dividend yield	0%	0%

Deferred Stock Units

During the three and nine months ended September 30, 2009 and 2008, certain equity-based fees were paid to the Company s non-executive directors in the form of awards issued pursuant to the Company s 2006 Stock Incentive Plan. The non-executive directors have limited rights, exercisable within applicable time limits, to elect to have any percentage of such awards, and any percentage of cash fees, payable in deferred stock units. Each of the Company s non-executive directors exercised such rights in respect of the equity-based fees payable to him for the three and nine months ended September 30, 2009. Accordingly, during the three and nine months ended September 30, 2009, Douglas Hamilton, the

Chairman of the Company s Audit Committee, received 25,974 and 83,968 deferred stock units, respectively; John Cook, the Chairman of the Company s Compensation Committee, received 21,104 and 68,224 deferred stock units, respectively; Stephen Seymour, the Chairman of the Company s Corporate Governance and Nominating Committee, received 21,104 and 68,224 deferred stock units, respectively; and T. Sean Harvey received 16,234 and 52,480 deferred stock units, respectively. During the three and nine months ended September 30, 2009, the Company recognized expense of $32,500 and $97,500, respectively, related to the issuance of deferred stock units to its independent directors. The deferred stock units were granted under the 2006 Deferred Stock Unit Plan, which forms part of the Company s 2006 Stock Incentive Plan. During the three and nine months ended September 30, 2009, 0 and 78,952 DSUs were converted into shares of the Company s common stock, respectively. As of September 30, 2009, there were 665,181 deferred stock units outstanding.

During the three and nine months ended September 30, 2008, Douglas Hamilton, the Chairman of the Company s Audit Committee, received 21,053 and 45,889 deferred stock units, respectively; John Cook, the Chairman of the Company s Compensation Committee, received 17,105 and 37,285 deferred stock units, respectively; Stephen Seymour, the Chairman of the Company s Corporate Governance and Nominating Committee, received 17,105 and 37,285 deferred stock units, respectively; and T. Sean Harvey received 13,158 and 28,681 deferred stock units, respectively. During the three and nine months ended September 30, 2008, the Company recognized expense of $32,500 and $97,500, respectively, related to the issuance of deferred stock units to its independent directors.

6. INVENTORY

Inventory is as follows:

	September 30, 2009 (unaudited)	December 31, 2008
Copper in process	$ 9,419,588	$ 79,217
Finished goods	99,713	62,490
Material, supplies and decorative rock	482,212	79,564
Total	$ 10,001,513	$ 221,271

The Company s inventories are carried at the lower of cost or net realizable value. Copper in process and finished goods inventories are valued using the weighted average cost of production and include all costs of purchase, costs of conversion (direct costs and an allocation of fixed and variable production overheads) and other costs incurred in bringing the inventories to their present location and condition. During the three and nine months ended September 30, 2009, $1,265,927 and $4,266,766 costs incurred in excess of normal operating costs due to the fact the Company is ramping up production and was currently running at less than normal operating capacity have been included in costs applicable to sales on the condensed consolidated statement of operations, respectively.

7. LONG TERM DEBT

In March 2009, the Company agreed to amend and restate its $25 million credit agreement with Nedbank. Payments of principal and interest on the loan are required to be made on the last business day of March, June, September, and December in each year, starting with the last business day of September 2009 and ending on the last business day of March 2013; the payments scheduled to be paid on March 31 and June 30, 2009 (the Deferred Payments) have been deferred until December 31, 2012 and March 31, 2013, respectively. The loan bears interest at an annual rate equal to LIBOR for the interest period in effect plus

a margin of 6.06% (6.81% at September 30, 2009). As of September 30, 2009, the effective interest rate, including the effect of the Company s interest rate swap, is 8.64% per annum. The margin will be reduced by 1.75% if the Company prepays the deferred payments, and will be reduced by an additional 0.5% upon completion of the reactivation of the Johnson Camp Mine, as defined in the amended and restated credit agreement, which is currently scheduled for March 2010.

Under the amended and restated credit agreement, the Company may sell certain copper price hedging instruments that it currently holds under copper price hedging agreements maturing on October 1, 2010 or later, if the net proceeds to the Company will be more than $2.2 million. If the Company elects to do so, it will be required to set aside $2.2 million in a segregated account to fund its debt service obligations under the credit facility. The existing loan will then be separated into two tranches, whereby the first tranche will be equal to the aggregate principal amount then outstanding minus $2.2 million, which will be the principal amount of the second tranche. The second tranche will be subject to an interest rate of LIBOR plus 5.00% per annum and scheduled for repayment on March 31, 2013. However, if the Company prepays the Deferred Payments, the second tranche will be amortized in equal portions over the number of quarters remaining until March 31, 2013. As of September 30, 2009, these copper price hedges have not been sold.

As of September 30, 2009, the Company has accrued $1,838,022 in interest on the loan which has been incorporated into the principal balance of the loan in accordance with the credit agreement, as amended and restated, with Nedbank. Under the amended and restated credit agreement dated March 31, 2009, the maturities on the project financing facility, including capitalized interest, will be as follows:

2009	$ 3,578,403
2010	7,156,806
2011	7,156,806
2012	7,156,806
2013	1,789,201
Total	$ 26,838,022

In consideration of Nedbank s agreement to amend and restate the credit agreement, the Company issued 731,480 common stock purchase warrants to N.B.S.A. Limited, a company affiliated with Nedbank. Each warrant is exercisable for two years and entitles the holder to purchase one share of the Company s common stock at an exercise price of $0.30 per share. The $100,000 value of the warrants, as determined pursuant to the Black-Scholes model, has been capitalized as debt issuance costs and is being amortized to interest expense over the remaining life of the related debt. For the three and nine month periods ending September 30, 2009, the Company recognized $6,250 and $12,500 in amortization expense related to this issuance, respectively.

The Company was unable to make the payments of principal and interest, in the respective amounts of $1,789,201 and $456,612, due to Nedbank on September 30, 2009. On September 30, 2009, the Company entered into an extension agreement with Nedbank which allows the Company additional time to arrange for a financing. As the Company completed a $12,000,000 private placement financing on November 5, 2009, the September 30, 2009 principal and interest payment remains in unconditional forbearance as the parties continue to negotiate revisions to the related amended and restated credit agreement. The Company has agreed to pay Nedbank additional interest at the rate of 3% per annum on the outstanding amount of the loan until the debt service payment that was due on September 30, 2009 is made.

As of September 30, 2009, the Company believes the fair market value of the credit facility is approximately $26,300,000. In March 2009, the Company amended its agreement with Nedbank to its current terms and conditions. However, due to insufficient working capital, the Company was unable to make it debt service payment on September 30, 2009. The Company believes that the 3% interest rate surcharge being charged by Nedbank while the payment remains outstanding represents the additional credit risk at this time. Accordingly, the Company utilized the forward three month LIBOR curve, as adjusted for the 6.06% stated margin on the credit facility and the 3% credit risk adjustment in determining the appropriate discount rate to utilize in its estimate of the estimated fair market value of the credit facility at September 30, 2009.

As of September 1, 2009, Fisher Industries, the Company s mining contractor, agreed to defer $850,000 due them for a period of three years. The Company has agreed to pay Fisher, on a monthly basis, 12% per annum interest on the deferred payments. The Company may prepay the deferred payments at any time without penalty.

8. SALE OF ROYALTY

On March 31, 2009, the Company sold to IRC Nevada Inc. a 2.5% net smelter royalty on the mineral production sold from the existing mineral rights at Johnson Camp. The net proceeds of the sale in the amount of $4,950,000 were recorded as deferred revenue and are being amortized to revenue over the life of the mine based on a units of production method. Amounts payable to IRC Nevada Inc., which are being calculated based on the revenue generated from the sale of copper, are being expensed in the period incurred. During the three and nine month periods ended September 30, 2009, the Company recognized $34,963 and $62,247 in revenue and recorded $174,558 and $280,382 in royalty expense related to this royalty within the condensed consolidated statements of operations, respectively. Total deferred revenue is $4,887,853 as of September 30, 2009, of which $310,396 is expected to be amortized to revenue over the next twelve months.

9. DERIVATIVE INSTRUMENTS

Copper Price Protection Program

In connection with the credit agreement dated June 28, 2007 with Nedbank, the Company agreed to implement a price protection program with respect to a specified percentage of copper output from the Johnson Camp Mine. The price protection program consists of financial derivatives whereby the Company entered into a combination of forward sale and call option contracts for copper quantities, based on a portion of the estimated production from the Johnson Camp Mine during the term of the loan. These financial derivatives do not require the physical delivery of copper cathode and are expected to be net cash settled upon maturity and/or settlement of the contracts based upon the average daily London Metal Exchange (LME) cash settled copper price for the month of settlement. The program requires no cash margins, collateral or other security from the Company.

As of September 30, 2009, the estimated amount of copper production hedged was approximately 57% of the total estimated copper production for the three months ending December 31, 2009, and 32% and 21% for the years ending December 31, 2010 and 2011, respectively. As of September 30, 2009, the Company had in place forward contracts of 1,140, 3,600 and 2,400 metric tons for 2009, 2010 and 2011, respectively, at a net forward price of $5,213, $4,841 and $4,413 per metric ton for the same periods. The program also included the purchase of long call options for the same quantities thereby permitting the

Company to participate in price increases in the event that copper prices exceed the strike price of the long call options. As of September 30, 2009, the average strike prices of the long call options were $8,563, $8,523 and $8,723 per metric ton for the three month period ending December 31, 2009, and for the years ending December 31, 2010 and 2011, respectively.

Under ASC guidance for derivative instruments and hedging activities, these contracts are carried on the consolidated balance sheets at their fair value. As these contracts were designated as cash flow hedges, changes to the fair value of these contracts are reflected in accumulated other comprehensive income (loss). During the three and nine month periods ended September 30, 2009, decreases in fair value in the amount of $6,858,892 and $25,568,592, respectively, were recorded as other comprehensive loss in the consolidated balance sheets. During the three and nine month periods ended September 30, 2009, contracts representing approximately 0 and 740 metric tons (1,631,444 pounds), respectively, of copper originally designated as cash flow hedges were reclassified to trading securities because the Company s forecasted production of copper during these periods no longer matched its hedged position, and, as such, the underlying derivative contracts were deemed to be ineffective. Accordingly, the realized gains (losses) from the sale of these contracts in the amounts of $(5,642) and $1,367,595 for the three and nine month periods ended September 30, 2009, respectively, have been reclassified from accumulated other comprehensive income and reported within the condensed consolidated statement of operations as miscellaneous income. The amounts in accumulated other comprehensive income (loss) will be reclassified to the statement of operations upon the ultimate sale of the underlying hedged copper cathode or at the determination that the hedge is ineffective. Although this estimate is subject to changes in the forward price curve of copper and interest rates, as of September 30, 2009, $3,210,311 of the amount deferred in accumulated other comprehensive loss is expected to be reclassified to revenue within the next 12 months.

In addition, during the three and nine month periods ended September 30, 2009, the Company transferred $(499,993) and $992,296, respectively, of realized gains (losses) to copper sales and $0 and $271,897, respectively, of realized gains to capitalized mine development costs. These amounts were the result of effective hedges of copper for which the underlying copper contracts were settled during the three and nine month periods ended September 30, 2009, and related to sales of 2,645,093 and 5,271,180 pounds of copper, and 0 and 280,728 pounds of copper from the residual production of copper during the testing and development stage of the mine.

The Company s inability to match a certain amount of its hedged position with actual production for the first nine months of 2009 was primarily due to a delay in the completion of the reactivation work at the Johnson Camp Mine and ramp up issues experienced during the testing and development phase of the mine. The Company does not believe that either of these issues will have a long term impact on its ability to reach that amount of production that is hedged such that the hedging relationship between the actual amount of production hedged and the notional amounts of the underlying derivatives is substantially maintained in the future in accordance with the requirements for hedge accounting under ASC guidance. The monthly settlement price for the derivatives is based on the average daily cash settlement price for copper as determined by the LME. As the Company s monthly copper sales with Red Kite Explorer Fund Limited are based upon the average daily price for copper as determined by COMEX, the copper price protection program has been determined to be highly effective in terms of hedging the Company s price risk, as the price of copper per the LME is highly correlated to that of the COMEX with any lack of correlation being de minimus.

Interest Rate Swaps

In November 2008, the Company entered into an interest rate swap agreement to hedge the interest rate risk exposure on its $25 million Nedbank credit facility expiring between 2009 and 2012. Under the interest rate swap contract terms, the Company receives LIBOR and pays a fixed rate of interest of 2.48% . The program requires no cash margins, collateral or other security from the Company. Under the terms of the interest rate swap, settlement began on March 31, 2009 and occurs every three months thereafter until the contract expires on September 28, 2012.

Under ASC guidance for derivative instruments and hedging activities, this interest rate swap agreement is carried on the consolidated balance sheets at fair value. As this contract was designated as a cash flow hedge, changes in fair value are reflected in accumulated other comprehensive income (loss). During the three and nine month periods ended September 30, 2009, the Company made payments to Nedbank in the amounts of $107,893 and $251,203, respectively, which are reflected in interest expense in the condensed consolidated statement of operations. In addition, changes in fair value in the amounts of $(85,992) and $37,747 for the three and nine months ended September 30, 2009, respectively, were reflected in accumulated other comprehensive income (loss) and as reductions of the liability in the consolidated balance sheet as of September 30, 2009. The amount deferred will be reclassified to the statement of operations upon the ultimate payment of the interest expense on the Company s credit agreement with Nedbank or by declaration that the interest rate swap is ineffective. Although this estimate is subject to changes in the forward interest rate curve for LIBOR, as of September 30, 2009, approximately $348,270 of the deferral in accumulated other comprehensive income is expected to be reclassified to interest expense within the next 12 months.

Fair Value of Derivative Instruments

	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Commodity contracts	Current Liabilities	$ 3,210,311	Long Term Liabilities	$ 3,204,179

	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Interest rate swap contracts	Current Liabilities	$ 348,270	Long Term Liabilities	$ 51,067

Cash-Flow Hedges

The Company utilizes derivatives for the purpose of hedging forecasted cash flows related to the sale of copper and debt service requirements. For a derivative instrument designated as a cash-flow hedge, the effective portion of the derivative s gain (loss) is initially reported as a component of other comprehensive income (loss) (OCI) and is subsequently recognized in earnings when the hedged exposure is recognized in earnings. Gains (losses) on the derivative representing either hedged components excluded from the assessment of effectiveness or hedge ineffectiveness are recognized in earnings. During the three and nine months ended September 30, 2009, the Company recognized the following gains (losses) related to its copper price protection and interest rate swap programs:

	Three months ended September 30, 2009
Effective Portion	
Net loss recognized in other comprehensive income (loss) (OCI)	$ (6,935,254)
Loss reclassified from accumulated OCI into net sales	$ (499,993)
Loss recognized in interest expense	$ (107,893)
Ineffective Portion	
Loss recognized in miscellaneous income	$ (5,642)

	Nine months ended September 30, 2009
Effective Portion	
Net loss recognized in other comprehensive income (OCI)	$ (26,540,470)
Gain reclassified from accumulated OCI into net sales	$ 992,296
Gain reclassified from accumulated OCI into pre-production costs	$ 271,897
Loss recognized in interest expense	$ (251,203)
Ineffective Portion	
Gain recognized in miscellaneous income	$ 1,367,595

The Company s does not have any potential loss due to credit risk on its derivative instruments as of September 30, 2009. The counterparty on both the copper price protection program and the interest rate swap agreement is Nedbank, the lender under the Company s $25 million credit facility. Under the credit facility and the derivative contracts, there is a master netting agreement which allows either party to offset an obligation by the other should either party be in default of its obligations. The Company neither deposited nor holds any collateral related to its derivative instruments.

10. FAIR VALUE MEASUREMENTS

Under ASC guidance for fair value measurements and disclosure, a fair value hierarchy is established that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability;

Level 3 Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

The following table sets forth the Company s financial assets and liabilities within the consolidated balance sheet as of September 30, 2009 measured at fair value by level within the fair value hierarchy. As required by ASC guidance, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

		Total	Level 1	Level 2	Level 3
Liabilities:					
Derivative contract	copper cash flow hedges	$ 6,414,490		$ 6,414,490	
Derivative contract	interest rate swap contract	399,337		399,337	

The Company s derivative instruments, copper cash flow hedges and interest rate swap contracts, are valued using pricing models. The Company generally uses similar models to value similar instruments. Where possible, the Company verifies the values produced by its pricing models to market prices. Valuation models require a variety of inputs, including contractual terms, market prices, yield curves, credit spreads, measures of volatility, and correlations of such inputs. The Company s derivatives generally trade in liquid markets, and as such, model inputs can generally be verified and do not involve significant management judgment. Such instruments are classified within Level 2 of the fair value hierarchy.

11. BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings (loss) per common share is computed by dividing net earnings (loss) by the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per share are calculated based on the weighted average number of common shares outstanding adjusted for the dilutive effect, if any, of stock options, warrants and other dilutive securities outstanding. Outstanding options, warrants and other dilutive securities to purchase 21,665,504 and 23,788,830 shares of common stock for the nine months ended September 30, 2009 and 2008, respectively, are not included in the computation of diluted earnings (loss) per share as the effect of the assumed exercise of these options and warrants would be anti-dilutive. Outstanding options, warrants and other dilutive securities to purchase 18,782,357 and 23,788,830 shares of common stock for the three months ended September 30, 2009 and 2008, respectively, are not included in the computation of diluted earnings (loss) per share as the effect of the assumed exercise of these options and warrants would be anti-dilutive.

Components of basic and diluted earnings per shares were as follows:

	Three Months Ended September 30,	
	2009	2008
Net income (loss) available for common stock holders	$ 92,839	$ (1,608,328)
Weighted average outstanding shares of common stock	70,511,842	68,471,774
Dilutive effect of warrants and stock options	1,249,368	-
Common stock and common stock equivalents	71,761,210	68,471,774
Earnings (loss) per share:		
Basic	$ 0.00	$ (0.02)
Diluted	$ 0.00	$ (0.02)

	Nine Months Ended September 30,	
	2009	2008
Net loss available for common stock holders	$ (402,023)	$ (2,173,359)
Weighted average outstanding shares of common stock	70,211,630	67,422,684
Dilutive effect of warrants and stock options	-	-
Common stock and common stock equivalents	70,211,630	67,422,684
Loss per share:		
Basic	$ (0.01)	$ (0.03)
Diluted	$ (0.01)	$ (0.03)

12. CONCENTRATION

The Company currently sells 100% of its copper cathode production to Red Kite Explorer Fund Limited under a definitive purchase and sale agreement dated February 2, 2008 with. Red Kite is a large, well capitalized and diversified multinational organization; therefore, the credit risk is considered to be minimal.

13. SUBSEQUENT EVENTS

On November 5, 2009, the Company completed an unregistered brokered private placement of 40 million units (the Units) for total gross proceeds to the Company of $12,000,000. In connection with the offering, the Company paid the agents of the offering a commission equal to $600,000, or 5% of the gross proceeds of the offering. Each Unit, priced at $0.30 per Unit, consists of one common share (each a Share) and one common share purchase warrant (each a Warrant). Each Warrant entitles the holder to purchase one additional common share of the Company at a price of $0.38 per share until June 5, 2012. The Warrants provide for adjustments in the event of stock dividends, subdivisions, consolidations, and other forms of capital reorganization.

In accordance with ASC guidance, the Company has evaluated those events and transactions that occurred from October 1, 2009 through November 13, 2009, the date of issuance of these condensed consolidated financial statements. No material events or transactions have occurred during this period which would render these condensed consolidated financial statements to be misleading.

Item 2. Management s Discussion and Analysis

The following discussion of our financial condition, changes in financial condition and results of operations for the three and nine months ended September 30, 2009 and 2008 should be read in conjunction with our unaudited condensed consolidated interim financial statements and related notes for the three and nine months ended September 30, 2009 and 2008. The following discussion contains forward-looking statements that involve risks, uncertainties and assumptions. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of many factors, including, but not limited to, those set forth below under the heading Risk Factors .

Overview of Our Business

We are a copper mining company. Our principal asset is the Johnson Camp Mine located in Arizona. The Johnson Camp Mine is an integrated open pit copper mine and a production facility that uses the solvent extraction, electrowinning (SX-EW) process. The Johnson Camp Mine includes two open pits, namely the Burro and the Copper Chief bulk mining pits. As described in more detail below, we have recently commenced production of copper from new ore.

We acquired the Johnson Camp Mine from Arimetco, Inc. pursuant to a Sales and Purchase Agreement that had been assigned to us in June 1999 by Summo USA Corporation, the original purchaser, following the completion of certain due diligence work by Summo. Although Arimetco had ceased mining on the property in 1997, we, like Arimetco before us, continued production of copper from ore that had been mined and placed on leach pads, and from 1999 to 2003 we (through our then subsidiary Nord Copper Company) produced approximately 4,490,045 pounds of copper cathode.

In August 2003, we placed the Johnson Camp Mine on a care and maintenance program due to weak market conditions for copper at that time. In June 2007 when conditions improved, we began the process of reactivating the Johnson Camp Mine.

On June 5, 2007, we completed an unregistered private placement offering of 30,666,700 special warrants for aggregate proceeds of approximately $23 million (net proceeds of approximately $21.3 million). In addition, we entered into our credit agreement dated as of June 28, 2007 with Nedbank Limited, as administrative agent and lead arranger, which provided for a $25 million secured term loan credit facility. As of September 30, 2009, we had drawn the entire credit facility. All of the funds available under such facility have been used by us to finance the construction, start-up and operation of mining and metal operations at the Johnson Camp Mine.

In order for us to resume full mining operations, we needed to complete the mine development schedule contained in an updated feasibility study prepared by Bikerman Engineering & Technology Associates, Inc. The feasibility study forms part of a technical report dated September 2007 that was completed by Bikerman Engineering & Technology Associates, Inc. in accordance with National Instrument 43-101 Standards of Disclosure for Mineral Projects of the Canadian Securities Administrators (as required for us to comply with provincial securities laws in Canada that are applicable to our Company) and SEC Industry Guide No. 7. The feasibility study includes an economic analysis of the Johnson Camp Mine based on the mine plan, capital and operating cost estimates current as of the second quarter of 2007, and a three-year trailing average copper price of $2.45 per pound over the life of the mine. Bikerman Engineering & Technology Associates concluded in the feasibility study that resumption of operations at

the Johnson Camp Mine in accordance with the mine plan will generate positive discounted cash flows over a 16 year mine life at 8%, 15% and 20% discount rates.

We commenced copper cathode production from leaching old dumps in January 2008 and completed the first copper cathode sale from these operations in February 2008.

We commenced mining of new ore upon completion of the reactivation work in January 2009, and we commenced production of nominal amounts of copper from newly-mined ore during the testing and development phase of the mine in February and March 2009.

We achieved commercial copper cathode production from newly-mined ore on April 1, 2009 and entered the production stage, following substantial completion of the testing and development phase.

The Johnson Camp property also includes a decorative and structural stone operation, which produces landscape and aggregate rock from the overburden piles at the Johnson Camp Mine. Beginning in February 2009, the Company took over the management of the landscape rock; however, we continue to lease the aggregate rock operation to a third party in exchange for a sliding scale royalty. During the nine month ended September 30, 2009, in accordance with the applicable guidance for accounting and reporting for by-products, we reclassified the revenue generated from the decorative and structural stone operation to costs applicable to sales on the condensed consolidated statement of operation.

Our Company was unable to make the payments of principal and interest, in the respective amounts of $1,789,201 and $456,612, due to Nedbank on September 30, 2009. On September 30, 2009, we entered into an extension agreement with Nedbank which allowed us additional time to arrange for a financing. As our Company completed a $12,000,000 private placement financing on November 5, 2009 (discussed below), the September 30, 2009 principal and interest payment remains in unconditional forbearance as the parties continue to negotiate revisions to the related amended and restated credit agreement. Our Company has agreed to pay Nedbank additional interest at the rate of 3% per annum on the outstanding amount of the loan until the debt service payment that was due on September 30, 2009 is made.

On November 5, 2009, we completed an unregistered, brokered private placement of 40 million units (the Units) for total gross proceeds of $12,000,000. In connection with the offering, which was effected in an offshore transaction pursuant to Rule 903 of Regulation S promulgated under the *Securities Act of 1933*, as amended, we paid the placement agent a commission equal to $600,000, or 5% of the gross proceeds of the offering. Each Unit, priced at $0.30, consisted of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of our Company at a price of $0.38 per share until June 5, 2012. The proceeds of the offering will be used to make the outstanding debt service payment that was due to Nedbank on September 30, 2009, to purchase approximately $500,000 in additional equipment, to reduce accounts payable, and for general working capital purposes.

Under applicable rules of the Toronto Stock Exchange (the TSX), we are required to obtain shareholder approval for an issuance of listed securities in excess of 25% of the current issued and outstanding share capital of our Company. Further, we are also required to obtain shareholder approval if a securities offering will have a material effect on the control of our Company.

Upon completion of our private placement of Units, one of the investors, Ross Beaty, acting through a wholly-owned holding company, acquired 34,250,000 common shares, representing approximately 31%

of the outstanding common shares of our Company on a post-closing basis. Under rules promulgated by the Securities and Exchange Commission pursuant to the *Securities Exchange Act of 1934*, as amended, Mr. Beaty is also considered to beneficially own the 34,250,000 common shares that are issuable upon exercise of the warrants forming part of the Units that he acquired, which together with his outstanding common shares, represent approximately 47.3% of our Company s issued and outstanding common shares, assuming no other securities convertible into common shares have been exercised. In connection with the private placement, Mr. Beaty was granted the right have a nominee appointed to our Board of Directors.

Pursuant to the provisions of Section 604(e) of the TSX Company Manual, the TSX granted our Company s application for an exemption from the shareholder approval requirements in connection with the private placement of Units, on the basis of the Company s financial hardship. The application to the TSX was made upon the recommendation of a Special Committee of our Board of Directors, which was comprised of independent directors who were also free from any conflict of interest with respect to the offering; the Special Committee concluded that the private placement was reasonable for our Company in the circumstances.

Our Operations

Overview

We commenced the reactivation process at the Johnson Camp Mine in late June 2007. Our current reactivation plan includes an estimated full production rate of 25 million pounds of copper cathode per annum.

Our mining operations include residual leaching of the existing old dumps and an active leach program of newly mined ore. As indicated above, copper production from residual leaching operations and the mining of new ore commenced in January 2008 and January 2009, respectively, and we achieved commercial copper cathode production from newly-mined ore on April 1, 2009. We anticipate reaching the full copper production rate from new ore placed on the heaps during the first quarter of 2010.

We had previously defined commercial production as either operating at a minimum of 75% of the designed capacity of our processing facilities at the Johnson Camp Mine, or generating positive cash flows from mine operations for a period of seven days for residual leaching or thirty days for mining and processing of new ore. Our previous definition of commercial production that is, production of copper at a level that would effectively place it into the production phase - was based upon a range of criteria, such as:

- A nominated percentage of design capacity for the mine;
- Mineral recoveries at or near expected levels; and
- The achievement of continuous production or other output.

The above factors were to be reconsidered on a recurring basis in the event of, among other items, any significant delays in development, or if pre-determined commercial levels of production could not be achieved due to external factors. However, we have reassessed our previous definition of commercial

production in light of the definitions of a production stage mining company contained in SEC Industry Guide No. 7 and ASC guidance.

In accordance with standard practice in the copper mining industry, our Company s mining and ore processing activity following the reactivation of the Johnson Camp Mine in January 2009, and continuing throughout the quarterly period ended March 31, 2009, was undertaken at a modest level to test the Company s mining, conveying, stacking, leaching and SX-EW processing systems. Each of these systems involves the coordination and integration of equipment of varying degrees of complexity and significant human resources. Accordingly, constant monitoring and adjustments were necessary to optimize efficiency and safety.

Through this testing process, we determined that we had achieved design crushing throughput rates on a daily basis, but that certain modifications were necessary to the crushing plant in order to allow us to sustain designed throughput rates on a continuous basis. These include modifications to the conveyor chutes and belt skirting to handle variations in the ore characteristics and installation of two vibratory feeders that will allow choke feeding the secondary crushers to improve particle size and liner life.

We believe that we met the definition of a development stage mining company pursuant to both SEC Industry Guide No. 7 and ASC guidance throughout the quarterly period ended March 31, 2009. Under our revised definition of commercial production, we entered the production stage from the mining of new ore commencing on April 1, 2009.

Our business, and our ability to realize our business objectives and implement our operating plan, are subject to a number of additional risks and uncertainties, including those discussed under the heading Risk Factors .

Capital Costs

The initial capital costs to complete the reactivation of the Johnson Camp Mine were approximately $36 million. Such costs relate primarily to: (a) the rehabilitation of solution ponds; (b) refurbishment and a modest expansion of the SX-EW copper production facility; (c) the installation of our primary stage crusher, and the purchase and installation of two secondary stage crushers, an agglomerator and conveying equipment; and (d) other project-related items.

We estimate we will incur an additional $6 million in capital costs in the next two years, primarily for the expansion of our existing leach pad capacity. These cost figures do not include estimated reclamation bonding requirements, and do not account for inflation, interest and other financing costs.

Results of Operations Three and Nine Months Ended September 30, 2009 and 2008

The following table sets forth our operating results for the three and nine months ended September 30, 2009, as compared with our operating results for the three and nine months ended September 30, 2008.

	Three Months Ended			Nine Months Ended		
	September 30, 2009 (unaudited)	**September 30, 2008** (unaudited)	**Change (Increase/ Decrease)** (unaudited)	**September 30, 2009** (unaudited)	**September 30, 2008** (unaudited)	**Change (Increase/ Decrease)** (unaudited)
Net sales	$ 6,521,136	$ 2,585,266	$ 3,935,870	$ 13,118,107	$ 7,240,812	$ 5,877,295
Costs applicable to sales (exclusive of depreciation, depletion and amortization shown separately below)	4,578,119	3,213,913	1,364,206	10,303,422	6,215,198	4,088,224
General and administrative expenses	633,750	1,016,907	(383,157)	2,081,682	3,049,452	(967,770)
Depreciation, depletion and amortization	542,158	80,703	461,455	1,043,834	228,568	815,266
Income (loss) from operations	767,109	(1,726,257)	2,493,366	(310,831)	(2,252,406)	1,941,575
Other income (expense):						
Interest expense	(673,547)	(74,008)	(599,539)	(1,450,946)	(345,586)	(1,105,360)
Miscellaneous income (expense)	(723)	191,937	(192,660)	1,359,754	424,633	935,121
Total other income (expense)	(674,270)	117,929	(792,199)	(91,192)	79,047	(170,239)
Income (loss) before income taxes	92,839	(1,608,328)	1,701,167	(402,023)	(2,173,359)	1,771,336
Provision for income taxes	-	-	-	-	-	-
	$ 92,839	$ (1,608,328)	$ 1,701,167	$ (402,023)	$ (2,173,359)	$ 1,771,336

Net Income (loss)				
Basic and diluted earnings (loss) per share of common stock:				
Weighted average number of basic common shares outstanding	70,511,842	68,471,774	70,211,630	67,422,684
Basic earnings (loss) per share of common stock	$ 0.00	$ (0.02)	$ (0.01)	$ (0.03)
Weighted average number of diluted common shares outstanding	71,761,210	68,471,774	70,211,630	67,422,684
Diluted earnings (loss) per share of common stock	$ 0.00	$ (0.02)	$ (0.01)	$ (0.03)

Revenue

We commenced commercial production from residual leaching in February 2008, and commenced production of nominal amounts of copper from newly-mined ore during the testing and development

phase of the mine in February and March 2009. We entered the production stage as we achieved commercial copper cathode production from newly-mined ore on April 1, 2009.

In February 2008, we entered into a long term cathode sales agreement with Red Kite Explorer Fund Limited for 100% of the copper cathode production from the Johnson Camp Mine. The agreement runs through December 31, 2012 with renewable extensions by mutual agreement of both parties. Pursuant to the agreement, Red Kite accepts delivery of the cathodes at the Johnson Camp Mine. Pricing is based on the average daily COMEX price for high grade copper as determined at the end of the month of settlement.

We recorded revenues of $6,521,136 (including $(496,006) from the settlement of copper hedges and $34,863 in amortization of deferred revenue) from the sale of 2,645,093 pounds of copper cathode for the three months ended September 30, 2009 and revenues of $13,118,107 (including $992,296 from the settlement of copper hedges and $62,147 in amortization of deferred revenue) from the sale of 5,271,180 pounds of copper cathode for the nine months ended September 30, 2009. Additionally, for the nine month period ending September 30, 2009, revenues earned from the sale of 280,728 pounds of copper cathode produced during the testing and development stage of the mine in the amount of $742,237 (including $271,897 from the settlement of copper hedges) were credited to mine development costs.

We recorded revenues of $2,585,266 from the sale of 836,488 pounds of copper cathode for the three months ended September 30, 2008 and revenues of $7,240,812 from the sale of 2,094,591 pounds of copper from February 1, 2008 through June 30, 2008. Revenues earned from the sale of 58,723 pounds of copper cathode produced prior to the commencement of commercial production in the amount of $209,907 were credited to mine development costs.

Costs Applicable to Sales

Costs of sales represents the costs incurred in converting the ore present in existing leach pads into salable copper cathodes. The conversion process includes the mining of ore, crushing, conveying and stacking of ore on to the pads, leaching of stockpiles, solvent extraction and electrowinning, and results in the production of copper cathode. The costs include the amortization of mine development costs, labor, supplies, energy, site overhead costs and other necessary costs associated with the extraction and processing of ore.

For the three months ended September 30, 2009, we incurred $4,578,119 of costs applicable to sales (including $1,265,927 in ramp up expenses) from the sale of copper. For the nine months ended September 30, 2009, we incurred $10,303,422 of costs applicable to sales (including $4,266,766 in ramp up expenses) from the sale of copper. Direct costs incurred in the development and testing phase of the ramp up in the amount of $1,841,080 (net of pre-commercial revenue) were capitalized and are being amortized using the units of production method over an estimated 374,000,000 pounds of copper which represents the estimated copper reserve base of the Johnson Camp mine.

We incurred $3,213,913 (including $228,577 in write-downs to reduce the carrying value of inventories to net realizable value) of costs applicable to sales for the three month period ending September 30, 2008.

We incurred $6,215,198 (including $228,577 in write-downs to reduce the carrying value of inventories to net realizable value) of costs applicable to sales from the commencement of commercial production from residual leaching (February 1, 2008) through September 30, 2008. Operating costs incurred from

December 1, 2007 through January 31, 2008 in the amount of $572,118 (net of pre-commercial revenue) were capitalized and are being amortized over the expected life of production of copper cathodes from old dumps which is estimated to be through the end of 2010.

General and Administrative Expenses

Our general and administrative expenses decreased to $633,750 for the three months ended September 30, 2009, compared to $1,016,907 for the three months ended September 30, 2008. The decrease was primarily due to a decrease of $231,917 in legal, human resources and investor relations professional fees. In addition, property and casualty insurance expenses of $59,995 reported in general and administrative expenses for the three month period ending September 30, 2008 are now being reported in costs applicable to sales for the three month period ending September 30, 2009 in order to align the expense with the related segment of the operation.

Our general and administrative expenses decreased to $2,081,682 for the nine months ended September 30, 2009, compared to $3,049,452 for the nine months ended September 30, 2008. This decrease was primarily due to a $411,760 decrease in employee compensation primarily resulting from a reduction in performance incentive bonus accruals and a reduction in the amortization of stock options granted in prior periods offset in part by an increase in payroll expense. The decrease was also due to a decrease of $329,978 in legal, accounting and human resource professional fees. In addition, property and casualty insurance expenses of $174,675 reported in general and administrative expenses for the nine month period ending September 30, 2008 are now being reported in costs applicable to sales for the nine month period ending September 30, 2009 in order to align the expense with the related segment of the operation.

Depreciation, Depletion and Amortization

Our depreciation, depletion and amortization (DD&A) expenses increased by $461,455 and $815,266, respectively, for the three and nine month periods ended September 30, 2009, as compared to the three and nine months periods ended September 30, 2008. The increases were primarily due to the transferring of approximately $41,300,000 in mining equipment from construction in progress to property and equipment effective January 1, 2009 and the DD&A of these assets during the three and nine month periods ended September 30, 2009.

Interest Expense

Interest expense is primarily attributable to interest accrued on the Nedbank credit facility. With the placement of the mining assets into service on April 1, 2009, our Company is no longer capitalizing the related interest expense. Interest expense also includes the amortization of debt issuance cost and the quarterly settlements of our Company s interest rate swap derivative contract.

Interest expense increased by $599,539 for the three months ended September 30, 2009 compared to the three months ended September 30, 2008. The increase was primarily due to the inclusion of interest in the amount of $456,612 accrued on the Nedbank credit facility since July 1, 2009 and the reclassification of the settlement of $107,893 from accumulated other comprehensive income to interest expense resulting from the scheduled maturity of interest rate swap derivatives. Interest on the Nedbank credit facility in the amount $199,121 accrued during the three month period ending September 30, 2008 was capitalized and included in the loan principal balance.

Interest expense increased by $1,105,360 for the nine months ended September 30, 2009 compared to the nine months ended September 30, 2008. The increase was primarily due the inclusion of accrued interest in the amount of $941,568 on the Nedbank credit facility since April 1, 2009, the reclassification of the settlement of $251,202 from accumulated other comprehensive income to interest expense resulting from the scheduled maturity of interest rate swap derivatives offset in part by a non-cash interest expense incurred in nine months ended September 30, 2008 in the amount of $125,137 resulting from our Company electing to extend the exercise period on 818,590 warrants held by Nedbank by six months. Interest on the Nedbank credit facility in the amount of $560,945 accrued during the nine month period ending September 30, 2008 and $357,660 accrued during the three month period ending March 31, 2009 was capitalized and included in the loan principal balance.

Miscellaneous Income (Expense)

Miscellaneous income (expense) decreased by $192,660 for the three months ended September 30, 2009 as compared to the three months ended September 30, 2008. This decrease was due primarily to the reclassification of $84,681 of by-product income earned from the sale of decorative rock and aggregate from miscellaneous income to costs applicable to sales and the reclassification of copper price protection contracts representing approximately 242 metric tons of copper which were originally designated as cash flow hedges to trading securities during the three months ended September 30, 2008. Such reclassification was necessary because our Company s forecasted production of copper during 2009 no longer matched its hedged position, and, as such, the underlying unmatched derivative contracts were deemed to be ineffective. Accordingly, the value of these contracts in the amount of $127,548 has been reclassified from accumulated other comprehensive income to miscellaneous income.

Miscellaneous income (expense) increased by $935,121 for the nine months ended September 30, 2009 as compared to the nine months ended September 30, 2008. This increase was due primarily to the reclassification of copper price protection contracts representing approximately 740 metric tons of copper which were originally designated as cash flow hedges to trading securities. Such reclassification was necessary because our Company s forecasted production of copper during 2009 no longer matched our hedged position, and, as such, the underlying unmatched derivative contracts were deemed to be ineffective. Accordingly, the value of these contracts in the amount of $1,367,595 has been reclassified from accumulated other comprehensive income to miscellaneous income. The increase in miscellaneous income was offset in part by reclassification of $151,261 of income earned from the sale of decorative rock and aggregate, which have been classified as by-products during the nine months ended September 30, 2009, from miscellaneous income to costs applicable to sales and the reclassification of $127,548 in copper price protection contracts representing approximately 242 metric tons of copper which were originally designated as cash flow hedges to trading securities during the nine months ended September 30, 2008.

Net Income (Loss)

Net income for the three months ended September 30, 2009 was $92,839, as compared to a net loss of $1,608,328 for the three months ended September 30, 2008. The increase in net income between these periods is primarily related to:

- An increase in revenue in the amount of $3,935,870 and a corresponding increase in gross margin before DD&A of $2,571,664 resulting from an increase in the volume of copper cathode

produced and sold from the mining of new ore versus the production of copper from residual and the increase in the price per pound of copper;

- A decrease in general and administration expenses in the amount of $383,157; offset in part by
- An increase in depreciation, depletion and amortization in the amount of $461,455 due to the transferring of mining equipment from construction in progress to property and equipment effective January 1, 2009 and the depreciation of these assets during the period; and
- The inclusion of $456,612 in accrued interest expense on the Nedbank credit facility since the attainment of the production stage and commencement of commercial production from the mining of new ore on April 1, 2009 and the loss realized $107,893 on interest rate swap derivatives.

Net loss for the nine months ended September 30, 2009 was $402,023, as compared to a net loss of $2,173,359 for the nine months ended September, 30, 2008. The increase in profitability between these periods is primarily related to:

- An increase in revenue in the amount of $5,877,295 and a corresponding increase in gross margin before DD&A of $1,789,071 resulting from an increase in the volume of copper cathode produced and sold from the mining of new ore versus the production of copper from residual leaching;
- An increase in miscellaneous income (expense) of $935,121 primarily due to the settlement of copper derivatives that were designated as ineffective hedges; and
- A decrease in general and administrative expenses of $967,770 primarily due to a $411,760 decrease in employee compensation and a $329,978 decrease in professional fees; offset in part by:
    - ♦ Costs in the amount of $4,266,766 incurred in operating the facility at less than normal capacity during the ramping up of production from the mining of new ore; and
    - ♦ The inclusion of $941,568 of interest accrued on the Nedbank credit facility since attainment of the production stage and the commencement of commercial production from the mining of new ore on April 1, 2009.

Liquidity and Financial Resources

Our Company s continuation as a going concern is dependent upon our ability to generate sufficient cash flow to meet our obligations on a timely basis, to produce copper at a level where we can become profitable, to pay off existing debt and provide sufficient funds for general corporate purposes, all of which is uncertain. Our condensed consolidated financial statements contain additional note disclosures to this effect, and the condensed consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

In ramping up the production rate of new ore, our Company has experienced some short-term challenges that resulted in a total production rate that has been below management s expectations. We do not

consider such challenges to be unusual for a copper mining company during the development, testing and ramping up of mining operations and believe that they are only affecting the timing of reaching our target rate of 25 million pounds of copper production per year. We fully expect to achieve that level by the end of 2009.

During the development, testing and ramp up stage, our Company made significant progress with a focus on increasing operating efficiencies. Continual optimization of mine plans is an important activity at any mine and, specifically, our Company has changed the mining pushback sequences that should allow us to achieve higher copper grades earlier in the mine life. We have achieved design crushing throughput rates on a daily basis and have made modifications to the crushing plant. These measures include modifications to the conveyor chutes and belt skirting to handle variations in the ore characteristics and installation of two vibratory feeders that will allow choke feeding the secondary crushers to improve particle size and extend liner life.

We have been placing newly crushed ore on top of the old ore on the old leach pads. Every pad has its own distinctive characteristics and can vary depending on whether the old material on the pad was run-of mine or crushed and whether historic channeling occurred, and the depth of the old leach pad. To reduce this uncertainty, we contoured, compacted and installed a french drain on the largest pad and it has significantly reduced the time for solution to report directly to the SX-EW plant. We expect to put in additional operational enhancements costing approximately $550,000 during the fourth quarter of 2009.

The temporary delay in the ramp up of our production rate has negatively impacted our Company s cash flow in the short term. As described in Note 13 to the condensed consolidated financial statements, our Company closed a $12 million private placement on November 5, 2009. We paid a cash commission of $600,000, equal to 5% of the gross proceeds of the offering, leaving net proceeds to our Company approximately $11.4 million.

Cash and Working Capital

The following table sets forth our cash and working capital as of September 30, 2009 and December 31, 2008:

	As of September 30, 2009	As of December 31, 2008
Cash reserves	$ 319,599[1]	$ 4,465,245[1][2]
Working capital surplus (deficiency)	$ (13,869,283)[3]	$ (2,849,660)[4]

(1) Excludes $686,476 in restricted cash being held in conjunctions with two letters of credit.

(2) Excludes $1,533,662 in restricted cash being held in a debt service reserve account in conjunction with our $25,000,000 secured term loan credit facility with Nedbank Limited.

(3) Includes $8,946,007 in current portion of long term debt and $3,558,581 in current portion of derivative contracts.

(4) Includes $9,604,405 in current asset portion of derivative contracts, $299,717 in current liability portion of derivative contracts and $6,940,104 in current portion of long term debt, capital lease obligations and accrued interest.

Cash Flows from Operating Activities

Our net cash flows from operating activities during the nine months ended September 30, 2009 and 2008 were $139,055 and $(870,345), respectively. We commenced copper cathode production from leaching old heaps in January 2008 and the mining new ore in January 2009. We completed the first sale of copper cathode produced from residual leaching operations in February 2008, and commenced production of nominal amounts of copper from newly-mined ore in February 2009. We achieved commercial copper cathode production from newly-mined ore on April 1, 2009, following the completion of the testing and development phase of the mine.

Costs incurred to get the mine ready for its intended purpose and that provide benefits to future periods, net of the realized value of nominal amounts of copper sold during the development period, are capitalized as mine development costs. Costs incurred upon the attainment of the production stage, which is determined upon the achievement of levels of commercial production that are not a result of the development and testing of the mining process, are expensed as incurred. Operating costs incurred in excess of costs forecasted to occur once our Company reaches a steady state of production have been classified as production ramp up expenses and expensed in the period incurred on the condensed consolidated statement of operations.

Our Company generated $2,814,685 (including $4,266,766 in ramp up expenses) and $1,254,191 in gross margin, excluding depreciation, depletion and amortization, during the nine months ended September 30, 2009 and 2008, respectively. Additionally, copper in process inventory increased by $8,377,392, partially offset by a $7,730,832 increase in accounts payable.

Working capital decreased by $11,019,623 between December 31, 2008 and September 30, 2009, and decreased by $5,368,594 between December 31, 2007 and September 30, 2008.

Cash Flows from Investing Activities

Our cash flows from investing activities during the nine months ended September 30, 2009 were ($9,198,380), which primarily reflects capital expenditures of $10,020,795 related to the reactivation of the Johnson Camp Mine during this time period, $1,651,317 (net of $742,237 of copper sold during the period which includes $271,897 of proceeds from the settlement of effective hedges) in mine development costs, $940,070 in proceeds from the sale of ineffective copper hedges, and the reclassification of $1,533,662 from restricted cash and marketable securities to cash and cash equivalents.

Our cash flows from investing activities during the nine months ended September 30, 2008 were ($9,597,958), which primarily reflects capital expenditures of $12,597,958 (net of construction in progress financed by accounts payable in the amount of $2,900,309 and capitalized interest of $565,617) related to the reactivation of Johnson Camp during this time period, and $572,765 (net of $209,907 of copper produced during the period) in mine development costs incurred prior to the commencement of commercial production from leaching operations on February 1, 2008.

Cash Flows from Financing Activities

Our cash flows from financing activities during the nine months ended September 30, 2009 were $4,913,679 compared to $12,588,366 for the same period in 2008.

On March 31, 2009, our Company sold to IRC Nevada Inc. a 2.5% net smelter royalty on the mineral production sold from the existing mineral rights at Johnson Camp. Net proceeds from the sale were $4,950,000 and are being used for working capital during the ramp up of our mining operations.

During the nine month period ended September 30, 2009, our Company incurred debt issuance costs of $80,929 related to an agreement to amend and restate our credit agreement with Nedbank and realized proceeds in the amount of $50,518 from the exercise of 348,336 stock options. In addition, our Company issued 731,480 warrants valued at $100,000 to Nedbank as a fee to amend and restate the credit agreement.

During the nine months ended September 30, 2008, we drew down $12,000,000 from the $25,000,000 secured term loan credit facility we received from Nedbank in June of 2007. Proceeds from the loan were used to purchase supplies and equipment associated with the reactivation of the Johnson Camp Mine. As of September 30, 2008, our Company had $8,000,000 remaining undrawn under the facility. Interest on the term loan credit facility in the amount of $565,617 was accrued and was added to the principal balance of the credit facility. In addition, during the first half of 2008, we entered into a lease agreement for the purchase of equipment valued at $79,310, which has been accounted for as a non-cash transaction for purposes of the condensed consolidated statement of cash flows, and made principal payments this and other capitalized lease of $23,634.

During the nine months ended September 30, 2008, warrant holders exercised 1,980,000 warrants with exercise prices ranging between $.25 and $.50 into 1,980,000 shares of our Company s common stock resulting in proceeds to our Company of $564,200.

As of September 30, 2009, our Company had drawn down the entire $25,000,000 made available to us under the secured term loan credit facility.

Critical Accounting Policies and Estimates

Our condensed consolidated financial statements and accompanying notes have been prepared in accordance with U.S. generally accepted accounting principles applied on a consistent basis. The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods.

We regularly evaluate the accounting policies and estimates that we use to prepare our consolidated financial statements. In general, management s estimates are based on historical experience, on information from third party professionals, and on various other assumptions that are believed to be reasonable under the facts and circumstances. Actual results could differ from those estimates made by management.

We believe that our critical accounting policies and estimates include the accounting for inventories, marketable securities and long lived assets, valuation of derivatives, stock options and warrants, income

taxes, reclamation costs, and accounting for legal contingencies.

Marketable Securities

Marketable securities at September 30, 2009, consisted of certificates of deposits which are considered held-to-maturity securities and are stated at amortized cost on the consolidated balance sheet.

All marketable securities are defined as held-to-maturity securities, trading securities, or available-for-sale securities under ASC guidance. Management determines the appropriate classification of its investments in marketable debt and equity securities at the time of each purchase and re-evaluates such determination at each balance sheet date. Securities that are bought with the intent and ability to be held to maturity are classified as held-to-maturity securities. Held-to-maturity securities are carried at amortized cost on the consolidated balance sheet until sold.

Securities that are bought and held principally for the purpose of selling them in the near term are classified as trading securities and unrealized gains and losses are included in earnings. Debt securities, for which our Company does not have the intent or ability to hold to maturity, and equity securities, are classified as available-for-sale. Available-for-sale securities are carried at fair value, with unrealized gains and losses, net of tax, reported as a separate component of stockholders equity. The cost of investments sold is determined on the specific identification or the first-in, first-out method.

Inventories

As described below, costs that are incurred in or benefit the production process are accumulated as ore stockpiles, ore on leach pads and copper in solution, and classified as inventories on the consolidated balance sheet. Inventories are carried at the lower of average cost or net realizable value. Net realizable value represents the estimated future sales price of the product based on current and long term metals prices, less the estimated costs to complete production and bring the product to sale. Write downs of inventories, resulting from net realizable value impairments, are reported as a component of costs applicable to sales. The current portion of inventories is determined based on the expected amounts to be processed within the next 12 months. Inventories not expected to be processed within the next 12 months are classified as long term. The major classifications of inventories are as follows:

Ore Stockpiles

Ore stockpiles represent ore that has been mined and is available for further processing. Stockpiles are measured by estimating the number of tons added and removed from the stockpile, the number of contained pounds (based on assay data) and the estimated metallurgical recovery rates (based on the expected processing method). Stockpile ore tonnages are verified by periodic surveys. Costs are allocated to stockpiles based on relative values of material stockpiled and processed using current mining costs incurred up to the point of stockpiling the ore, including applicable overhead, depreciation, depletion and amortization relating to mining operations, and removed at each stockpile s average cost per recoverable unit.

Ore on Leach Pads

The recovery of copper from certain copper oxide ores is achieved through the heap leaching process. Under this method, oxide ore is placed on leach pads where it is treated with a chemical

solution, which dissolves the copper contained in the ore. The resulting pregnant solution is further processed in a plant where the copper is recovered. Costs are added to ore on leach pads based on current mining costs, including applicable depreciation, depletion and amortization relating to mining operations. Costs are removed from ore on leach pads as pounds are recovered based on the average cost per estimated recoverable pound of copper on the leach pad.

The estimates of recoverable copper on the leach pads are calculated from the quantities of ore placed on the leach pads (measured tons added to the leach pads), the grade of ore placed on the leach pads (based on assay data) and a recovery percentage (based on ore type). In general, leach pads recover approximately 77% of the recoverable pounds in the first year of leaching, declining each year thereafter until the leaching process is complete.

Although the quantities of recoverable copper placed on the leach pads are reconciled by comparing the grades of ore placed on pads to the quantities of copper actually recovered (metallurgical balancing), the nature of the leaching process inherently limits the ability to precisely monitor inventory levels. As a result, the metallurgical balancing process is constantly monitored and estimates are refined based on actual results over time. Variations between actual and estimated quantities resulting from changes in assumptions and estimates that do not result in write downs to net realizable value are accounted for on a prospective basis.

In Process Inventory

In process inventories represent materials that are currently in the process of being converted to a saleable product. Our Company utilizes a solvent extraction electrowinning process to extract the copper from the ore. In process material is measured based on assays of the material fed into the process and the projected recoveries of the respective plants. In process inventories are valued at the average cost of the material fed into the process attributable to the source material coming from the mines, stockpiles and/or leach pads, plus the in process conversion costs, including applicable depreciation relating to the process facilities incurred to that point in the process.

Finished Goods Inventory

Finished goods represent salable copper cathodes. Finished goods are valued at the weighted average cost of source material or net realizable value.

Materials and Supplies

Materials and supplies are valued at the lower of average cost or net realizable value. Cost includes applicable taxes and freight.

Long-Lived Assets

Our Company reviews and evaluates its long-lived assets for impairment when events or changes in circumstances indicate that the related carrying amounts may not be recoverable. An impairment loss is measured as the amount by which the asset carrying value exceeds its fair value. Fair value is generally determined using valuation techniques such as estimated future cash flows. An impairment is considered to exist if total estimated future cash flows on an undiscounted basis are less than the carrying amount of the asset. An impairment loss is measured and recorded based on discounted estimated future cash flows.

Future cash flows for the Johnson Camp Mine are based upon detailed life-of-mine engineering plans and feasibility study and include estimates of recoverable pounds of copper, future copper prices (considering current and historical prices, price trends and related factors), production rates and costs, capital and reclamation costs as appropriate. Assumptions underlying future cash flow estimates are subject to risks and uncertainties.

No impairment losses were recorded during the year ended December 31, 2008 or during the three and nine months ended September 30, 2009.

Derivative and Hedging Activities

In connection with the credit agreement with Nedbank, our Company is required to maintain a hedging program with respect to a specified percentage of copper output from the Johnson Camp Mine. Under ASC guidance, these contracts are carried on the consolidated balance sheet at their fair value. As these contracts have been designated as cash flow hedges, the changes to their fair value are currently reflected in accumulated other comprehensive income in the condensed consolidated statement of changes in stockholders equity. As of September 30, 2009, the carrying value of the derivative liability was $6,414,490, and the decrease in fair value was recorded in accumulated other comprehensive income (loss) on the condensed consolidated balance sheet.

During 2008, our Company entered into certain contracts expiring between 2009 and 2012, to hedge the interest rate risk exposure on its $25,000,000 Nedbank Credit Facility. Under the interest rate swap contract terms, our Company receives the three month United States Dollar London Interbank Offered Rate (LIBOR) and pays a fixed rate of 2.48% interest. The program requires no cash margins, collateral or other security from our Company. Under ASC guidance, these contracts are carried on the consolidated balance sheet at their fair value. As these contracts were also designated as cash flow hedges, changes to the fair value of these contracts are reflected in accumulated other comprehensive income. A change in fair value of the interest rate swap occurred during the three and nine months ended September 30, 2009 in the amount of ($85,992) and $37,747 and were recorded in accumulated other comprehensive income (loss) in the condensed consolidated balance sheet as of September 30, 2009. The estimated fair value of the interest rate swap was a liability of $399,337 as of September 30, 2009.

Stock Options and Warrants

From time to time our Company issues stock options and warrants. We use the Black-Scholes option pricing model to estimate the fair value of stock options granted. When determining the fair value of stock options, the expected forfeiture rate is based on historical employee rates. The expected term of the options granted to employees is estimated using the formula set forth in SEC Staff Accounting Bulletin (SAB) No. 107. The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the date of grant and the expected volatility is based on the weighted historical volatility of our Company s common stock and that of our Company s peer group.

Income Taxes

Our Company uses the asset and liability method to account for income taxes under ASC guidance. Under the asset and liability method, deferred tax assets and liabilities are recognized for the estimated future tax effects of temporary differences between the tax basis of assets and liabilities and amounts reported in the financial statements. Under ASC guidance, we do not meet the more likely than not

criteria to recognize deferred tax assets related to our Company s net operating loss carry forward because it is unlikely that sufficient taxable income will be generated to realize the benefit of these deferred tax assets over time until we have established a reasonable history of net profits, which in some circumstances has been interpreted as requiring at least two consecutive years of net profits. Accordingly, we have recorded a deferred tax valuation allowance in each period presented to offset the entire deferred tax asset arising from our net operating loss carry forward.

Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized, based upon criteria that include a recent history of demonstrated profits. We will continue to review this valuation allowance and make adjustments as appropriate.

Income tax expense consists of the tax payable or refundable for the current period and the change during the period in net deferred tax assets and liabilities. A change of over 50% of our equity ownership will result in a change in ownership as defined in the Internal Revenue Code and related regulations, and will have the effect of limiting the availability of the tax loss carry forward.

Reclamation Costs

ASC guidance establishes a uniform methodology for accounting for estimated reclamation and abandonment costs. This statement was adopted January 1, 2003, when we recorded the estimated present value of reclamation liabilities and adjusted the carrying amount of the related asset. Reclamation costs are allocated to expense over the life of the related assets and are adjusted for changes resulting from the passage of time and revisions to either the timing or amount of the original present value estimate.

We have estimated our asset retirement obligations using an expected cash flow approach, in which multiple cash flow scenarios were used to reflect a range of possible outcomes. We estimated the aggregate undiscounted obligation to be approximately $420,713 for the Johnson Camp Mine. To calculate the fair value of this obligation, the projected cash flows were discounted at our Company s estimated credit-adjusted, risk free interest rate of 10%. The majority of cash expenditures for reclamation and closure activities are expected to occur at the conclusion of production, currently anticipated to be in 2023-2024. Our Company will recognize an increase to the asset retirement obligation concurrent with the impact from future mining activity. At September 30, 2009, the recorded value of accrued reclamation costs was $151,710.

Litigation

Other than as described below under the heading Legal Proceedings, we know of no material, existing or pending legal proceedings against our Company, nor are we involved as a plaintiff in any material proceeding or pending litigation. However, our Company may from time to time be subject to various claims and legal proceedings arising in the ordinary course of business. If any adverse decisions or settlements occur, they may have a material adverse effect on our financial position, or results of operations. Litigation is inherently uncertain and we can make no assurance as to the ultimate outcome or effect.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk
Not applicable.

Item 4. Controls and Procedures
Disclosure controls and procedures are designed to ensure that information required to be disclosed by our Company is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC. Our President and Chief Executive Officer, John Perry, and our Chief Financial Officer, Wayne Morrison, are responsible for establishing and maintaining disclosure controls and procedures for our Company.

Our management has evaluated the effectiveness of our disclosure controls and procedures as of September 30, 2009 (under the supervision and with the participation of the Chief Executive Officer and the Chief Financial Officer), pursuant to Rule 13a-15(b) promulgated under the *Securities Exchange Act of 1934*, as amended. As part of such evaluation, management considered the matters discussed below relating to internal control over financial reporting. Based on this evaluation, our Company s Chief Executive Officer and Chief Financial Officer have concluded that our Company s disclosure controls and procedures were not effective as of September 30, 2009 due to certain material weaknesses in internal control over financial reporting.

Changes in Internal Control over Financial Reporting

The term internal control over financial reporting is defined as a process designed by, or under the supervision of, the registrant s principal executive and principal financial officers, or persons performing similar functions, and effected by the registrant s board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that:

- pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the registrant;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the registrant are being made only in accordance with authorizations of management and directors of the registrant; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the registrant s assets that could have a material effect on the financial statements.

A material weakness is defined in Public Company Accounting Oversight Board Auditing Standard No. 2 as a significant deficiency, or a combination of significant deficiencies, in internal control over financial reporting that results in there being more than a remote likelihood that a material misstatement of the annual or interim financial statements will not be prevented or detected. Accordingly, during the three month period ended September 30, 2009, it was determined that our Company's procedures related to the identification of abnormal inventory costs that were incurred as a result of our Company's operation of the Johnson

Camp Mine at less than the estimated normalized capacity of approximately 25,000,000 pounds per annum were deficient and, as a result, we have concluded that this represents a material weakness with respect to our Company's internal control over financial reporting.

In an effort to remediate this material weakness, our Company has established review procedures to ensure that accounting policies are applied consistently on a quarter to quarter basis.

Except as discussed above, there have not been any changes in our internal control over financial reporting that occurred during our fiscal quarter ended September 30, 2009 that have materially affected, or are likely to materially affect, our internal control over financial reporting.

PART II OTHER INFORMATION

Item 1. Legal Proceedings

Other than as set forth below, we know of no material, existing or pending legal proceedings against our Company, nor are we involved as a plaintiff in any material proceeding or pending litigation. There are no proceedings in which any of our directors, officers or affiliates, or any registered or beneficial shareholder, is an adverse party or has a material interest adverse to our interest. The outcome of open unresolved legal proceedings is presently indeterminable. Any settlement resulting from resolution of these contingencies will be accounted for in the period of settlement. We do not believe the potential outcome from any legal proceedings that remain unresolved will significantly impact our financial position, results of operations or cash flows.

Arizona Department of Environmental Quality (ADEQ) Compliance Order and Stipulated Judgment

As previously disclosed in prior annual reports on Form 10 KSB, the ADEQ issued a Compliance Order on September 7, 2002, requiring our Company to bring the Johnson Camp Mine into compliance with Arizona s aquifer protection laws. Pursuant to the Compliance Order, we entered into a stipulated judgment with the ADEQ which assessed civil penalties against us in the amount of $4,325,000. The stipulated judgment can only be entered should a default notice issued pursuant to the Compliance Order not be cured within 45 days after notice is received. The Compliance Order further provides that any future violations of Arizona s aquifer protection laws would subject us to additional civil penalties, including the entry of the stipulated judgment and the assessment of the civil penalties described in the stipulated judgment.

On August 15, 2007, the ADEQ declared that all components necessary for the Aquifer Protection Permit (APP) application were received by the ADEQ, at which time the ADEQ commenced its substantive technical review process. Since then, the ADEQ has made subsequent requests for information and we have made additional submissions in response. The most recent request for information is dated July 31, 2009. On October 19, 2009, we submitted our technical response to this request.

During this permitting process we are allowed to produce copper from the Johnson Camp Mine while we continue to comply with the mandates of the Compliance Order.

In addition, the ADEQ issued a Notice of Violation dated June 26, 2008 concerning alleged violations of the APP Program and indicating that certain violations constituted non compliance with the Compliance Order. We timely responded to the Notice of Violation by submittal dated August 7, 2008, indicating that no such violations occurred. In addition, we performed certain remedial type actions with respect to various areas referenced in the ADEQ s Notice of Violation. The ADEQ responded, indicating that it was

not completely satisfied with our Company s position and response. The parties conferred and we submitted additional information dated January 15, 2009 in accordance with the parties discussions. By letter dated March 26, 2009, the ADEQ confirmed that we had now met the Documenting Compliance provisions of the Notice of Violation. No further response is required by our Company at this time.

Patent Infringement Lawsuit

In January 2009, a lawsuit was filed by Corrosion IP Corp. and CTI Southwest, LLC against our Company alleging that certain containers for corrosive materials purchased by us from Novenco Consultants Limited infringe on three patents held by the plaintiffs, and further alleging that we have infringed on a copyrighted drawing owned by the plaintiffs. We have filed an answer denying all liability and have also filed a Third Party Complaint against Novenco. Prior to our purchase of the containers from Novenco, Novenco assured us that the containers did not infringe on any patents held by others and provided our Company with an indemnification agreement whereby Novenco agreed to indemnify our Company from any damages that might arise from a claim of patent infringement. We believe that the containers do not infringe on any patents held by the plaintiffs. We also believe that, in any event, Novenco will be held responsible for any possible damages. We are mitigating our risks associated with the litigation by assembling proof that the plaintiffs allegations are false and further through the Third Party Complaint against Novenco. We believe that if the plaintiffs are successful, the resulting award of damages against us, if any, will not be material to the financial condition of our Company.

Item 1A. Risk Factors

Much of the information included in this quarterly report includes or is based upon estimates, projections or other forward looking statements . Such forward looking statements include any projections or estimates made by us and our management in connection with our business operations. While these forward looking statements, and any assumptions upon which they are based, are made in good faith and reflect our current judgment regarding the direction of our business, actual results will almost always vary, sometimes materially, from any estimates, predictions, projections, assumptions, or other future performance suggested herein. We undertake no obligation to update forward looking statements to reflect events or circumstances occurring after the date of such statements.

Such estimates, projections or other forward looking statements involve various risks and uncertainties as outlined below. We caution readers of this quarterly report that important factors in some cases have affected and, in the future, could materially affect actual results and cause actual results to differ materially from the results expressed in any such estimates, projections or other forward looking statements . In evaluating us, our business and any investment in our business, readers should carefully consider the following factors.

Risks Related to Our Company

We have a history of losses, and our future profitability will depend on the successful operation of the Johnson Camp Mine, which cannot be assured.

We have a history of losses, and expect to incur losses in the future until we have reached full mining operations and production levels at the Johnson Camp Mine.

We have a history of losses and expect to incur losses in the future. We had a net income of $92,839 and a net loss of $402,023 for the three and nine month periods ended September 30, 2009, respectively, and

we had net losses of $5,038,374 for the year ended December 31, 2008. As of September 30, 2009, we had a working capital deficiency of $13,869,283. This deficiency includes current liabilities of $8,946,007 representing the current portions of our long term debt, the current portion of interest rate swap contracts, the current portion of deferred revenue and current assets of $3,558,581 representing the current portion of the derivative cash flow hedge contracts.

We have successfully reactivated the Johnson Camp Mine and are now in the ramp up phase of the production stage. We commenced production of copper from residual leaching in January 2008, mining of new ore in January 2009, and production of copper from new ore in February 2009. However, we cannot provide any assurance that we will ramp up to full production or have successful mining and processing operations on the Johnson Camp property in the future.

We are dependent upon the success of the Johnson Camp Mine as a source of future revenue and profits, if any. Even if we should be successful in achieving our planned full copper production rate of 25 million pounds of copper per annum, an interruption in operations of the Johnson Camp Mine may have a material adverse effect on our business.

The start-up of the Johnson Camp Mine and development of new mining operations on the Johnson Camp property will continue to require the commitment of substantial resources.

The start-up of the Johnson Camp Mine and the development of new mining operations on the Johnson Camp property have required and will continue to require the commitment of substantial resources for operating expenses and capital expenditures. We incurred approximately $36,000,000 in capital costs in the reactivation of the mine, related primarily to the rehabilitation of the solution ponds, refurbishment and a modest expansion of our SX-EW copper production facility, installation of our primary stage crusher, the purchase and installation of two secondary stage crushers, an agglomerator and conveying equipment, and other project-related items.

We estimate we will incur an additional $6 million in capital costs in the next two years, primarily for the expansion of our existing leach pad capacity. We also expect to incur expenses in connection with our plans to commission an updated feasibility study and further exploratory drilling on the Johnson Camp property.

The actual amounts and timing of expenditures will depend in part on the progress of our planned development and exploration activities, the results of consultants analyses and recommendations (which will likely include the development of a new mine plan and the need for additional permit applications), the rate at which operating losses are incurred, the execution of any joint venture agreements or similar arrangements with strategic partners, and other factors, many of which are beyond our control. In addition, any delay in our planned ramp up to full production may cause an increase in costs for us and could have a material adverse effect on our financial condition or results of operations.

Unforeseen conditions may affect our mining and processing efficiency, and we may not be able to execute the leaching operation as planned if we do not maintain proper control of ore grade.

The parameters used in estimating mining and processing efficiency are typically based on testing and experience with previous operations. Various unforeseen conditions can occur that may materially affect the estimates. In particular, unless proper care is taken to ensure that proper ore grade control is employed and that other necessary steps are taken, we may not be able to achieve production forecasts as planned. In addition, our projected production is based on anticipated copper recoveries at the Johnson Camp Mine that are in excess of historical experience, which may result in an overestimation of our

mining and processing efficiency if our actual production does not meet our projected production.

We may never achieve our production estimates since they are dependent on a number of assumptions and factors beyond our control.

We have prepared estimates of future copper production. We cannot be certain that we will ever achieve our production estimates. Our production estimates depend on, among other things: the accuracy of our reserve estimates; the accuracy of assumptions regarding ore grades and recovery rates; ground conditions and physical characteristics of the mineralization, such as hardness and the presence or absence of particular metallurgical characteristics; the accuracy of estimated rates and costs of mining and processing; and our ability to obtain and maintain all necessary permits at all levels of development and production. We are processing the copper mineralization using SX EW technology. These techniques may not be as efficient or economical as we project. Our actual production may vary from our estimates if any of these assumptions prove to be incorrect and we may never achieve profitability.

A major increase in our input costs, such as those related to acid, electricity, fuel and supplies, may have an adverse effect on our financial condition.

Our operations are affected by the cost of commodities and goods such as electrical power, sulfuric acid, fuel and supplies. The Technical Report includes an economic analysis of the Johnson Camp Mine based on the mine plan, capital and operating cost estimates current as of the second quarter of 2007. Management prepares its cost and production guidance and other forecasts based on its review of current and estimated future costs. A major increase in any of these costs may have an adverse impact on our financial condition. For example, we expect that sulfuric acid and energy, including electricity and diesel fuel, will represent a significant portion of production costs at our operations, and if the costs increase, we could be negatively affected.

Shortages of sulfuric acid, electricity and fuel, may have an adverse effect on our financial condition.

Sulfuric acid supply for SX EW projects in the southwestern U.S. is produced primarily as a smelter byproduct at smelters in the southwest U.S. and in Mexico. We have an agreement in place for a broker of acid to supply us with sulfuric acid through the end of 2009. However, we cannot be assured that the broker will be able to provide us with an adequate supply of sulfuric acid without interruptions and we continue to remain subject to market fluctuations in the price and supply of sulfuric acid.

Continuation of our mining production is dependent on the availability of a sufficient water supply to support our mining operations.

Our mining operations require water for mining, ore processing and related support facilities. Production at the Johnson Camp Mine is dependent on continuous maintenance of our water rights. Under Arizona law groundwater outside an active management area may be withdrawn and used for reasonable and beneficial use. The character of the water right - that is groundwater versus surface water - may at some point become at issue and may be subject to adjudication to the extent certain water is determined to be surface water. We are not subject to any such adjudication claims at this time. However, we cannot predict our potential involvement in or the outcome of any adjudication proceedings which may occur impacting our water rights and uses.

Production water for the Johnson Camp Mine is currently supplied from two of three wells located on the Johnson Camp property and from a well located on private land adjacent to our property. We anticipate that it will be necessary to drill another well on our property in order to expand our leaching operation. In

addition, although three of the four wells have been upgraded since 1999, further upgrades may have to be undertaken.

The loss of some or all water rights, in whole or in part, or shortages of water to which we have rights could require us to curtail or shut down mining production and could prevent us from pursuing expansion opportunities.

Our estimates of reserves are inherently subject to error, particularly since we have no recent operating history on which to base such estimates. Our actual results may differ due to unforeseen events and uncontrollable factors that can have significant adverse impacts.

The Johnson Camp Mine has no recent operating history upon which to base estimates of proven and probable ore reserves and estimates of future cash operating costs. Such estimates are, to a large extent, based upon the interpretation of geological data obtained from drill holes and other sampling techniques performed by third parties, the methodologies and results of which we have assumed - but cannot be assured - are reasonable and accurate. In addition, Bikerman Engineering & Technology Associates derived its estimates of cash operating costs at the Johnson Camp Mine from information provided by our Company. Such information and certain other factors, including anticipated tonnage and grades of ore to be mined and processed, the configuration of the ore body, expected recovery rates of the mineral from the ore, comparable facility and equipment operating costs current as of the second quarter of 2007, and anticipated climatic conditions, form the basis for, and constitute fundamental variables in, the Technical Report. Actual cash operating costs and economic returns based upon development of proven and probable ore reserves may differ significantly from those originally estimated. Until reserves are actually mined and processed, the quantity of reserves must be considered as estimates only.

Our estimates of reserves are based in large part on sampling data produced by third parties and on amounts of metallurgical testing that are less extensive than normal. In addition, our expected copper recovery rates at the Johnson Camp Mine exceed historical experience at the property. There is no assurance that we will be able to meet these expectations and projections at an operational level.

Our expectations with respect to copper recovery rates exceed historical experience at the Johnson Camp Mine since we plan to crush the ore to a smaller size with the expectation of higher copper recoveries. In addition, our projections of copper recovery are based on amounts of metallurgical testing that are less extensive than are commonly used in the industry for evaluating copper oxide deposits. Furthermore, our estimates of ore reserves reflect consumption projections for sulfuric acid and other consumable items that were developed using a limited number of samples taken by the former operators of the mine on the Johnson Camp property that may not be representative of the characteristics of the copper deposits. There is no assurance that we will be able to meet these expectations and projections at an operational level.

Copper recovery rates for approximately 15% of our estimated total reserves may be less than optimal due to the presence of copper sulfide mineralization below the elevation of 4,560 feet.

Copper sulfide minerals are not as amenable to heap leach recovery techniques as are copper oxides. Since copper sulfide mineralization is evident below an approximate elevation of 4,560 feet in both the Burro and Copper Chief pits of the Johnson Camp Mine, we caution that copper recovery rates for ore anticipated to be mined below that elevation (approximately 15% of estimated total ore reserves) may be inhibited. In addition, although the column test on the sample of Abrigo ore (a type of copper bearing host rock at the Johnson Camp Mine) taken from an approximate elevation of 4,620 feet that contained 4.49% sulfides exhibiting good copper recoveries, the leaching of copper from ore mined at this depth may be less than optimal.

We have evaluated the commercial viability of the Johnson Camp Mine based on an estimate of ore reserves that is premised on a geologic resource model and estimate previously prepared that was based largely on drilling, sampling and assay data that had been developed by Cyprus Mines Corporation, Arimetco Inc. and Summo U.S.A. Corporation, the accuracy of which cannot be assured.

We have evaluated the commercial viability of the Johnson Camp Mine based on an estimate of ore reserves contained in the feasibility study. The resource model and estimate previously prepared and used as the basis for the feasibility study is based largely on drilling, sampling and assay data that had been developed by the previous operators of the Johnson Camp Mine, Cyprus and Arimetco, and by Summo. The validity of the estimates assumes the accuracy of the underlying drill hole electronic database.

We and Bikerman Engineering & Technology Associates have conducted limited additional due diligence, such as reviews of historical project geological drill logs and assay certificates, but no additional drilling. Complete accuracy of the drill hole electronic database cannot be assured.

Cyprus, Arimetco and Summo used different approaches to drilling, sampling and assay analysis, with the result that their respective results may not be comparable and thereby increase the risk of an overestimation of ore reserves.

Cyprus Mines Corporation (which owned the Johnson Camp property until 1989, operating under the name Cyprus Johnson Copper Company), Arimetco and Summo each used different approaches to drilling, sampling and assay analysis that may not be comparable to each other. In particular, the soluble copper assay techniques used by Arimetco for ore grade estimation are not directly comparable to the soluble copper assay techniques used by Cyprus. The use of two incomparable approaches by Cyprus and Arimetco may have led to inconsistencies in or the skewing of the data underlying our estimates, thereby increasing the risk of an overestimation of ore reserves at the Johnson Camp Mine, as well as increasing the risk of a material inaccuracy in the feasibility study.

Limited sampling work has been performed at the Johnson Camp Mine, and Bikerman Engineering & Technology Associates concluded that it is therefore not possible at this time to verify the entire drill hole electronic database used for the current resource model and ore reserve estimates. Bikerman Engineering & Technology Associates has largely assumed the reasonableness and accuracy of the drilling, sampling and assay methodologies and data which constitute a fundamental variable input in the feasibility study.

Bikerman Engineering & Technology Associates reviewed the results of limited sampling work undertaken at the Johnson Camp Mine in 2006 by another engineering company. Bikerman Engineering & Technology Associates has concluded that it is not possible for it to verify the entire original drill hole electronic database used for the current mineral resource model and ore reserve estimates. Consequently, Bikerman Engineering & Technology Associates and we have largely assumed the reasonableness and accuracy of the drilling, sampling and assay methodologies and data. Accordingly, there is a risk that results may vary if additional sampling work is undertaken. This, in turn, could adversely impact the current mineral resource model and ore reserve estimates, as well as increase the risk of a material inaccuracy in the feasibility study.

Our estimate of ore reserves at the Johnson Camp Mine is based on total copper assays rather than on acid soluble copper assays and our expectations with respect to copper recovery are based on results of metallurgical testing that may not be duplicated in larger scale tests under onsite conditions or during production. As a result, there is a risk that we may have over estimated the amount of recoverable copper.

Our estimate of ore reserves at the Johnson Camp Mine is based on total copper assays rather than soluble copper assays. A reserve estimate based on total copper is an indirect measurement of copper recovery through leaching. There can be no assurance that metallurgical recoveries in small scale laboratory tests will be duplicated in larger scale tests under onsite conditions or during production. Accordingly, there is a risk that we may have over estimated the amount of recoverable copper.

We will require additional permits and renewals of permits to reactivate the Johnson Camp Mine, the availability of which cannot be assured.

Although we have secured a number of permits for the restart and operation of the Johnson Camp Mine, we still need to obtain certain additional permits, including an aquifer protection permit. In addition, certain permits will require applications for renewal from time to time during the life of the project and certain permits may be suspended or require additional applications in the event of a significant or substantial change to the Johnson Camp Mine operations or prolonged inactivity. To the extent other approvals are required and not obtained, we may: (i) be prohibited from continuing mining and/or processing operations; (ii) forced to reduce the scale of or all of our mining operations; or (iii) be prohibited or restricted from proceeding with planned exploration or development of mineral properties. For example, we are currently producing copper under an ADEQ Compliance Order. However, we anticipate that we will be required to immediately halt all of our operations at the Johnson Camp Mine if our application for an aquifer protection permit is denied.

We have incurred substantial debt and have granted a security interest in our assets. If we are unable to repay our loans when they become due, the lenders would be entitled to realize upon their security by taking control of all or a portion of our assets.

We are a party to an Amended and Restated credit agreement dated as of March 31, 2009 with Nedbank Limited, as the administrative agent and lead arranger, which provided a $25,000,000 secured term loan credit facility used by our Company to finance the reactivation of the Johnson Camp Mine. We have delivered a deed of trust, a collateral account agreement and certain other security agreements that grant to the lenders a first priority lien encumbering all of the real and personal property associated with the Johnson Camp property, including all patented mining claims, fee lands and unpatented mining claims in which we have an interest. The lenders would be entitled to realize upon their security interests and seize our assets if we were to be unable to repay or refinance the loans as they become due. In addition, pursuant to the terms of the credit agreement, we are required to meet specified financial tests any time that any loan proceeds remain outstanding under the credit agreement.

Our Company was unable to make the payments of principal and interest, in the respective amounts of $1,789,201 and $456,612, due to Nedbank on September 30, 2009. On September 30, 2009, we entered into an extension agreement with Nedbank which allowed us additional time to arrange for a financing. As our Company completed a $12,000,000 private placement financing on November 5, 2009, the September 30, 2009 principal and interest payment remains in unconditional forbearance as the parties continue to negotiate revisions to the related amended and restated credit agreement. Our Company has agreed to pay Nedbank additional interest at the rate of 3% per annum on the outstanding amount of the loan until the debt service payment that was due on September 30, 2009 is made.

Any failure to comply with the restrictions of the credit agreement, or with restrictions under any other credit facilities or agreements governing our indebtedness, may result in an event of default. Such default may allow our creditors to accelerate the related debt. Our assets and cash flow may not be sufficient to fully repay borrowings under our debt instruments that are accelerated upon an event of default.

If we are unable to repay, refinance or restructure our indebtedness or amend the covenants contained in our credit agreement at maturity or in the event of a default, the lenders could terminate their commitments under our agreement, declare all borrowings outstanding (together with accrued interest and other fees) immediately due and payable and institute foreclosure proceedings against the security. Any such actions could force us into bankruptcy or liquidation.

We may require additional financing to complete the ramp up of operations at the Johnson Camp Mine, the availability of which cannot be assured.

We may require additional financing to complete the ramp up of operations at Johnson Camp Mine. We also expect to incur an additional $6 million in capital costs in the next two years, primarily for the expansion of our existing leach pad capacity. We also expect to incur expenses in connection with our plans to update mine plans and further exploratory drilling on the Johnson Camp property. Our estimated capital costs and operating expenses may change with our actual experience as our mine plan is implemented. We cannot guarantee that we will be able to obtain any additional financing on commercially reasonable terms or at all. If we fail to obtain the necessary financing when needed, we may not be able to execute our mine plan and we may again be forced to place the Johnson Camp Mine on care and maintenance status.

Our indebtedness, as well as the current global recession, disruption in financial markets and lower copper prices generally, could, among other things, impede our access to capital or increase our cost of capital, which would have an adverse effect on our ability to fund our working capital and other capital requirements.

As of September 30, 2009, the outstanding principal and unpaid interest amount of our debt was approximately $27,000,000. The widely reported domestic and global recession, and the unprecedented levels of disruption and continuing illiquidity in the credit markets have had an adverse effect on our operating results and financial condition, and if sustained or worsened, such adverse effects could continue or deteriorate. Disruptions in the credit and financial markets have adversely affected financial institutions, inhibited lending and limited access to capital and credit for many companies, including ours. In addition, since July 3, 2008, when the spot price of copper on the London Metal Exchange, or LME, rose to a record all-time high of $4.08/lb, the market price for copper has softened and, on September 30, 2009, the spot price of copper on the LME was $2.78/lb. These conditions have made it difficult for us to obtain, or increase our cost of obtaining, capital and financing for our operations and have limited our flexibility to plan for, or react to, changes in our business and the markets in which we operate. If these conditions persist or worsen, they could, among other things, make it difficult for us to finance our working capital requirements and service our existing debt.

If future financing is not available to us when required, as a result of limited access to the credit markets or otherwise, or is not available on acceptable terms, we may not have sufficient working capital for our exploration, development and production programs. We may also be unable to take advantage of business opportunities or respond to competitive pressures. Any of these circumstances could have an adverse effect on our operating results and financial condition.

Title to the Johnson Camp property may be subject to other claims.

Although we believe we have exercised commercially reasonable due diligence with respect to determining title to the properties that we own or in which we hold an interest, we cannot guarantee that title to these properties will not be challenged or impugned. The Johnson Camp property may be subject to prior unrecorded agreements or transfers or to native land claims and title may be affected by

undetected defects. There may be valid challenges to the title of the Johnson Camp property which, if successful, could impair development and/or operations.

The Johnson Camp property consists of 59 patented lode mining claims, 102 unpatented lode mining claims and 617 acres of fee simple lands. The copper processing facilities and the Copper Chief and Burro bulk mining pits that serve as focal points for our mine plan are located on the patented mining claims or fee simple parcels. However, we may in the future mine areas that are on unpatented mining claims. Unpatented mining claims are unique property interests, and are generally considered to be subject to greater title risk than other real property interests because the validity of unpatented mining claims is often uncertain. This uncertainty arises, in part, out of the complex federal and state laws and regulations under the United States General Mining Law, including the requirement of a proper physical discovery of a valuable lode mineral within the boundaries of each claim and proper compliance with physical staking requirements. Also, unpatented mining claims are always subject to possible challenges by third parties or validity contests by the federal government. The validity of an unpatented mining or mill site claim, in terms of both its location and its maintenance, is dependent on strict compliance with a complex body of United States federal and state statutory and decisional law. In addition, there are few public records that definitively determine the issues of validity and ownership of unpatented mining claims.

We do not insure against all risks, and we may be unable to obtain or maintain insurance to cover the risks associated with our operations at economically feasible premiums. Losses from an uninsured event may cause us to incur significant costs that could have a material adverse effect upon our financial condition.

Our insurance will not cover all the potential risks associated with the operations of a mining company. We may also be unable to obtain or maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, we expect that insurance against risks such as environmental pollution or other hazards as a result of exploration and production may be prohibitively expensive to obtain for a company of our size and financial means. We might also become subject to liability for pollution or other hazards for which insurance may not be available or for which we may elect not to insure against because of premium costs or other reasons. Losses from these events may cause us to incur significant costs that could have a material adverse effect upon our financial condition and results of operations**.**

We compete with larger, better capitalized competitors in the mining industry. This may impair our ability to maintain or acquire attractive mining properties, and thereby adversely affect our financial condition.

The mining industry is competitive in all of its phases. We face strong competition from other mining companies in connection with the acquisition of properties producing, or capable of producing, base and precious metals. Many of these companies have greater financial resources, operational experience and technical capabilities than us. As a result of this competition, we may be unable to maintain or acquire attractive mining properties on terms we consider acceptable or at all. Consequently, our revenues, operations and financial condition could be materially adversely affected.

We are dependent on our key personnel, and the loss of any such personnel could adversely affect our Company.

Our success depends on our key executives and on certain operating personnel at the Johnson Camp Mine. We face intense competition for qualified personnel, and the loss of the services of one or more of

such key personnel could have a material adverse effect on our business or operations. Our ability to manage administration, production, exploration and development activities, and hence our success, will depend in large part on the efforts of these individuals. We cannot be certain that we will be able to retain such personnel or attract a high caliber of personnel in the future.

In order to be successful during start-up and into production, we will have to expand and maintain our workforce. We may not be successful in recruiting the necessary personnel, or in managing the new challenges that we will face with any significant growth.

Our mining operations require that we maintain a workforce at the Johnson Camp Mine of approximately 80 employees as well as various contractors. This requirement places substantial demands on our Company and our management. Our ability to assimilate new personnel will be critical to our performance. We will be required to train, motivate and manage our employees. We will also have to adopt and implement new systems in all aspects of our operations. We have no assurance that we will be able to recruit the personnel required to execute our programs or to manage these changes successfully.

The actual costs of reclamation are uncertain, and any additional amounts that we are required to spend on reclamation may have a material adverse effect on our financial condition.

The costs of reclamation included in the feasibility study are estimates only and may not represent the actual amounts which will be required to complete all reclamation activity. It is not possible to determine the exact amount that will be required, and the amount that we will be required to spend could be materially different than current estimates. Reclamation bonds or other forms of financial assurance represent only a portion of the total amount of money that will be spent on reclamation over the life of the Johnson Camp Mine operation. Any additional amounts required to be spent on reclamation may have a material adverse affect on our financial condition and results of operations.

Our directors and officers may have conflicts of interest.

Some of our directors and officers serve currently, and have served in the past, as officers and directors for other companies engaged in natural resource exploration and development, and may also serve as directors and/or officers of other companies involved in natural resource exploration and development in the future. We do not believe that any of our directors and officers currently has any conflicts of interest of this nature.

Certain legislation, including the Sarbanes Oxley Act of 2002, may make it difficult for us to retain or attract officers and directors.

We may be unable to attract and retain qualified officers, directors and members of committees of the board of directors required to provide for our effective management as a result of the recent and currently proposed changes in the rules and regulations that govern publicly held companies. In particular, the *Sarbanes Oxley Act of 2002* has resulted in a series of rules and regulations by the United States Securities and Exchange Commission, or the SEC, that increase responsibilities and liabilities of directors and executive officers. The perceived increased personal risk associated with these recent changes, together with the risks associated with our business, may deter qualified individuals from accepting these roles.

There are inherent limitations in all control systems, and misstatements due to error or fraud may occur and not be detected.

We are now subject to the ongoing internal control provisions of Section 404 of the Sarbanes Oxley Act of 2002. These provisions provide for the identification of material weaknesses in internal controls over financial reporting, which is a process to provide reasonable assurance regarding the reliability of financial reporting for external purposes in accordance with accounting principles generally accepted in the United States of America. Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our internal controls and disclosure controls will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. In addition, the design of a control system must reflect the fact that there are resource constraints and the benefit of controls must be relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, in our Company have been detected. These inherent limitations include the realities that judgments in decision making can be faulty and that breakdowns can occur because of simple errors or mistakes. Further, controls can be circumvented by individual acts of some persons, by collusion of two or more persons, or by management override of the controls. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, a control may be inadequate because of changes in conditions, such as growth of the company or increased transaction volume, or the degree of compliance with the policies or procedures may deteriorate. Because of inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected.

In addition, discovery and disclosure of a material weakness, by definition, could have a material adverse impact on our financial statements. If we are unable to assert that our internal control over financial reporting is effective (or if our auditors are unable to express an opinion on the effectiveness of our internal controls beginning with the year ending December 31, 2009), this could discourage certain customers or suppliers from doing business with us, cause downgrades in our debt ratings leading to higher borrowing costs and affect how our stock trades. This could, in turn, negatively affect our ability to access public debt or equity markets for capital. Further, such an occurrence could make it more difficult for us to obtain certain types of insurance, including director and officer liability insurance, and we may be forced to accept reduced policy limits and coverage and/or to incur substantially higher costs to obtain the same or similar coverage. It could also make it more difficult for us to attract and retain qualified personnel to serve on our board of directors, on committees of our board of directors, or as executive officers.

Our officers and directors, and four shareholders holding 5% or more of our common stock, hold a significant amount of our issued and outstanding stock which may limit non affiliated stockholders to influence corporate matters.

On November 5, 2009, we completed an unregistered, brokered private placement of 40 million units for total gross proceeds of $12,000,000. Each unit consisted of one common share and one common share purchase warrant exercisable until June 5, 2012. Upon completion of the private placement, one of the investors, acting through a wholly-owned holding company, acquired 34,250,000 common shares, representing approximately 31% of the outstanding common shares of our Company on a post-closing basis. Under rules promulgated by the Securities and Exchange Commission pursuant to the *Securities Exchange Act of 1934*, as amended, the investor is also considered to beneficially own the 34,250,000 common shares that are issuable upon exercise of the warrants forming part of his units, which together with his outstanding common shares, represent approximately 47.3% of our Company s issued and outstanding common shares (assuming non-exercise of certain outstanding options, warrants and other

rights to acquire shares of our common stock).

In addition, we have three other shareholders who, according to reports filed by them under the *Securities Exchange Act of 1934*, as amended, beneficially own 9.9%, 7.9% and 7.8%, respectively, of our issued and outstanding common stock (assuming non-exercise of certain outstanding options, warrants and other rights to acquire shares of our common stock held by persons other than the relevant officer, director or 10% shareholder).

Our officers and directors as a group beneficially own approximately 16.1% of our issued and outstanding common stock (assuming non-exercise of certain outstanding options, warrants and other rights to acquire shares of our common stock).

These factors may limit the ability of our non-affiliated stockholders to influence corporate matters.

Future sales of our common stock may depress our stock price thereby decreasing the value of your investment.

The market price of our common stock could decline as a result of sales of substantial amounts of our common stock in the public market, or the perception that these sales could occur. In addition, these factors could make it more difficult for us to raise funds through future offerings of common stock.

The securities markets in the United States and Canada have experienced a high level of price and volume volatility recently, and the market price of our securities has also experienced wide fluctuations. There can be no assurance that continual fluctuations in our share price will not occur.

Recently, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market price of securities of many companies, including ours, has experienced wide fluctuations in price which have not necessarily been related to operating performance, underlying asset values or prospects. There can be no assurance that fluctuations in our share price will not continue to occur during the foreseeable future.

If we fail to obtain a listing on an established stock exchange, you may be subject to U.S. federal income tax on the disposition of your securities.

We believe that we currently are a United States real property holding corporation under Section 897(c) of the Internal Revenue Code, referred to as a USRPHC, and that there is a substantial likelihood that we will continue to be a USRPHC. Generally, gain recognized by a Non U.S. Holder on the sale or other taxable disposition of common stock should be subject to U.S. federal income tax on a net income basis at normal graduated U.S. federal income tax rates if we qualify as a USRPHC at any time during the 5 year period ending on the date of the sale or other taxable disposition of the common stock (or the Non US. Holder s holding period for the common stock, if shorter). Under an exception to these rules, if the common stock is regularly traded on an established securities market, the common stock should be treated as stock of a USRPHC only with respect to a Non U.S. Holder that held (directly or under certain constructive ownership rules) more than 5% of the common stock during the 5 year period ending on the date of the sale or other taxable disposition of the common stock (or the Non US. Holder s holding period for the common stock, if shorter). There can be no assurances that the common stock will be regularly traded on an established securities market .

We have not obtained a tax opinion to the effect that there has not been a change of control either during the time preceding the completion of our unregistered special warrant offering in September

2007, immediately following conversion of the special warrants into the underlying shares of common stock and warrants, or in relation to our unregistered $12 million unit offering that closed in November 2009. If a change in control is deemed to have occurred, our Company may not be able to fully utilize our net operating loss carry forwards.

At December 31, 2008, our Company had federal and state net operating loss carry forwards of approximately $92,700,000 and $17,400,000, respectively. A review by our tax advisors indicated that, as of December 31, 2007, we had not been subject to a change of control for the purposes of section 382 of the Internal Revenue Code. However, we have not obtained a formal tax opinion to that effect. If any change of control is deemed to have occurred for example, either during the time preceding the completion of our unregistered special warrant offering in September 2007, immediately following conversion of the special warrants into the underlying shares of common stock and warrants, or immediately following the completion of our unregistered $12 million unit offering in November 2009 or if a change of control occurs at any time in the future, our Company s ability to fully utilize its net operating loss carry forwards in computing its taxable income will be limited to an annual maximum of the value of our Company just prior to the change in control multiplied by the long term tax exempt rate.

Broker dealers may be discouraged from effecting transactions in our common shares because they are considered a penny stock and are subject to the penny stock rules. This could severely limit the market liquidity of the shares.

Our common stock currently constitutes penny stock . Subject to certain exceptions, for the purposes relevant to us, penny stock includes any equity security that has a market price of less than $5.00 per share or with an exercise price of less than $5.00 per share. Rules 15g 1 through 15g 9 promulgated under the United States Securities Exchange Act of 1934, as amended, impose sales practice and disclosure requirements on certain brokers dealers who engage in certain transactions involving a penny stock. In particular, a broker dealer selling penny stock to anyone other than an established customer or accredited investor (generally, an individual with net worth in excess of $1,000,000 or an annual income exceeding $200,000, or $300,000 together with his or her spouse), must make a special suitability determination for the purchaser and must receive the purchaser s written consent to the transaction prior to sale, unless the broker dealer or the transaction is otherwise exempt. A broker dealer is also required to disclose commissions payable to the broker dealer and the registered representative and current quotations for the securities. Finally, a broker dealer is required to send monthly statements disclosing recent price information with respect to the penny stock held in a customer s account and information with respect to the limited market in penny stocks.

The additional sales practice and disclosure requirements imposed upon broker dealers may discourage broker dealers from effecting transactions in our shares, which could severely limit the market liquidity of the shares and impede the sale of our shares in the secondary market.

In the event that an investment in our shares is for the purpose of deriving dividend income or in expectation of an increase in market price of our shares from the declaration and payment of dividends, the investment will be compromised because we do not intend to pay dividends.

We have never paid a dividend to our shareholders and we intend to retain our cash for the continued development of our business. In addition, pursuant to the terms of our credit agreement with Nedbank, we are restricted from paying dividends or making distributions on shares of our common stock. Accordingly, we do not intend to pay cash dividends on our common stock in the foreseeable future. As a result, a return on investment will be solely determined by the ability to sell the shares in the secondary

market.

Risks Related to Our Industry

The feasibility of our mine plan is based on certain assumptions about the sustainability of the current price of copper. We may be adversely affected by fluctuations in copper prices.

Copper prices fluctuate widely and are affected by numerous factors beyond our control such as interest rates, exchange rates, inflation or deflation, fluctuation in the value of the United States dollar and foreign currencies, global and regional supply and demand (including that related to housing), and the political and economic conditions of copper producing countries throughout the world. The aggregate effect of these factors on copper price is impossible to predict. Because mining operations are conducted over a number of years, it may be prudent to continue mining for some periods during which cash flows are temporarily negative for a variety of reasons, including a belief that the low price is temporary and/or the greater expense incurred in closing an operation permanently. The value and price of our common shares, our financial results, and our exploration, development and production activities may be significantly adversely affected by declines in the price of copper and other metals.

In addition to adversely affecting our share price, financial condition and exploration, development and mining activities, declining metal prices can impact operations by requiring a reassessment of reserve estimates and the commercial feasibility of a particular project. Significant decreases in actual or expected copper prices may mean that a mineral resource which was previously classified as a reserve will be uneconomical to produce and may have to be restated as a resource. Even if the project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays in development or may interrupt operations, if any, until the reassessment can be completed.

Our operations will involve the exploration, development and production of copper and other metals, with the attendant risks of damage to or loss of life or property and legal liability.

Our operations will be subject to all the hazards and risks normally encountered in the exploration, development and production of copper and other base or precious metals, including unusual and unexpected geologic formations, seismic activity, pit wall failures, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and legal liability.

Government regulation impacting the mining industry may adversely affect our business and planned operations.

Our mining, processing, development and mineral exploration activities, if any, are subject to various laws governing prospecting, mining, development, production, taxes, labor standards and occupational health, mine safety, toxic substances, land use, water use, land claims of local people and other matters. New rules and regulations may be enacted or existing rules and regulations may be applied in such a manner as to limit or curtail our exploration, production or development. Amendments to current laws and regulations governing operations and activities of exploration, development mining and milling or more stringent implementation of these laws could have a material adverse effect on our business and financial condition and cause increases in exploration expenses, capital expenditures or production costs or reduction in levels of production (assuming we achieve production) or require abandonment or delays in development of new mining properties.

Certain groups opposed to mining may interfere with our efforts to reactive the Johnson Camp Mine.

In North America there are organizations opposed to mining, particularly to open pit mines such as the Johnson Camp Mine. Although we intend to comply with all environmental laws and permitting obligations in conducting our business, there is still the possibility that those opposed to the operation of the Johnson Camp Mine will attempt to interfere with the operation of the Johnson Camp Mine, whether by legal process, regulatory process or otherwise. Such interference could have an impact on our ability to operate the Johnson Camp Mine in the manner that is most efficient or appropriate, or at all, and any such impact would have a material adverse effect on our financial condition and results of operations.

Our operations are subject to environmental risks and environmental regulation. Our failure to manage such risks or comply with such regulation will potentially expose us to significant liability.

All phases of our operations are subject to federal, state and local environmental regulation. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner that we anticipate will require stricter standards and enforcement, increased fines and penalties for non compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. Future changes, if any, in environmental regulation may adversely affect our operations, if any. Environmental hazards may exist on the Johnson Camp property or on properties that we hold or may acquire in the future that are unknown to us at present and that have been caused by previous or existing owners or operators of the properties.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions there under including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations or in the exploration or development of mineral properties may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Our failure to contain or adequately deal with hazardous materials may expose us to significant liability for which we are not insured.

Production, if any, at the Johnson Camp Mine will involve the use of hazardous materials. Should these materials leak or otherwise be discharged from their containment systems, we may become subject to liability for hazards or cleanup work that we are not insured against.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

We issued securities in the following transactions without registering the securities under the Securities Act:

- On September 10, 2009, our Company issued 506,329 shares of our Company s common stock to settle outstanding claims in the amount of $200,000 to a supplier. We issued these securities to the supplier, as an accredited investor, relying on Rule 506 of Regulation D and/or Section 4(2) of the Securities Act of 1933, as amended.

- On November 5, 2009, our Company completed its previously announced unregistered brokered private placement of 40 million units (the Units) for total gross proceeds to our Company of $12 million. Salman Partners Inc. acted as agent in the offering, which was effected in an offshore transaction pursuant to Rule 903 of Regulation S under the *Securities Act of 1933*, as amended. Salman Partners received a cash commission of $600,000, equal to 5% of the gross proceeds of the offering, leaving net proceeds to our Company of approximately $11.4 million. Each Unit, priced at $0.30, consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of our Company at a price of $0.38 per share until June 5, 2012. The warrants provide for adjustments in the event of stock dividends, subdivisions, consolidations, and other forms of capital reorganization. We issued the Units in offshore transactions pursuant to Rule 904 of Regulation S promulgated under the Securities Act.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

We have not purchased any of our shares of common stock or other securities since January 1, 2006.

Item 3. Defaults Upon Senior Securities
None.

Item 4. Submission of Matters to a Vote of Securities Holders
None.

Item 5. Other Information
The following issuance of unregistered securities under the Securities Act was inadvertently omitted from Item 3.02 *Unregistered Sales of Equity Securities* - of our Company s current report on Form 8-K filed with the Securities and Exchange Commission on November 5, 2009:

- On September 10, 2009, our Company issued 506,329 shares of our Company s common stock to settle outstanding claims in the amount of $200,000 to a supplier. We issued these securities to the supplier, as an accredited investor, relying on Rule 506 of Regulation D and/or Section 4(2) of the Securities Act of 1933, as amended.

Item 6. Exhibits

Exhibit Number Description

Articles of Incorporation and By laws

3.1	Certificate of Incorporation (as amended) of Nord Resources Corporation[(1)]
3.2	Amended and Restated Bylaws of Nord Resources Corporation[(2)]
3.3	Amendment to Amended Certificate of Incorporation (26)

Instruments defining the rights of security holders, including indentures

4.1	Pages from Amended and Restated Bylaws of Nord Resources Corporation defining the rights of holders of equity or debt securities[1]
4.2	Convertible Promissory Note for $35,000 issued by Nord Resources Corporation to Ronald A. Hirsch dated June 29, 2004[1]
4.3	Amendment to Convertible Promissory Note dated June 29, 2004 issued by Nord Resources Corporation to Ronald A. Hirsch effective November 30, 2005[1]
4.4	Convertible Promissory Note for $66,000 issued by Nord Resources Corporation to Stephen D. Seymour dated August 19, 2004[1]
4.5	Amendment to Convertible Promissory Note dated August 19, 2004 issued by Nord Resources Corporation to Stephen D. Seymour effective September 26, 2005[1]
4.6	Second Amendment to Convertible Promissory Note dated August 19, 2004 issued by Nord Resources Corporation to Stephen D. Seymour effective November 30, 2005[1]
4.7	Convertible Promissory Note for $106,000 issued by Nord Resources Corporation to Ronald A. Hirsch dated October 4, 2004[1]
4.8	Amendment to Convertible Promissory Note dated October 4, 2004 issued by Nord Resources Corporation to Ronald A. Hirsch effective September 26, 2005[1]
4.9	Second Amendment to Convertible Promissory Note dated October 4, 2004 issued by Nord Resources Corporation to Ronald A. Hirsch effective November 30, 2005[1]
4.10	Revolving Line of Credit Agreement, between Nord Resources Corporation and Ronald A. Hirsch and Stephen Seymour dated June 21, 2005[1]
4.11	Security Agreement between Nord Resources Corporation and Ronald A. Hirsch and Stephen Seymour dated June 21, 2005[1]
4.12	Secured Promissory Note ($600,000) between Nord Resources Corporation and Ronald A. Hirsch and Stephen Seymour dated June 21, 2005[1]
4.13	Second Amended and Restated Revolving Line of Credit between Nord Resources Corporation and Ronald A. Hirsch and Stephen Seymour dated November 8, 2005[3]
4.14	Amended and Restated Warrant Certificate issued by Nord Resources Corporation to Auramet Trading, LLC, dated as of October 17, 2005[5]
4.15	Warrant Certificate issued by Nord Resources Corporation to Auramet Trading, LLC, dated April 17, 2006[5]
4.16	Acknowledgement of Ronald A. Hirsch regarding Agreement for Credit Risk Participation dated November, 2005[1]

4.17	Secured Promissory Note for $3,900,000 issued by Nord Resources Corporation to Nedbank Limited dated November 8, 2005[1]
4.18	Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing among Nord Resources Corporation , First American Title Insurance Company and Nedbank Limited dated November 8, 2005[1]
4.19	Warrant Certificate issued by Nord Resources Corporation to Nedbank Limited, dated May 8, 2006[4]
4.20	Environmental Indemnity Agreement between Nord Resources Corporation and Nedbank Limited dated November, 2005[1]
4.21	Subordination Agreement among Ronald A. Hirsch, Stephen D. Seymour and Nedbank Limited dated November 8, 2005[1]
4.22	Letter from Nord Resources Corporation to Nedbank Limited regarding conditions subsequent, dated November 8, 2005[1]
4.23	Perfection Certificate completed by Nord Resources Corporation for Nedbank Limited, dated November 8, 2005[1]
4.24	Waiver Agreement and Amendment of Promissory Note between Nord Resources Corporation and Nedbank Limited, dated February 6, 2006[3]
4.25	Letter Agreement between Nord Resources Corporation and Nedbank Limited, dated May 5, 2006, extending the maturity date of the Secured Promissory Note dated November 8, 2005 in the principal amount of $3,900,000, to May 15, 2006[4]
4.26	Letter Agreement between Nord Resources Corporation, Ronald Hirsch and Stephen Seymour, dated May 5, 2006, extending the maturity date indebtedness under the Second Amended and Restated Revolving Line of Credit Agreement, among Nord Resources Corporation and Ronald A. Hirsch and Stephen Seymour dated November 8, 2005[7]
4.27	Modification Agreement between Nord Resources Corporation and Nedbank Limited, dated May 15, 2006[5]
4.28	Warrant Certificate issued by Nord Resources Corporation to Nedbank Limited, dated May 15, 2006[5]
4.29	Warrant Certificate issued by Nord Resources Corporation to Auramet Trading LLC, dated May 15, 2006[5]
4.30	Amended and Restated Secured Promissory Note, dated May 31, 2006, payable to Nedbank Limited in the principal amount of $4,900,000[6]
4.31	First Amendment to Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing, dated May 31, 2006, among Nord Resources Corporation, First American Title Insurance Company and Nedbank Limited[6]
4.32	Amendment to Subordination Agreement, dated May 31, 2006, made for the benefit of

	Nedbank Limited by Ronald Hirsch and Stephen Seymour[6]
4.33	Warrant Certificate issued by Nord Resources Corporation to Auramet Trading, LLC, dated May 31, 2006 representing 250,000 common stock purchase warrants[6]
4.34	Letter Agreement between Nord Resources Corporation Nedbank Limited and Auramet Trading, LLC dated August 8, 2006, extending the maturity date of a secured loan in the principal amount of $4,900,000[9]
4.35	Agreement between Nord Resources Corporation, Ronald Hirsch and Stephen Seymour, dated August 14, 2006, extending the maturity date indebtedness under the Second Amended and Restated Revolving Line of Credit Agreement, among Nord Resources Corporation and Ronald A. Hirsch and Stephen Seymour dated November 8, 2005[11]
4.36	Amended and Restated Convertible Promissory Note for $35,000 issued by Nord Resources Corporation to Ronald A. Hirsch dated for reference June 29, 2004[12]
4.37	Amended and Restated Convertible Promissory Note for $66,000 issued by Nord Resources Corporation to Stephen D. Seymour dated for reference August 19, 2004[12]
4.38	Amended and Restated Convertible Promissory Note for $106,000 issued by Nord Resources Corporation to Ronald A. Hirsch dated for reference October 4, 2004[12]
4.39	Agreement between Nord Resources Corporation, Ronald Hirsch and Stephen Seymour, dated August 17, 2006, extending the maturity date indebtedness under the Second Amended and Restated Revolving Line of Credit Agreement, among Nord Resources Corporation and Ronald A. Hirsch and Stephen Seymour dated November 8, 2005[12]
4.40	Modification Agreement dated September 30, 2006 between Nord Resources Corporation and Nedbank Limited[13]
4.41	Amendment agreement dated September 29, 2006 between Nord Resources Corporation and Stephen Seymour in respect of Amended and Restated Convertible Promissory Note dated for reference August 19, 2004, in the principal amount of $66,000[15]
4.42	Amendment agreement dated September 29, 2006 between Nord Resources Corporation and Ronald Hirsch in respect of Amended and Restated Convertible Promissory Note dated for reference October 4, 2004, in the principal amount of $106,000[15]
4.43	Amendment agreement dated September 29, 2006 between Nord Resources Corporation and Ronald Hirsch in respect of Amended and Restated Convertible Promissory Note dated for reference June 29, 2004, in the principal amount of $35,000[15]
4.44	Amending agreement dated September 29, 2006 among Nord Resources Corporation, Ronald Hirsch and Stephen Seymour in respect of that certain $600,000 Revolving Line of Credit Agreement and that certain Secured Promissory Note, as previously amended, each dated for reference June 21, 2005[15]
4.45	Letter Agreement among Nedbank Limited, Nord Resources Corporation and Auramet Trading, LLC dated for reference December 19, 2006 and executed on December 20,

	2006[20]
4.46	Amendment agreement dated December 22, 2006 between Nord Resources Corporation and Stephen Seymour in respect of Amended and Restated Convertible Promissory Note dated for reference August 19, 2004, in the principal amount of $66,000[20]
4.47	Amendment agreement dated December 22, 2006 between Nord Resources Corporation and Ronald Hirsch in respect of Amended and Restated Convertible Promissory Note dated for reference October 4, 2004, in the principal amount of $106,000[20]
4.48	Amendment agreement December 22, 2006 between Nord Resources Corporation and Ronald Hirsch in respect of Amended and Restated Convertible Promissory Note dated for reference June 29, 2004, in the principal amount of $106,000[20]
4.49	Amending agreement dated December 22, 2006 among Nord Resources Corporation, Ronald Hirsch and Stephen Seymour in respect of that certain $600,000 Revolving Line of Credit Agreement and that certain Secured Promissory Note, as previously amended, each dated for reference June 21, 2005[20]
4.50	Letter Agreement among Nedbank Limited, Nord Resources Corporation and Auramet Trading, LLC dated for reference January 11, 2007[21]
4.51	Amendment agreement dated January 15, 2007 between Nord Resources Corporation and Stephen Seymour in respect of Amended and Restated Convertible Promissory Note dated for reference August 19, 2004, in the principal amount of $66,000[21]
4.52	Amendment agreement dated January 15, 2007 between Nord Resources Corporation and Ronald Hirsch in respect of Amended and Restated Convertible Promissory Note dated for reference October 4, 2004, in the principal amount of $106,000[21]
4.53	Amendment agreement dated January 15, 2007 between Nord Resources Corporation and Ronald Hirsch in respect of Amended and Restated Convertible Promissory Note dated for reference June 29, 2004, in the principal amount of $35,000[21]
4.54	Amending agreement dated January 15, 2007 among Nord Resources Corporation, Ronald Hirsch and Stephen Seymour in respect of that certain $600,000 Revolving Line of Credit Agreement and that certain Secured Promissory Note, as previously amended, each dated for reference June 21, 2005[21]
4.55	Letter Agreement among Nedbank Limited, Nord Resources Corporation and Auramet Trading, LLC dated for reference January 30, 2007[22]
4.56	Amendment agreement dated January 31, 2007 between Nord Resources Corporation and Stephen Seymour in respect of Amended and Restated Convertible Promissory Note dated for reference August 19, 2004, in the principal amount of $66,000[22]
4.57	Amendment agreement dated January 31, 2007 between Nord Resources Corporation and Ronald Hirsch in respect of Amended and Restated Convertible Promissory Note dated for reference October 4, 2004, in the principal amount of $106,000[22]
4.58	Amendment agreement dated January 31, 2007 between Nord Resources Corporation and

	Ronald Hirsch in respect of Amended and Restated Convertible Promissory Note dated for reference June 29, 2004, in the principal amount of $35,000[22]
4.59	Amending agreement dated January 31, 2007 among Nord Resources Corporation, Ronald Hirsch and Stephen Seymour in respect of that certain $600,000 Revolving Line of Credit Agreement and that certain Secured Promissory Note, as previously amended, each dated for reference June 21, 2005[22]
4.60	Letter Agreement among Nedbank Limited, Nord Resources Corporation and Auramet Trading, LLC dated for reference February 23, 2007[23]
4.61	Modification Agreement between Nedbank Limited and Nord Resources Corporation dated for reference February 23, 2007[23]
4.62	Amendment agreement dated February 23, 2007 between Nord Resources Corporation and Stephen Seymour in respect of Amended and Restated Convertible Promissory Note dated for reference August 19, 2004, in the principal amount of $66,000[23]
4.63	Amendment agreement dated February 23, 2007 between Nord Resources Corporation and Ronald Hirsch in respect of Amended and Restated Convertible Promissory Note dated for reference October 4, 2004, in the principal amount of $106,000[23]
4.64	Amendment agreement dated February 23, 2007 between Nord Resources Corporation and Ronald Hirsch in respect of Amended and Restated Convertible Promissory Note dated for reference June 29, 2004, in the principal amount of $35,000[23]
4.65	Amending agreement dated February 23, 2007 among Nord Resources Corporation, Ronald Hirsch and Stephen Seymour in respect of that certain $600,000 Revolving Line of Credit Agreement and that certain Secured Promissory Note, as previously amended, each dated for reference June 21, 2005[23]
4.66	Term Sheet and Agreement between Nedbank Limited and Nord Resources Corporation dated for reference April 13, 2007[26]
4.67	Letter Agreement among Nedbank Limited, Nord Resources Corporation and Auramet Trading, LLC dated for reference April 17, 2007[26]
4.68	Amendment Agreement dated April 30, 2007 between Nord Resources Corporation and Stephen Seymour in respect of Amended and Restated Convertible Promissory Note dated for reference August 19, 2004, in the principal amount of $66,000[25]
4.69	Amendment Agreement dated April 30, 2007 between Nord Resources Corporation and Ronald Hirsch in respect of Amended and Restated Convertible Promissory Note dated for reference October 4, 2004, in the principal amount of $106,000[25]
4.70	Amendment Agreement dated April 30, 2007 between Nord Resources Corporation and Ronald Hirsch in respect of Amended and Restated Convertible Promissory Note dated for reference June 29, 2004, in the principal amount of $35,000[25]
4.71	Amending Agreement dated April 30, 2007 among Nord Resources Corporation, Ronald Hirsch and Stephen Seymour in respect of that certain $600,000 Revolving Line of Credit

	Agreement and that certain Secured Promissory Note, as previously amended, each dated for reference June 21, 2005[25]
4.72	Special Warrant Indenture among Nord Resources Corporation, Blackmont Capital Inc. and Computershare Trust Company of Canada, as special warrant trustee, dated June 5, 2007[27]
4.73	Warrant Indenture between Nord Resources Corporation and Computershare Trust Company of Canada, as warrant agent, dated June 5, 2007[27]
4.74	Registration Rights Agreement among Nord Resources Corporation, Blackmont Capital Inc. and Salman Partners Inc. dated June 5, 2007[27]
4.75	Agent s Option Certificate issued to Blackmont Capital Inc., dated June 5, 2007 (27)
4.76	Agent s Option Certificate issued to Salman Partners Inc., dated June 5, 2007 (27)

Material Contracts

10.1	Executive Employment Agreement between Nord Resources Corporation and Ronald A. Hirsch dated January 2, 2004[1]
10.2	Waiver Agreement between Nord Resources Corporation and Ronald A. Hirsch dated February 15, 2006[3]
10.3	Executive Employment Agreement between Nord Resources Corporation and Erland Anderson dated January 2, 2004[1]
10.4	Waiver Agreement and Amendment of Employment Agreement between Nord Resources Corporation and Erland Anderson dated February 15, 2006[3]
10.5	Nord Resources Corporation Stock Option granted to Erland Anderson February 1, 2006[3]
10.6	Executive Employment Agreement between Nord Resources Corporation and John Perry dated April 18, 2005[1]
10.7	Waiver Agreement between Nord Resources Corporation and John Perry dated February 15, 2006[3]
10.8	Letter Agreement between Nord Resources Corporation and Nicholas Tintor regarding employment matters dated February 15, 2006[3]
10.9	Option to Purchase the Coyote Springs property from Thornwell Rogers, South Branch Resources LLC and MRPGEO LLC to Nord Resources Corporation dated January 28, 2004[1]
10.10	First Amendment to Option to Purchase Coyote Springs property among Thornwell Rogers, South Branch Resources LLC, MRPGEO LLC and Nord Resources Corporation

	dated December 14, 2004[1]
10.11	Second Amendment to the Terms of Agreement, Option to Purchase the Coyote Springs Property, Graham County, Arizona, between Nord Resources Corporation and Thornwell Rogers, South Branch Resources LLC and MRPGEO LLC, dated January 27, 2006[3]
10.12	Option to Purchase the Mimbres Property from Thornwell Rogers, South Branch Resources, LLC and MRPGEO, LLC to Nord Resources Corporation dated June 10, 2004[1]
10.13	Option Agreement between Shirley Bailey and Nord Resources Corporation dated July 19, 2004[1]
10.14	Debt Conversion between Nord Resources Corporation and Thornwell Rogers dated April 16, 2004[1]
10.15	Debt Conversion between Nord Resources Corporation and South Branch Resources LLC dated April 16, 2004[1]
10.16	Debt Conversion between Nord Resources Corporation and MRPGEO, LLC dated April 16, 2004[1]
10.17	Debt Conversion Agreement between Peifer, Hanson and Mullins P.A. and Nord Resources Corporation dated October 25, 2005[1]
10.18	Settlement Agreement and General Release between Nord Resources Corporation and W. Pierce Carson dated April 22, 2005[1]
10.19	Warrant Certificate issuing 250,000 warrants to W. Pierce Carson dated April 22, 2005 (1)
10.20	Warrant Amendment Agreement between Nord Resource Corporation and Pierce Carson dated October 5, 2006[28]
10.21	Nord Resources Corporation form of Subscription Agreement for US Investors (2005 private placement)[1]
10.22	Nord Resources Corporation form of Subscription Agreement for Canadian Investors (2005 private placement)[1]
10.23	Nord Resources Corporation form of Warrant Certificate for US Purchasers (2005 private placement)[1]
10.24	Nord Resources Corporation form of Warrant Certificate for Canadian Purchasers (2005 private placement)[1]
10.25	Letter dated October 25, 2005, amending the terms of the 2005 private placement offering[1]
10.26	Letter dated November 15, 2005, amending the terms of the 2005 private placement

	offering[1]
10.27	Letter dated December 21, 2005, amending the terms of the 2005 private placement offering[1]
10.28	Agreement for Purchase and Sale of Waste Rock from the Johnson Camp Mine between Nord Resources Corporation and JC Rock, LLC dated December 24, 2004[1]
10.29	Tenth Amendment to the Agreement for Purchase and Sale of Waste Rock from the Johnson Camp Mine dated July 31, 2007[27]
10.30	Office Lease between Issa and Henrietta Hallaq, landlords, and Nord Resources Corporation, tenant, dated January 5, 2006[27]
10.31	Confidential Settlement and Release Agreement between Nord Resources Corporation (plaintiff/counter defendant), and Titanium Resources Group, Ltd. and Edward Wayne Malouf (defendants/counter plaintiffs) dated August 9, 2006[10]
10.32	Settlement Agreement between Nord Resources Corporation and Nicholas Tintor dated September 29, 2006[14]
10.33	Mutual General Release between Nord Resources Corporation and Nicholas Tintor dated September 29, 2006[14]
10.34	Third Amendment to the Terms of Agreement, Option to Purchase the Coyote Springs Property, Graham County, Arizona among Nord Resources Corporation, Thornwell Rogers, South Branch Resources, LLC and MRGPEO, LLC dated October 17, 2006[16]
10.35	Second Amendment to the Terms of Agreement, Option to Purchase the Mimbres Property, Grant County, New Mexico among Nord Resources Corporation, Thornwell Rogers, South Branch Resources, LLC and MRGPEO, LLC dated October 17, 2006[16]
10.36	Settlement Agreement dated October 18, 2006, between Nord Resources Corporation and TMD Acquisition Corporation[16]
10.37	Assignment Agreement dated October 18, 2006, between Nord Resources Corporation and TMD Acquisition Corporation[16]
10.38	Amended and Restated Waiver Agreement And Amendment of Employment Agreement between Nord Resources Corporation and Ronald Hirsch dated October 18, 2006[16]
10.39	Amendment of Employment Agreement between Nord Resources Corporation and Erland Anderson dated October 18, 2006[16]
10.40	Amendment of Executive Employment Agreement between Nord Resources Corporation and John Perry dated October 18, 2006[16]
10.41	Indemnification Agreement dated October 18, 2006 by Stephen Seymour, in his personal capacity, and by Stephen Seymour, Kathie Stevens and Louise Seymour, as Trustees U/A dated 7/27/82 FBO Louise Seymour, in favor of Nord Resources Corporation[16]

10.42	Agreement and Plan of Merger dated October 23, 2006 by and among Nord Resources Corporation, Platinum Diversified Mining, Inc., Platinum Diversified Mining USA, Inc. and PDM Merger Corp.(17)
10.43	Voting Agreement dated October 23, 2006 among Nord Resources Corp., Platinum Diversified Mining USA, Inc. and Ronald A. Hirsch(17)
10.44	Voting Agreement dated October 23, 2006 among Nord Resources Corp., Platinum Diversified Mining USA, Inc. and Stephen Seymour(17)
10.45	Deposit Escrow Agreement dated October 23, 2006 among Nord Resources Corp., Platinum Diversified Mining USA, Inc. and American Stock Transfer & Trust Company(17)
10.46	Letter Agreement respecting a performance bonus between Nord Resources Corporation and Ron A. Hirsch dated November 2, 2006(18)
10.47	Letter Agreement respecting a performance bonus between Nord Resources Corporation and Erland A. Anderson dated November 2, 2006(18)
10.48	Letter Agreement respecting a performance bonus between Nord Resources Corporation and John T. Perry dated November 2, 2006(18)
10.49	Amended and Restated Assignment Agreement dated as of October 18, 2006, between Nord Resources Corporation and TMD Acquisition Corporation(19)
10.50	Seventh Amendment to the Agreement for Purchase and Sale of Waste Rock from the Johnson Camp Mine dated November 2, 2006(19)
10.51	Settlement Agreement dated March 7, 2007 among Nord Resources Corporation, Platinum Diversified Mining, Inc., Platinum Diversified Mining USA, Inc. and PDM Merger Corp.(24)
10.52	Eighth Amendment to the Agreement for Purchase and Sale of Waste Rock from the Johnson Camp Mine dated January 19, 2007(26)
10.53	Ninth Amendment to the Agreement for Purchase and Sale of Waste Rock from the Johnson Camp Mine dated as of April 30, 2007(26)
10.54	Agency Agreement among Nord Resources Corporation, Blackmont Capital Inc. and Salman Partners Inc. dated June 5, 2007(27)
10.55	45Form of Subscription Agreement dated June 5, 2007 between Nord Resources Corporation and each purchaser of special warrants(27)
10.56	Credit Agreement dated as of June 28, 2007 between Nord Resources Corporation, Cochise Aggregates and Materials, Inc., Nedbank Limited and the Lenders from time to time party thereto(27)
10.57	Tenth Amendment to the Agreement for Purchase and Sale of Waste Rock from the

	Johnson Camp Mine dated July 31, 2007[27]
10.58	Eleventh Amendment to the Agreement for Purchase and Sale of Waste Rock from the Johnson Camp Mine dated 2007[29]
10.59	Long Term Cathode Sales Agreement effective February 1, 2008, with Red Kite Explorer Fund Limited (Portions of th have been omitted and filed separately with the SEC pursuant to a Request for Confidential Treatment filed unde 200.80(b)(4) and 240.24b 2)[29]
10.60	Twelfth Amendment to the Agreement for Purchase and Sale of Waste Rock from the Johnson Camp Mine dated 2008[29]
10.61	Thirteenth Amendment to the Agreement for Purchase and Sale of Waste Rock from the Johnson Camp Mine date 2008[31]
10.62	Amended and Restated Credit Agreement dated as of June 30, 2008 among Nord Resources Corporation, Cochise Agg Materials Inc., Nedbank Limited and the Lenders from time to time party thereto[30]
10.63	Amended and Restated Executive Employment Agreement between the Company and John Perry dated September 9, 200
10.64	Executive Employment Agreement between the Company and Wayne Morrison dated September 9, 2008. [32]
10.65	Processing Agreement with Texas Canyon Rock & Sand, Inc., dated October 31, 2008 (34)
10.66	Fourteenth Amendment to the Agreement for Purchase and Sale of Waste Rock from the Johnson Camp Mine dated No 2008[35]
10.67	Amended and Restated Credit Agreement dated as of March 31, 2009 among Nord Resources Corporation, Cochise Agg Materials Inc., Nedbank Limited and the Lenders from time to time party thereto[36]
10.68	Agreement to Purchase Royalty dated as of March 31, 2009 between Nord Resources Corporation and IRC Nevada Inc.[3
10.69	Royalty Deed and Assignment of Royalty dated as of March 31, 2009, from Nord Resources Corporation to IRC Nevada

Subsidiaries of the Issuer

21.1	Subsidiaries of the Issuer:
	Cochise Aggregates and Materials, Inc. (Incorporated in Nevada)

Certifications

31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14 and Rule 15d-14(a), promulgated under the *Securities and Exchange Act of 1934*, as amended(37)
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14 and Rule 15d-14(a), promulgated under the *Securities and Exchange Act of 1934*, as amended(37)
32.1	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the *Sarbanes-Oxley Act of 2002*(37)

Additional Exhibits

99.1	Nord Resources Corporation Amended and Restated 2006 Stock Incentive Plan (8)
99.2	Nord Resources Corporation Performance Incentive Plan for the period from July 1, 2007 to December 31, 2008(27)

Notes

(1) Incorporated by reference from our annual report on Form 10 KSB for the year ended December 31, 2004, filed with the SEC on January 17, 2006.

(2) Incorporated by reference from our current report on Form 8 K dated February 15, 2006, filed with the SEC on February 16, 2006.

(3) Incorporated by reference from our annual report on Form 10 KSB for the year ended December 31, 2005, filed with the SEC on March 28, 2006.

(4) Incorporated by reference from our current report on Form 8 K, filed with the SEC on May 11, 2006.

(5) Incorporated by reference from our quarterly report on Form 10 QSB for the quarter ended March 31, 2006, filed with the SEC on May 15, 2006.

(6) Incorporated by reference from our current report on Form 8 K, filed with the SEC on May 31, 2006.

(7) Incorporated by reference from Amendment No. 1 to our annual report on Form 10 KSB for the year ended December 31, 2005, filed with the SEC on June 30, 2006.

(8) Incorporated by reference from our current report on Form 8 K, filed with the SEC on December 6, 2008.

(9) Incorporated by reference from our current report on Form 8 K, filed with the SEC on August 8, 2006.

(10) Incorporated by reference from our current report on Form 8 K, filed with the SEC on August 14, 2006.

(11) Incorporated by reference from our quarterly report on Form 10 QSB for the quarter ended June 30, 2006, filed with the SEC on August 14, 2006.

(12) Incorporated by reference from Amendment No. 3 to our annual report on Form 10 KSB for the year ended December 31, 2005, filed with the SEC on August 23, 2006.

(13) Incorporated by reference from our current report on Form 8 K, filed with the SEC on September 28, 2006.

(14) Incorporated by reference from our current report on Form 8 K, filed with the SEC on October 2, 2006.

(15) Incorporated by reference from our current report on Form 8 K, filed with the SEC on October 4, 2006.

(16) Incorporated by reference from our current report on Form 8 K, filed with the SEC on October 23, 2006.

(17) Incorporated by reference from our current report on Form 8 K, filed with the SEC on October 25, 2006.

(18) Incorporated by reference from our current report on Form 8 K, filed with the SEC on November 7, 2006.

(19) Incorporated by reference from our quarterly report on Form 10 QSB for the quarter ended September 30, 2006, filed with the SEC on November 13, 2006.

(20) Incorporated by reference from our current report on Form 8 K, filed with the SEC on December 26, 2006.

(21) Incorporated by reference from our current report on Form 8 K, filed with the SEC on January 16, 2007.

(22) Incorporated by reference from our current report on Form 8 K, filed with the SEC on February 5, 2007.

(23) Incorporated by reference from our current report on Form 8 K, filed with the SEC on February 26, 2007.

(24) Incorporated by reference from our annual report on Form 10 KSB for the year ended December 31, 2006, filed with the SEC on March 28, 2007.

(25) Incorporated by reference from our current report on Form 8 K, filed with the SEC on February 26, 2007.

(26) Incorporated by reference from our quarterly report on Form 10 QSB for the quarter ended March 31, 2007, filed with the SEC on May 9, 2007.

(27) Incorporated by reference from our quarterly report on Form 10 QSB for the quarter ended June 30, 2007, filed with the SEC on August 14, 2007.

(28) Incorporated by reference from our Form SB 2, filed with the SEC on October 19, 2007.

(29) Incorporated by reference from our annual report on Form 10 KSB for the year ended December 31, 2007, filed with the SEC on March 26, 2008.

(30) Incorporated by reference from our current report on Form 8 K dated June 30, 2008 and filed with the SEC on July 7, 2008.

(31) Incorporated by reference from our quarterly report on Form 10 Q for the quarter ended June 30, 2008, filed with the SEC on August 14, 2008.

(32) Incorporated by reference from our current report on Form 8 K dated September 9, 2008 and filed with the SEC on September 12, 2008.

(33) Incorporated by reference from our Post Effective No. 3 on Form S-1 dated October 24, 2008 and filed with the SEC on October 24, 2008.

(34) Incorporated by reference from our current report on Form 8 K dated October 31, 2008 and filed with the SEC on November 5, 2008.

(35) Incorporated by reference from our current report on Form 8 K dated November 25, 2008 and filed with the SEC on November 28, 2008.

(36) Incorporated by reference from our annual report on Form 10-K for the year ended December 31, 2008 and filed with the SEC on March 31, 2009.

(37) Filed herewith.

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

NORD RESOURCES CORPORATION

By: /s/ John T. Perry
John T. Perry
(Principal Executive Officer)
President, Chief Executive Officer,

Date: November 13, 2009

By: /s/ Wayne M. Morrison
Wayne M. Morrison
(Principal Financial Officer and Principal Accounting Officer)
Vice President, Chief Financial Officer, Secretary and Treasurer

Date: November 13, 2009