

NORD RESOURCES CORP
Form POS AM
May 18, 2009

As filed with the Securities and Exchange Commission on May 18, 2009
Registration Statement No. 333-146813

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C., 20549

POST EFFECTIVE AMENDMENT NO. 4
TO FORM SB-2
ON FORM S-1

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

NORD RESOURCES CORPORATION

(Exact name of registrant as specified in charter)

DELAWARE

1000

85-0212139

(State or jurisdiction of
incorporation or organization)

(Primary Standard Industrial
Classification Code Number)

(I.R.S. Employer Identification No.)

1 West Wetmore Road, Suite 203, Tucson, Arizona 85705

Telephone: (520) 292-0266

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Mr. John Perry, President and Chief Executive Officer

1 West Wetmore Road, Suite 203

Tucson, Arizona 85705

Phone: (520) 292-0266

(Name, address, including zip code, and telephone number, including area code, of agent for service)

With a copy to:

Herbert I. Ono

LANG MICHENER LLP

1500 Royal Centre, 1055 West Georgia Street

Vancouver, British Columbia, Canada, V6E 4N7

Telephone: (604) 689-9111 and Facsimile: (604) 685-7084

Approximate date of commencement of proposed sale to the public: From time to time after this Registration Statement is declared effective.

If any securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the

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Securities Act of 1933, check the following box. [X]

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. []

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. []

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. []

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 definitions of large accelerated filer, accelerated filer, and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

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

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered⁽¹⁾	Proposed Offering Price per Share⁽²⁾	Proposed Maximum Aggregate Offering Price⁽²⁾	Amount of Registration Fee⁽³⁾
Shares of Common Stock, Par Value \$0.01 per Share, issued upon conversion of Special Warrants and being offered for resale by certain selling stockholders ⁽⁴⁾	30,666,700	1.33	\$40,786,711.00	\$1,252.15

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Shares of Common Stock, Par Value \$0.01 per Share, to be offered for resale by holders of Warrants assuming the exercise of such Warrants, which in turn were issued upon the conversion of Special Warrants ⁽⁵⁾	15,333,350	1.33	\$20,393,355.50	\$626.08
Shares of Common Stock, Par Value \$0.01 per Share, issuable upon exercise of Agents Compensation Option ⁽⁶⁾	1,840,002	1.33	\$2,447,202.66	\$75.13
Shares of Common Stock, Par Value \$0.01 per Share, to be offered for resale by a selling stockholder ⁽⁷⁾	250,000	1.33	\$332,500.00	\$10.21
Shares of Common Stock, Par Value \$0.01 per Share, to be offered for resale by a selling stockholder ⁽⁸⁾	256,410	1.33	\$341,025.30	\$10.47
Shares of Common Stock, Par Value \$0.01 per Share, to be offered for resale by a holder of Warrants assuming the exercise of such Warrants ⁽⁹⁾	743,590	1.33	\$988,974.70	\$30.36
Shares of Common Stock, Par Value \$0.01 per Share, to be offered for resale by the holders of Warrants assuming the exercise of such Warrants ⁽¹⁰⁾	100,000	1.33	\$133,000.00	\$4.08
Shares of Common Stock, Par Value \$0.01 per Share, to be offered for resale by a holder of Warrants assuming the exercise of such Warrants ⁽¹¹⁾	250,000	1.33	\$332,500.00	\$10.21
Shares of Common Stock, Par Value \$0.01 per Share, to be offered for resale by the holders of Warrants assuming the exercise of such Warrants ⁽¹²⁾	150,000	1.33	\$199,500.00	\$6.12

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Shares of Common Stock, Par Value \$0.01 per Share, to be offered for resale by the holders of Warrants assuming the exercise of such Warrants ⁽¹³⁾	300,000	1.33	\$399,000.00	\$12.25
Shares of Common Stock, Par Value \$0.01 per Share, to be offered for resale by a selling stockholder ⁽¹⁴⁾	250,000	1.33	\$332,500.00	\$10.21
Shares of Common Stock, Par Value \$0.01 per Share, to be offered for resale by a holder of Warrants assuming the exercise of such Warrants ⁽¹⁵⁾	250,000	1.33	\$332,500.00	\$10.21
Shares of Common Stock, Par Value \$0.01 per Share, to be offered for resale by a selling stockholder ⁽¹⁶⁾	130,000	1.33	\$172,900.00	\$5.31
Shares of Common Stock, Par Value \$0.01 per Share, to be offered for resale by a selling stockholder ⁽¹⁷⁾	212,195	1.33	\$282,219.35	\$8.67
Shares of Common Stock, Par Value \$0.01 per Share, to be offered for resale by a selling stockholder ⁽¹⁸⁾	337,458	1.33	\$448,819.14	\$13.78
Shares of Common Stock, Par Value \$0.01 per Share, to be offered for resale by certain selling stockholders ⁽¹⁹⁾	2,260,000	1.33	\$3,005,800.00	\$92.28
Shares of Common Stock, Par Value \$0.01 per Share, to be offered for resale by a holder of Warrants assuming the exercise of such Warrants ⁽²⁰⁾	2,260,000	1.33	\$3,005,800.00	\$92.28

Total	55,589,705	\$73,934,307.65	\$2,269.80
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- (1) In accordance with Rule 416 under the Securities Act of 1933, as amended, this registration statement shall also cover a presently indeterminable number of shares of common stock which may be issued in the event of stock splits, stock dividends, the triggering of any anti-dilution provisions in the Warrants, or similar transactions that may involve an increase in the number of the registrant's outstanding shares of common stock without the receipt of consideration.
- (2) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(c) under the Securities Act of 1933, as amended, based upon the average of the high and low prices for our common stock on the Pink Sheets LLC (now the Pink OTC Markets Inc.) on October 15, 2007.
- (3) Fee calculated in accordance with Rule 457(c) of the Securities Act of 1933, as amended. This fee was previously paid at the time of filing of the initial registration statement on Form SB-2 filed with the SEC on October 19, 2007.
- (4) Represents shares of common stock issued by our company upon conversion of 30,666,700 special warrants. Each special warrant entitled the holder to acquire, for no additional consideration, one share of common stock and one-half of one warrant. The special warrants were governed by a special warrant indenture dated June 5, 2007.
- (5) Represents shares of common stock issuable by our company upon exercise of the common stock purchase warrants that were issued upon conversion of the special warrants. Each warrant entitles the holder to purchase one share of our common stock until 5:00 p.m. (Vancouver time) on June 5, 2012 at a price of \$1.10 per share. The warrants are governed by a warrant indenture dated June 5, 2007.
- (6) Represents shares of common stock issuable by our company upon exercise of the agent's compensation options issued as partial consideration for services rendered by the placement agents in connection with the unregistered private placement of special warrants. Each agent's compensation option entitles the holder to purchase one share of our common stock until 5:00 p.m. (Vancouver time) on June 5, 2009 at a price of \$0.75 per share.
- (7) Represents outstanding shares of common stock issued by our company upon exercise of 250,000 common stock purchase warrants issued to Auramet Trading, LLC in connection with a secured bridge loan in the principal amount of \$2,850,000 dated October 17, 2005. Each warrant entitled the holder to purchase one share of our common stock until 5:00 p.m. (Central time) on October 17, 2007, at an exercise price of \$0.56 per share. These warrants were exercised prior to their expiry date.
- (8) Represents outstanding shares of common stock issued by our company upon exercise of 256,410 common stock purchase warrants issued to Auramet Trading in connection with a secured bridge loan in the principal amount of \$2,850,000 dated October 17, 2005. Each warrant entitled the holder to purchase one share of our common stock until 5:00 p.m. (Central time) on April 17, 2008, at an exercise price of \$0.56 per share.
- (9) Represents shares of common stock issuable by our company upon exercise of 743,590 common stock purchase warrants issued to Nedbank Limited in connection with a secured bridge loan in the principal amount of \$3,900,000 dated November 8, 2005. Auramet Trading participated in this bridge loan through the contribution of \$1,000,000 outstanding under the earlier bridge loan dated October 17, 2005, but is at arm's length from Nedbank. We used \$1,860,175 of the proceeds from this loan to repay the portion of the Auramet Trading loan that was contributed by Mr. Hirsch, \$5,500 to pay the accrued interest on the Auramet Trading loan, \$50,000 to pay the legal fees of Auramet Trading in connection with the bridge loan, and \$100,000 to pay Nedbank's closing fee. In addition, we paid \$400,000 to Auramet Trading to purchase copper put options, and we are using

the remainder to fund our ongoing activities at the Johnson Camp property and for general corporate purposes. Each warrant entitles the holder to purchase one share of our common stock until 5:00 p.m. (Central time) on November 8, 2008, at an exercise price of \$0.88 per share. Our company is seeking to amend this registration statement to deregister these shares because the warrants expired in accordance with their terms without being exercised (see Deregistration of Securities below).

- (10) Represents shares of common stock issuable by our company upon exercise of 100,000 common stock purchase warrants issued in connection with the extension of the maturity date of the secured bridge loan by Nedbank. Each warrant entitles the holder to purchase one share of our common stock until 5:00 p.m. (Central time) on November 15, 2008, at an exercise price of \$1.00 per share. Our company is seeking to amend this registration statement to deregister these shares because the warrants expired in accordance with their terms without being exercised (see Deregistration of Securities below).
 - (11) Represents shares of common stock that were issuable by our company upon exercise of 250,000 common stock purchase warrants issued to Auramet Trading in connection with an additional \$1,000,000 advance on May 31, 2006 that was added to the principal amount of the secured bridge loan by Nedbank. Each warrant entitled the holder to purchase one share of our common stock until 5:00 p. m. (Central time) on May 31, 2008, at an exercise price of \$1.15 per share. Our company is seeking to amend this registration statement to deregister these shares because the warrants expired in accordance with their terms without being exercised (see Deregistration of Securities below).
 - (12) Represents shares of common stock issuable by our company upon exercise of 150,000 common stock purchase warrants issued in connection with the extension of maturity date of the secured bridge loan by Nedbank. Each warrant entitled the holder to purchase one share of our common stock until 5:00 p.m. (Central time) on September 30, 2008, at an exercise price of \$0.83 per share. Our company is seeking to amend this registration statement to deregister these shares because the warrants expired in accordance with their terms without being exercised (see Deregistration of Securities below).
 - (13) Represents shares of common stock issuable by our company upon exercise of 300,000 common stock purchase warrants issued in connection with the extension of maturity date of the secured bridge loan by Nedbank, and an increase of the principal amount of the bridge loan to \$5,000,000, effective September 30, 2006. Each warrant entitled the holder to purchase one share of our common stock until 5:00 p.m. (Central time) on September 30, 2008, at an exercise price of \$0.66 per share. Our company is seeking to amend this registration statement to deregister these shares because the warrants expired in accordance with their terms without being exercised (see Deregistration of Securities below).
 - (14) Represents outstanding shares of common stock issued pursuant to a settlement agreement and general release dated April 22, 2005 with a former chief executive officer of our company.
-

- (15) Represents shares of common stock issued by our company upon exercise of 250,000 common stock purchase warrants issued pursuant to a settlement agreement and general release dated April 22, 2005 with a former chief executive officer of our company. Each warrant entitled the holder to purchase one share of our common stock until April 22, 2008, at an exercise price of \$0.50 per share. These warrants have been exercised.
- (16) Represents outstanding shares of common stock issued to Ronald Hirsch, the Chairman of our board of directors, on June 29, 2007 upon conversion of 50 percent of the outstanding principal and interest under a \$35,000 convertible promissory note dated June 29, 2004, as amended, at a conversion price of \$0.175 per share.
- (17) Represents outstanding shares of common stock issued to Stephen Seymour, a director of our company, on June 29, 2007 upon conversion of 50 percent of the outstanding principal and interest under a \$66,000 convertible promissory note dated August 19, 2004, as amended, at a conversion price of \$0.20 per share.
- (18) Represents outstanding shares of common stock issued to Mr. Hirsch on June 29, 2007 upon conversion of 50 percent of the outstanding principal and interest under a \$106,000 convertible promissory note dated October 4, 2004, as amended, at a conversion price of \$0.20 per share.
- (19) Represents outstanding shares of common stock issued pursuant to our secured \$600,000 revolving line of credit agreement with Mr. Hirsch and Mr. Seymour. In consideration for the issuance of the line of credit, our company agreed to issue to the Mr. Hirsch and Mr. Seymour four shares of common stock and four warrants for every \$1 loaned to our company.
- (20) Represents shares of common stock issued by our company upon exercise of the 2,260,000 common stock purchase warrants issued pursuant to our secured \$600,000 revolving line of credit agreement with Mr. Hirsch and Mr. Seymour. Each warrant entitled the holder to purchase one share of common stock at an exercise price of \$0.25 for a period of three years, and has been exercised.

The Registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, or until this registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

Explanatory Note

This Post-Effective Amendment No. 4 relates to the Registration Statement on Form SB-2 (File No. 333-146813) of Nord Resources Corporation pertaining to 55,589,705 shares of our Company's common stock, par value \$0.01 per share, which was filed with the Securities and Exchange Commission on October 19, 2007, as amended by Pre-Effective Amendment No. 1 (File No. 333-146813) filed with the Securities and Exchange Commission on November 26, 2007, Pre-Effective Amendment No. 2 (File No. 333-146813) filed with the Securities and Exchange Commission on December 17, 2007, Post-Effective Amendment No. 1 (File No. 333-146813) filed with the SEC on October 6, 2008, Post-Effective Amendment No. 2 (File No. 333-146813) filed with the SEC on October 15, 2008 and Post-Effective Amendment No. 3 (File No. 333-146813) filed with the SEC on October 24, 2008 (as amended, the Registration Statement). The Registration Statement became effective on December 18, 2007.

This Post-Effective Amendment No. 4 is being filed to update certain financial and other information contained in the prospectus in accordance with section 10(a)(3) of the Securities Act of 1933, as amended.

Deregistration of Securities

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This Post-Effective Amendment No. 4 is also being filed to deregister 843,590 shares of common stock, par value \$0.01 per share, (the Warrant Shares) that were issuable upon the exercise of 843,590 common stock purchase warrants (the Warrants). As a result of the expiration of the Warrants, the Warrant Shares are no longer available.

SUBJECT TO COMPLETION, DATED <>, 2009

PROSPECTUS

NORD RESOURCES CORPORATION

54,046,115 SHARES OF COMMON STOCK

This prospectus relates to the resale of up to 54,046,115 shares of common stock of Nord Resources Corporation that may be offered and sold, from time to time, by the selling stockholders identified in this prospectus. These shares consist of:

1. up to 30,666,700 shares of common stock issued to certain selling stockholders, without the payment of any additional consideration, upon the conversion of 30,666,700 special warrants that were offered and sold in an unregistered private placement that closed on June 5, 2007;
2. up to 15,333,350 shares of common stock issuable to certain selling stockholders upon the exercise of common stock purchase warrants which were issued upon the conversion of the 30,666,700 special warrants that were offered and sold in the unregistered private placement that closed on June 5, 2007;
3. up to 1,840,002 shares of common stock issuable to certain selling stockholders upon the exercise of stock options issued in partial consideration of services rendered in connection with the unregistered private placement of special warrants that closed on June 5, 2007; and
4. up to 6,206,063 outstanding shares of common stock held by certain selling stockholders.

These transactions are described in this prospectus under Selling Stockholders.

Our common stock is listed for trading on the Toronto Stock Exchange (TSX) under the symbol NRD , and is also quoted on the OTC Bulletin Board under the symbol NRDS . On May 11, 2009 the high bid and low ask prices for one share of our common stock on the TSX were CDN\$0.55 and CDN\$0.55, respectively; the closing price for one share of our common stock on the TSX on that date was CDN\$0.55. On May 11, 2009, the high bid and low ask prices for one share of our common stock on the OTC Bulletin Board were \$0.51 and \$0.50, respectively; the closing price for one share of our common stock on the OTC Bulletin Board on that date was \$0.50. We do not have any securities that are currently traded on any other exchange or quotation system. **There is no market through which the warrants may be sold and purchasers may not be able to resell their warrants.**

It is anticipated that the selling stockholders will offer to sell the shares of common stock being offered in this prospectus at prevailing market prices of our common stock on the TSX or on the OTC Bulletin Board. Any selling stockholder may, in such selling stockholder's discretion, elect to sell such shares of common stock at fixed prices, at varying prices or at negotiated prices. There is no relationship whatsoever between the offering price and our assets, earnings, book value or any other objective criteria of value. We will not receive any proceeds from the resale of shares of our common stock by the selling stockholders. We may receive proceeds from the exercise of warrants, if exercised, and will use such proceeds for general corporate purposes and potentially to repay corporate debt.

We agreed to bear substantially all of the expenses in connection with the registration and resale of the shares offered

hereby (other than selling commissions).

The purchase of the securities offered by this prospectus involves a high degree of risk. You should invest in our shares of common stock only if you can afford to lose your entire investment. You should carefully read and consider the section of this prospectus entitled Risk Factors beginning on page 6 before buying any shares of our common stock.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offence.

NORD RESOURCES CORPORATION

PROSPECTUS

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we filed with the Securities and Exchange Commission. The registration statement containing this prospectus, including the exhibits to the registration statement, also contains additional information about Nord Resources Corporation and the securities offered under this prospectus. That registration statement can be read at the Securities and Exchange Commission's website (located at www.sec.gov) or at the Securities and Exchange Commission's Public Reference Room mentioned under the heading "Where You Can Find More Information" of this prospectus.

You should rely only on the information contained in this document or to which we have referred you. We have not authorized anyone to provide you with information that is different. This document may only be used where it is legal to sell these securities. The information in this document may only be accurate on the date of this document. Our business, financial condition or results of operations may have changed since that date.

REFERENCES

As used in this prospectus: (i) the terms "we", "us", "our", "Nord" and the "Company" mean Nord Resources Corporation; (ii) "SEC" refers to the Securities and Exchange Commission; (iii) "Securities Act" refers to the United States *Securities Act of 1933*, as amended; (iv) "Exchange Act" refers to the United States *Securities Exchange Act of 1934*, as amended; and (v) all dollar amounts refer to United States dollars unless otherwise indicated.

PROSPECTUS SUMMARY

The following summary highlights selected information contained in this prospectus. This summary does not contain all the information you should consider before investing in the securities. Before making an investment decision, you should read the entire prospectus carefully, including the Risk Factors section, the financial statements and the notes to the financial statements.

The Company

Overview

We are a copper mining company and 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.

Development of Our Business

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.

In September 2007, Bikerman Engineering & Technology Associates, Inc. completed a technical report for us entitled, Johnson Camp Mine Project, Feasibility Study, Cochise County, Arizona, USA, Technical Report (the Technical Report), and prepared 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).

In January 2008, we commenced copper cathode production from leaching old dumps, and during 2008 we produced approximately 2,900,000 pounds of copper from residual leaching.

In February 2008, we entered into a long term cathode sales agreement with Red Kite Master 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, and pricing is based on the average monthly COMEX price for high grade copper.

In order for us to resume full mining operations, we were required to complete certain steps outlined in the mine development schedule contained in the updated feasibility study forming part of the Technical Report. The mine development schedule required, among other things, that we reline an existing solution pond, construct three new lined solution ponds, prepare a new stand-alone lined leach pad facility, and that we complete the installation of a two-stage crushing circuit. The mine development schedule also contemplated the rehabilitation of the on-site SX-EW plant, and a modest expansion of the plant's electrowinning section.

In August 2008, we received the Air Quality permit necessary to enable us to complete the construction related to the reactivation of the Johnson Camp Mine.

We commenced mining of new ore upon completion of the reactivation work in January 2009, and we commenced production of copper from new ore in February 2009. We anticipate reaching our currently planned full copper production rate of 25,000,000 pounds of copper per annum in the spring of 2009.

In November 2008, we received a scoping study completed by an independent, internationally recognized firm of mining engineers and consultants that found that we can potentially increase our production to an estimated rate of 40,000,000 pounds of copper per year from our current plan of 25,000,000 pounds of copper per year with an additional capital investment of approximately \$19,000,000. We plan to conduct an updated feasibility study as a first step in assessing whether we should pursue this increase in our planned production. We believe that we will have sufficient cash flow from operations to commission the required updated feasibility study, but we will require additional financing if we decide to make the required capital investments to increase production. Upon completion of the updated feasibility study, which we anticipate will take six months from the date that it begins, our board of directors will analyze the results to determine whether it is in the best interests of our Company to pursue this initiative, taking into account, among other things, the availability of required financing (which cannot be assured).

Financing Activities

On June 5, 2007, we completed an unregistered private placement offering of 30,666,700 special warrants for aggregate proceeds of approximately \$23,000,000 (net proceeds of approximately \$21,300,000).

In June 2008, we entered into an Amended and Restated Credit Agreement with Nedbank Limited, as administrative agent and lead arranger, which provided for a \$25,000,000 secured term loan 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. As of December 31, 2008, we had drawn down the entire \$25,000,000 of the credit facility.

In March 2009:

- our credit agreement with Nedbank was amended and restated to provide for, among other things, the deferral of certain principal and interest payments until December 31, 2012 and March 31, 2013; and
- we sold a 2.5% royalty on the mineral production sold from the existing mineral rights at the Johnson Camp Mine for net proceeds of approximately \$4,950,000.

Other Operations

The Johnson Camp Mine includes decorative and structural stone operations, which produce landscape and aggregate rock from the overburden piles at the Johnson Camp Mine. Until January 31, 2009, we leased the landscape and aggregate rock operations to a third party in exchange for sliding scale royalties. Effective February 1, 2009, we commenced managing the landscape rock operation; the aggregate rock operation continues to be leased to a third party.

We do not believe that the landscape and aggregate rock operations will be material to our financial results of operation.

Incorporation and Principal Business Offices

We were formed under the laws of the State of Delaware on January 18, 1971. Our principal business offices are located at 1 West Wetmore Road, Suite 203, Tucson, Arizona 85705, and our telephone number is (520) 292 0266.

The Offering

The Issuer: Nord Resources Corporation

The Selling Stockholders: The selling stockholders (each a Selling Stockholder) include: (a) the holders of the common stock and common stock purchase warrants which were issued upon conversion of the special warrants that were offered and sold pursuant to our unregistered private placement of special warrants that closed on June 5, 2007; (b) holders of certain stock options issued in partial consideration of services rendered in connection with the private placement of special warrants; (c) certain holders of outstanding common stock purchase warrants; and (d) certain holders of issued and outstanding common stock. The Selling Stockholders are named in this prospectus under Selling Stockholders .

Shares Offered by the Selling Stockholders: The Selling Stockholders are offering up to an aggregate of 54,046,115 shares of our common stock comprised of:

- Up to 30,666,700 shares of common stock issued without the payment of any additional consideration upon the conversion of 30,666,700 special warrants of our company that were offered and sold in an unregistered private placement which closed on June 5, 2007;
- Up to 15,333,350 shares of common stock issuable upon the exercise of common stock purchase warrants which were issued without the payment of any additional consideration upon the conversion of the special warrants that were offered and sold in the unregistered private placement which closed on June 5, 2007;
- Up to 1,840,002 shares of common stock issuable upon the exercise of stock options issued in partial consideration of services rendered in connection with the unregistered private placement of special warrants which closed on June 5, 2007; and
- Up to 6,206,063 outstanding shares of common stock held by certain Selling Stockholders.

See Selling Stockholders .

Offering Price: The Selling Stockholders may sell all or a portion of the shares of common stock beneficially owned by them and offered hereby from time to time directly or through one or more underwriters, broker-dealers or agents. If the shares of common stock are sold through underwriters or broker-dealers, the Selling Stockholders will be responsible for underwriting discounts or commissions or agent s commissions. The shares of common stock may be sold on the Toronto Stock Exchange, the OTC Bulletin Board, any national securities exchange or quotation service on which the securities may be listed or quoted at the time of sale, or in transactions otherwise than on these exchanges or systems and in one or more transactions at fixed prices, at prevailing market prices at the time of the sale, at varying prices determined at the time of sale, or at negotiated prices. These sales may be effected in transactions, which may involve crosses or block transactions. See Plan of Distribution .

- Use of Proceeds: We will not receive any of the proceeds from the sale of shares by the Selling Stockholders. However, some of the shares that may be offered for sale by certain Selling Stockholders under this prospectus are issuable upon exercise of options and warrants. If all of these options and warrants are exercised, which cannot be assured, we will receive total proceeds of \$18,246,687. The proceeds, if any, would be used for general corporate purposes and potentially the repayment of debt. We will, however, incur all costs associated with this registration statement and prospectus.
- Market for our Common Stock: Our common stock is listed for trading on the Toronto Stock Exchange under the symbol **NRD**, and is also quoted on the OTC Bulletin Board under the symbol **NRDS**. On May 11, 2009 the high bid and low ask prices for one share of our common stock on the TSX were CDN\$0.55 and CDN\$0.55, respectively; the closing price for one share of our common stock on the TSX on that date was CDN\$0.55. On May 11, 2009, the high bid and low ask prices for one share of our common stock on the OTC Bulletin Board were \$0.51 and \$0.50, respectively; the closing price for one share of our common stock on the OTC Bulletin Board on that date was \$0.50.
- Outstanding Shares of Common Stock: There were 69,639,255 shares of common stock outstanding as of May 11, 2009. If all of the shares offered hereby which are issuable upon exercise of options or warrants are issued, then there would be 86,812,607 shares of our common stock issued and outstanding.
- Risk Factors: See **Risk Factors** and the other information in this prospectus for a discussion of the factors you should consider before deciding to invest in our securities.

Summary of Financial Data

The summary consolidated data set forth below are derived from our consolidated financial statements. The selected consolidated statement of operating data for the years ended December 31, 2008 and 2007 and the summary consolidated balance sheet data as of December 31, 2008 are derived from the audited consolidated financial statements and related notes thereto included elsewhere in this prospectus. The consolidated statements of operations data for the three months ended March 31, 2009 and 2008 and the consolidated balance sheet as of March 31, 2009 are derived from our unaudited consolidated financial statements included elsewhere in this prospectus. The unaudited consolidated financial statements include, in the opinion of management, all adjustments that management considers necessary for the fair presentation of the financial information set forth in those statements. The following data should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and the consolidated financial statements and related notes included elsewhere in this prospectus.

	Operating Data			
	Three Months ended		Year ended December 31,	
	March 31,		2008	2007
	2009	2008	2008	2007
	(Unaudited)			
Net sales	\$ 1,417,419	\$ 1,540,154	\$ 8,155,820	\$
Net income (loss)	655,324	(674,547)	(5,038,374)	(2,512,181)
Net income (loss) per basic and diluted common share	0.01	(0.01)	(0.07)	(0.07)
Weighted average number of basic shares outstanding ⁽¹⁾	69,773,292	66,859,687	67,824,759	36,172,142
Weighted average number of diluted shares outstanding ⁽¹⁾	70,462,737	66,859,687	67,824,759	36,172,142

(1) As of March 31, 2009, we had 69,639,255 shares of common stock outstanding. Such number does not include shares underlying options, warrants or other rights to acquire our shares.

	Balance Sheet Data			
	March 31,	March 31,	December	December
	2009	2008	31,	31,
	(unaudited)	(unaudited)	2008	2007
Cash and cash equivalents	\$ 2,498,647	\$ 2,609,244	\$ 4,465,245 ⁽¹⁾	\$ 3,368,910 ⁽²⁾
Working capital surplus (deficiency)	(2,535,980)	(230,182)	(2,849,660) ⁽³⁾	710,914 ⁽⁴⁾
Total assets	59,764,804	29,255,698	67,607,377	21,881,304
Total current liabilities	13,407,808	4,035,446	17,821,975	2,870,020
Total long-term liabilities	26,069,361	28,301,549	19,437,039	14,063,932
Total liabilities	39,477,169	32,336,995	37,259,014	16,933,952
Total stockholders' equity (deficit)	20,287,635	(3,081,297)	30,348,363	4,947,352

(1) Excludes \$1,533,662 in restricted cash being held in a Debt Service Reserve Account in conjunction with the close-out of a portion of our Company's hedge contracts and \$686,476 being held in conjunction with two letters of credit. The \$1,533,662 was reclassified to unrestricted cash in March of 2009.

(2) Excludes \$3,000,000 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 and \$686,476 being held in conjunction with two letters of credit. The \$3,000,000 was reclassified to unrestricted cash during 2008.

- (3) Includes \$6,674,662 in current portion long-term debt and capital lease obligations. In March 2009, our Company entered into an Amended and Restated Credit Agreement which, among other things, deferred the payment of \$3,333,333 in current portion of long-term debt until 2012.
- (4) Includes \$321,875 in current portion long-term debt and capital lease obligations
Investing in our securities involves risks more specifically described under Risk Factors .

RISK FACTORS

An investment in our common stock involves a number of very significant risks. You should carefully consider the following risks and uncertainties in addition to other information in this prospectus in evaluating our company and its business before purchasing shares of our common stock. Our business, operating results and financial condition could be seriously harmed due to any of the following risks. The risks described below may not be all of the risks facing our company. Additional risks not presently known to us or that we currently consider immaterial may also impair our business operations. You could lose all or part of your investment due to any of these risks.

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 net income of \$655,324 for the three months ended March 31, 2009; however, we had net losses of \$5,038,374 for the year ended December 31, 2008. As of March 31, 2009, we had a working capital deficiency of \$2,535,980. This deficiency includes current liabilities of \$5,290,159 representing the current portions of our long-term debt, the current portion of interest rate swap contracts, accrued interest and capitalized leases and current assets of \$6,059,497 representing the current portion of the derivative cash flow hedge contracts.

We have successfully reactivated the Johnson Camp Mine and are now in the start-up phase of development. 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 25,000,000 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 a further \$5,000,000 in capital costs in the next three 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 Bikerma 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 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 Bikerma 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. Bikerma 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.

Bikerma Engineering & Technology Associates reviewed the results of limited sampling work undertaken at the Johnson Camp Mine in 2006 by another engineering company. Bikerma 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, Bikerma 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 were 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 overestimated 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.

Any failure to comply with the restrictions of the Credit Agreement, or 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 a further \$5,000,000 in capital costs in the next three 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. 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 March 31, 2009, the outstanding principal and unpaid interest amount of our debt was approximately \$26,353,067. 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 worsen. 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 May 11, 2009, the spot price of copper on the LME was \$2.05/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 certain 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.

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 have 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.

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 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.

Risks Related to this Offering

You may lose your entire investment in our securities.

An investment in our common stock is highly speculative and may result in the loss of your entire investment. Only potential investors who are experienced investors in high risk investments and who can afford to lose their entire investment should consider an investment in our company.

Our officers and directors, and three shareholders holding 10% 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.

Our officers and directors as a group beneficially own approximately 24.8% 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). In addition, we have two shareholders who, according to reports filed by them under the *Securities Exchange Act of 1934*, as amended, beneficially own 12.3% and 12.2%, 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). This 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.

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, or immediately following conversion of the special warrants into the underlying shares of common stock and warrants. 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, or immediately following conversion of the special warrants into the underlying shares of common stock and warrants—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.

FORWARD-LOOKING STATEMENTS

The information in this prospectus contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements involve risks and uncertainties, including 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, common share prices, operating costs, capital costs, outcomes of ore reserve development 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, anticipate, believe, estimate, predict, potential of such terms or other comparable terminology.

Forward-looking statements in this prospectus include, but are not limited to, statements with respect to the following:

- the timing and possible outcome of pending regulatory and permitting matters;
- the parameters and design of our planned mining facilities on the Johnson Camp Mine;
- our future financial or operating performances and our projects;
- the estimation of mineral reserves and mineralized material;
- the timing of exploration, development and production activities and estimated future production, if any;
- estimates related to costs of production, capital, operating and exploration expenditures;
- requirements for additional capital;
- government regulation of mining operations, environmental risks, reclamation and rehabilitation expenses;
- title disputes or claims;
- limitations of insurance coverage; and
- the future price of copper or other metals.

These forward-looking statements reflect our current views with respect to future events and are subject to certain risks, uncertainties and assumptions, including, the risks and uncertainties outlined under the sections titled Risk Factors, and Management's Discussion and Analysis of Financial Condition and Results of Operations. If one or more of these risks or uncertainties materialize, or our underlying assumptions prove incorrect, our actual results may vary materially from those expressed or implied by our forward-looking statements anticipated, believed, estimated or expected.

We note, in particular, that the Johnson Camp Mine has limited recent operating history upon which to base estimates of future cash flows and operating costs. These and other estimates or projections (including our expectations with respect to annual copper production from our operations at the Johnson Camp Mine) are, to a large extent, based upon the interpretation of geological data obtained from drill holes and other sampling techniques performed in accordance with industry standards by third parties, the methodologies and results of which we have assumed are reasonable and accurate, which results form the basis for, and constitute a fundamental variable in, the feasibility study and technical report completed by Bikerman Engineering & Technology Associates which we have relied on. The sampling data produced by third parties and amounts of metallurgical testing are less extensive than normal and our expected copper recovery rates at the Johnson Camp Mine significantly exceed historical experience at the Johnson Camp property. There is no assurance that we will be able to meet these expectations and projections at an operational level. **For further information, you should carefully read and consider the section of this prospectus entitled Risk Factors beginning on page 6 before buying any shares of our common stock.**

We caution readers not to place undue reliance on any such forward-looking statements, which speak only to a state of affairs as of the date made. We disclaim any obligation subsequently to revise any forward-looking statements to reflect events or circumstances after the date of such statements or to reflect the occurrence of anticipated or unanticipated events. We qualify all the forward-looking statements contained in this prospectus by the foregoing cautionary statements.

USE OF PROCEEDS

The shares of our common stock offered hereby are being registered for the account of the Selling Stockholders identified in this prospectus under the heading Selling Stockholders . As a result, all proceeds from the sales of shares of our common stock will go to the Selling Stockholders. We will not receive any proceeds from the resale of shares of our common stock by the Selling Stockholders. We will, however, incur all costs associated with this registration statement and prospectus. Of the 54,046,115 shares of common stock covered by this prospectus, 17,173,352 shares are shares of common stock underlying warrants and options issued by us to certain of the Selling Stockholders.

The special warrant financing, which closed on June 5, 2007, raised gross proceeds of \$23,000,000. See Plan of Distribution . We are also a party to an Amended and Restated Credit Agreement with Nedbank Limited, the administrative agent and lead arranger, which provided for a \$25,000,000 secured term loan 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. As of December 31, 2008, we had drawn down the entire \$25,000,000 of the credit facility.

In March 2009:

- our credit agreement with Nedbank was amended and restated to provide for, among other things, the deferral of certain principal and interest payments until December 31, 2012 and March 31, 2013; and
- we sold a 2.5% royalty on the mineral production sold from the existing mineral rights at the Johnson Camp Mine for net proceeds of approximately \$4,950,000.

See Management's Discussion And Analysis of Financial Condition and Results of Operations Liquidity and Financial Resources.

The gross proceeds of the special warrant financing and the principal amount of the secured term loan facility totalling approximately \$48,000,000, were applied as follows (all amounts in the following table are approximations):

Capital expenditures for reactivation of the Johnson Camp Mine	34,000,000 ⁽¹⁾
Agents commissions paid in connection with the special warrant financing	1,000,000 ⁽²⁾
Debt repayment	5,000,000 ⁽³⁾
Debt repayment to Directors and Officers	3,000,000 ⁽⁴⁾
Working capital	5,000,000
Total	\$ 48,000,000

Notes:

- (1) Includes working capital spent on reactivation activities.
- (2) This amount was paid upon completion of the special warrant financing.
- (3) A portion of the proceeds from our special warrant financing was applied to fully repay an existing \$5,000,000 secured bridge loan from Nedbank Limited. The proceeds of the bridge loan were used to repay a loan from Regiment Capital III, L.P. in the amount of \$2,750,000 and the remainder for general corporate purposes and care and maintenance of the Johnson Camp Mine. The proceeds were also used to repay a revolving line of credit in the amount of \$564,812, which was used for general corporate purposes and care and maintenance of the Johnson Camp Mine (this amount it accounted for under Note 4 below under the Hirsch/Seymour revolving line of credit).
- (4) We also paid a total of \$3,036,080 to certain officers and directors in satisfaction of various accrued and outstanding amounts payable to them:

TMD Acquisition	\$ 315,000
Hirsch consulting	145,000
Hirsch salary	654,167
Hirsch bonus	300,000
Anderson payroll	393,465
Anderson bonus	300,000
Perry bonus	150,000
Hirsch convertible notes	90,197
Seymour convertible notes	42,439
Hirsh/Seymour revolving line of credit	564,812
John Cook - Directors Fees	30,000
Doug Hamilton - Directors Fees	40,500
Stephen Seymour - Directors Fees	10,500
Total	\$ 3,036,080

With respect to the amounts above:

(i) Ron Hirsch \$106,000 convertible note dated October 4, 2004 - principal amount of \$53,000 and interest of \$14,447 were repaid from the proceeds. The remaining \$53,000 in principal and \$14,447 in interest were converted to common shares at \$0.20 per share;

(ii) Ron Hirsch \$35,000 convertible note dated June 29, 2004 - principal amount of \$17,500 and interest of \$5,250 were repaid from the proceeds. The remaining \$17,500 in principal and \$5,250 in interest was converted to common

shares at \$0.175 per share; and

(iii) Stephen Seymour \$66,000 convertible note dated June 29, 2004 - principal amount of \$33,000 and interest of \$9,439 were repaid from the proceeds. The remaining \$33,000 in principal and \$9,439 in interest were converted to shares at \$0.20 per share.

SELLING STOCKHOLDERS

The selling stockholders named in this prospectus are offering 54,046,115 shares of our common stock through this prospectus.

The following table provides, as of May 11, 2009, information regarding the beneficial ownership of our common stock by each of the selling stockholders, including:

1. the number of shares of our common stock owned by each selling stockholder prior to this offering;
2. the total number of shares of our common stock that are to be offered by each selling stockholder;
3. the total number of shares of our common stock that will be owned by each selling stockholder upon completion of the offering; and
4. the percentage of shares of our common stock that will be owned by each selling stockholder immediately upon completion of this offering.

Information with respect to beneficial ownership is based upon information obtained from the selling stockholder. Information with respect to Shares Beneficially Owned After the Offering assumes the sale of all of the shares offered by this prospectus and no other purchases or sales of our common shares by the selling stockholder. The selling stockholder may offer and sell, from time to time, any or all of the common stock issued to them upon conversion of the special warrants, or upon exercise of the share purchase warrants. Except as described below and to our knowledge, the named selling stockholder beneficially owns and has sole voting and investment power over all shares or rights to these shares. Other than the relationships described below, none of the selling stockholders had or has, as the case may be, any material relationship with us.

Name of selling stockholder and position, office or material relationship to Nord Resources Corporation	Shares owned prior to this offering⁽¹⁾	Total number of shares to be offered for selling stockholders account	Total shares to be owned upon completion of this offering	Percent owned upon completion of this offering⁽¹⁾⁽²⁾
Mr. Michael Sereny and/or Mr. David Sereny	210,000 ⁽³⁾	210,000 ⁽⁴⁾	Nil	0
Greenforco Holding Corporation ⁽⁵⁾	202,500 ⁽³⁾	202,500 ⁽⁴⁾	Nil	0
Mr. Michael Sereny	225,000 ⁽³⁾	225,000 ⁽⁴⁾	Nil	0
Ken Bereskin and/or Tracey Lewin	60,000 ⁽³⁾	60,000 ⁽⁴⁾	Nil	0
Daniel Bereskin	52,500 ⁽³⁾	52,500 ⁽⁴⁾	Nil	0
Gordon Chow	18,000 ⁽³⁾	18,000 ⁽⁴⁾	Nil	0
Arm Investments Ltd. ⁽⁶⁾	180,000 ⁽³⁾	180,000 ⁽⁴⁾	Nil	0
D&R Management Services Limited ⁽⁷⁾	117,000 ⁽³⁾	117,000 ⁽⁴⁾	Nil	0

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Shepherd Trubkin	180,000 ⁽³⁾	180,000 ⁽⁴⁾	Nil	0
Arjune Persaud or Fazia Persaud	45,000 ⁽³⁾	45,000 ⁽⁴⁾	Nil	0
Darrell Shulman	45,000 ⁽³⁾	45,000 ⁽⁴⁾	Nil	0
Michel Mayer	75,000 ⁽³⁾	75,000 ⁽⁴⁾	Nil	0
Jeff Ross	45,000 ⁽³⁾	45,000 ⁽⁴⁾	Nil	0

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Name of selling stockholder and position, office or material relationship to Nord Resources Corporation	Shares owned prior to this offering⁽¹⁾	Total number of shares to be offered for selling stockholders account	Total shares to be owned upon completion of this offering	Percent owned upon completion of this offering⁽¹⁾⁽²⁾
George Benbassat	45,000 ⁽³⁾	45,000 ⁽⁴⁾	Nil	0
Anthony R. Guglielmin	45,000 ⁽³⁾	45,000 ⁽⁴⁾	Nil	0
Stewart Reid	45,000 ⁽³⁾	45,000 ⁽⁴⁾	Nil	0
Dr. P.J. Murphy	37,500 ⁽³⁾	37,500 ⁽⁴⁾	Nil	0
Don Poirier	52,500 ⁽³⁾	52,500 ⁽⁴⁾	Nil	0
Tangocorp Inc. ⁽⁸⁾	37,500 ⁽³⁾	37,500 ⁽⁴⁾	Nil	0
Mr. Rolf Jacobsen	30,000 ⁽³⁾	30,000 ⁽⁴⁾	Nil	0
David and Mary Anne MacDonald	60,000 ⁽³⁾	60,000 ⁽⁴⁾	Nil	0
1239480 Ontario Inc. ⁽⁹⁾	45,000 ⁽³⁾	45,000 ⁽⁴⁾	Nil	0
Randy Ernst and Roxanne Yong	45,000 ⁽³⁾	45,000 ⁽⁴⁾	Nil	0
2014498 Ontario Ltd. ⁽¹⁰⁾	60,000 ⁽³⁾	60,000 ⁽⁴⁾	Nil	0
1056855 Ontario Ltd. ⁽¹¹⁾	60,000 ⁽³⁾	60,000 ⁽⁴⁾	Nil	0
Allan Ringler Services ⁽¹²⁾	60,000 ⁽³⁾	60,000 ⁽⁴⁾	Nil	0
Morrison Family Trust ⁽¹³⁾	45,000 ⁽³⁾	45,000 ⁽⁴⁾	Nil	0
Sprott Asset Management ⁽¹⁴⁾ as Portfolio Manager for Sprott Bull/Bear RSP Fund	187,350 ⁽³⁾	187,350 ⁽⁴⁾	Nil	0
Sprott Asset Management ⁽¹⁵⁾ as Portfolio Manager for Carleton	209,550 ⁽³⁾	209,550 ⁽⁴⁾	Nil	0
Sprott Asset Management ⁽¹⁶⁾ as Portfolio Manager for Sprott Canadian Equity Fund	4,569,450 ⁽³⁾	4,569,450 ⁽⁴⁾	Nil	0
Sprott Asset Management ⁽¹⁷⁾ as Portfolio Manager for	2,894,250 ⁽³⁾	2,894,250 ⁽⁴⁾	Nil	0

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Sprott Hedge, Hedge II, Offshore Fund				
Sprott Asset Management ⁽¹⁸⁾ as Portfolio Manager for Sprott Opportunities Hedge Fund	2,544,300 ⁽³⁾	2,544,300 ⁽⁴⁾	Nil	0
Sprott Asset Management ⁽¹⁹⁾ as Portfolio Manager for Sprott Opportunities Master Fund	653,700 ⁽³⁾	653,700 ⁽⁴⁾	Nil	0
Sprott Asset Management ⁽²⁰⁾ as Portfolio Manager for SAL	38,550 ⁽³⁾	38,550 ⁽⁴⁾	Nil	0
Sprott Asset Management ⁽²¹⁾ as Portfolio Manager for Templeton	95,850 ⁽³⁾	95,850 ⁽⁴⁾	Nil	0
Mavrix A/C 501 ⁽²²⁾	359,250 ⁽³⁾	359,250 ⁽⁴⁾	Nil	0
Mavrix A/C 500 ⁽²³⁾	215,550 ⁽³⁾	215,550 ⁽⁴⁾	Nil	0
Foxby Corp. ⁽²⁴⁾	657,000 ⁽³⁾	657,000 ⁽⁴⁾	Nil	0

Name of selling stockholder and position, office or material relationship to Nord Resources Corporation	Shares owned prior to this offering⁽¹⁾	Total number of shares to be offered for selling stockholders account	Total shares to be owned upon completion of this offering	Percent owned upon completion of this offering⁽¹⁾⁽²⁾
T. Sean Harvey Director, Nord Resources Corporation	381,250 ⁽²⁵⁾	281,250 ⁽⁴⁾	475,500 ⁽²⁶⁾	0.6%
RBC Global Resources Fund ⁽²⁷⁾	5,400,000 ⁽³⁾	5,400,000 ⁽⁴⁾	Nil	0
Wexford Spectrum Trading Limited ⁽²⁸⁾	3,449,250 ⁽³⁾	3,449,250 ⁽⁴⁾	Nil	0
Wexford Catalyst Trading Limited ⁽²⁹⁾	1,478,250 ⁽³⁾	1,478,250 ⁽⁴⁾	Nil	0
Asset Logics Special Situations Fund ⁽³⁰⁾	495,000 ⁽³⁾	495,000 ⁽⁴⁾	Nil	0
Lionhart Investments Ltd. ⁽³¹⁾	772,500 ⁽³⁾	772,500 ⁽⁴⁾	Nil	0
Adaly Opportunity Fund ⁽³²⁾	722,700 ⁽³⁾	722,700 ⁽⁴⁾	Nil	0
2035718 Ontario Inc. ⁽³³⁾	165,000 ⁽³⁾	165,000 ⁽⁴⁾	Nil	0
The Strategic Opportunities Master Fund L.P. ⁽³⁴⁾	919,800 ⁽³⁾	919,800 ⁽⁴⁾	Nil	0
Libra Fund LP ⁽³⁵⁾	5,266,200 ⁽³⁾	5,266,200 ⁽⁴⁾	Nil	0
Libra Offshore Ltd. ⁽³⁶⁾	1,316,550 ⁽³⁾	1,316,550 ⁽⁴⁾	Nil	0
Sentry Select Precious Metals & Mining Trust ⁽³⁷⁾	3,118,200 ⁽³⁾	3,118,200 ⁽⁴⁾	Nil	0
Sentry Select Mining Opportunity Trust ⁽³⁸⁾	1,500,000 ⁽³⁾	1,500,000 ⁽⁴⁾	Nil	0
John Brian Thomas	1,642,050 ⁽³⁾	1,642,050 ⁽⁴⁾	Nil	0
GF Aurum Offshore Partners Ltd. ⁽³⁹⁾	48,447 ⁽³⁾	48,447 ⁽⁴⁾	Nil	0
Drawbridge Global Macro Master Fund Ltd. ⁽⁴⁰⁾	242,234 ⁽³⁾	242,234 ⁽³⁾	Nil	0
Geologic Resource Fund LP ⁽⁴¹⁾	556,552 ⁽³⁾	556,552 ⁽³⁾	Nil	0
	1,634,982 ⁽³⁾	1,634,982 ⁽³⁾	Nil	0

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Geologic Resource Fund Ltd. ⁽⁴²⁾				
GF Aurum Partners Ltd. ⁽⁴³⁾	193,785 ⁽³⁾	193,785 ⁽³⁾	Nil	0
RBC Global Resources Fund ⁽⁴⁴⁾	1,500,000 ⁽³⁾	1,500,000 ⁽³⁾	Nil	0
JMM Trading LL ⁽⁴⁵⁾	750,000 ⁽³⁾	750,000 ⁽³⁾	Nil	0
Blackmont Capital Inc. ⁽⁴⁶⁾	1,196,001 ⁽⁴⁷⁾	1,196,001 ⁽⁴⁷⁾	Nil	0
Salman Partners Inc. ⁽⁴⁸⁾	644,001 ⁽⁴⁹⁾	644,001 ⁽⁴⁹⁾	Nil	0
Auramet Trading, LLC ⁽⁵⁰⁾	2,106,410	506,410	1,600,000	2.3%
Pierce Carson	500,000	500,000	Nil	0
Ronald Hirsch Chairman of the Board Nord Resources Corporation	7,407,191 ⁽⁵¹⁾	2,727,458 ⁽⁵²⁾	5,241,883 ⁽⁵³⁾	7.5%

Name of selling stockholder and position, office or material relationship to Nord Resources Corporation	Shares owned prior to this offering ⁽¹⁾	Total number of shares to be offered for selling stockholder's account	Total shares to be owned upon completion of this offering	Percent owned upon completion of this offering ⁽¹⁾⁽²⁾
Stephen Seymour Director Nord Resources Corporation	5,063,185 ⁽⁵⁴⁾	2,472,195 ⁽⁵⁵⁾	2,909,990 ⁽⁵⁶⁾	4.2%

- (1) Beneficial ownership calculation under Rule 13d-3 of the Securities Exchange Act of 1934, as amended. Under Rule 13d-3, a beneficial owner of a security includes any person who, directly or indirectly, through any contract, arrangement, understanding, relationship, or otherwise has or shares: (i) voting power, which includes the power to vote, or to direct the voting of shares; and (ii) investment power, which includes the power to dispose or direct the disposition of shares. Certain shares may be deemed to be beneficially owned by more than one person (if, for example, persons share the power to vote or the power to dispose of the shares). In addition, shares are deemed to be beneficially owned by a person if the person has the right to acquire the shares (for example, upon exercise of an option) within 60 days of the date as of which the information is provided. In computing the percentage ownership of any person, the amount of shares outstanding is deemed to include the amount of shares beneficially owned by such person (and only such person) by reason of these acquisition rights. We regard the offering to have commenced on December 18, 2007, being the date on which the registration statement first became effective. With the exception of selling stockholders who are directors of our company, this table does not reflect any shares of our common stock that may have been acquired or sold by the selling stockholders subsequent to the commencement of this offering.
- (2) Based on 69,639,255 shares of our common stock issued and outstanding as of May 11, 2009. It is assumed that: (a) the selling stockholder for whom the percent of shares beneficially owned is calculated fully exercises all of the common stock purchase warrants and stock options that are exercisable within 60 days, of which there is no assurance; and (b) all of the shares offered hereby are sold, of which there is no assurance.
- (3) The selling stockholder formerly held special warrants, which have all been converted into the underlying units (each of which consisted of one share of common stock and one-half of one common stock purchase warrant). The special warrants were governed by a special warrant indenture dated June 5, 2007.
- (4) Represents shares of common stock issued by our company upon conversion of special warrants held by the selling stockholder, and shares of common stock that may be purchased by the selling stockholder upon exercise of the common stock purchase warrants issued upon conversion of such special warrants. Each whole warrant entitles the holder to purchase one share of our common stock until 5:00 p.m. (Vancouver time) on June 5, 2012 at a price of \$1.10 per share. The warrants are governed by a warrant indenture between the company and Computershare Trust Company of Canada dated June 5, 2007.
- (5) The selling stockholder has identified Michael Seveny, President of Greenforco Holding Corporation as the individual who has voting and investment power over these shares.
- (6) The selling stockholder has identified Dr. Milton Cohen, President of Arm Investments Ltd. as the individual who has voting and investment power over these shares.
- (7) The selling stockholder has identified Eileen Cohen, Executive Assistant of D&R Management Services as the individual who has voting and investment power over these shares.
- (8) The selling stockholder has identified John Derby, President of Tangocorp Inc. as the individual who has voting and investment power over these shares.
- (9)

The selling stockholder has identified Jeff Sackman, President of 1239480 Ontario Inc. as the individual who has voting and investment power over these shares.

- (10) The selling stockholder has identified Ted Manzians, President of 2014498 Ontario Ltd. as the individual who has voting and investment power over these shares.
- (11) The selling stockholder has identified John Pontanni, President of 1056855 Ontario Ltd. as the individual who has voting and investment power over these shares.
- (12) The selling stockholder has identified Allan Ringler, President of Allan Ringler Services as the individual who has voting and investment power over these shares.
- (13) The selling stockholder has identified Jim Morrison, Trustee of Morrison Family Trust as the individual who has voting and investment power over these shares.
- (14) The selling stockholder has identified Kirstin McTaggart, Chief Compliance Officer of Sprott Asset Management as the individual who has voting and investment power over these shares.
- (15) The selling stockholder has identified Kirstin McTaggart, Chief Compliance Officer of Sprott Asset Management as the individual who has voting and investment power over these shares.
- (16) The selling stockholder has identified Kirstin McTaggart, Chief Compliance Officer of Sprott Asset Management as the individual who has voting and investment power over these shares.
- (17) The selling stockholder has identified Kirstin McTaggart, Chief Compliance Officer of Sprott Asset Management as the individual who has voting and investment power over these shares.

- (18) The selling stockholder has identified Kirstin McTaggart, Chief Compliance Officer of Sprott Asset Management as the individual who has voting and investment power over these shares.
- (19) The selling stockholder has identified Kirstin McTaggart, Chief Compliance Officer of Sprott Asset Management as the individual who has voting and investment power over these shares.
- (20) The selling stockholder has identified Kirstin McTaggart, Chief Compliance Officer of Sprott Asset Management as the individual who has voting and investment power over these shares.
- (21) The selling stockholder has identified Kirstin McTaggart, Chief Compliance Officer of Sprott Asset Management as the individual who has voting and investment power over these shares.
- (22) The selling stockholder has identified Malvin Spooner, Portfolio Manager of Mavrix as the individual who has voting and investment power over these shares.
- (23) The selling stockholder has identified Malvin Spooner, Portfolio Manager of Mavrix as the individual who has voting and investment power over these shares.
- (24) The selling stockholder has identified Thomas B. Winmill, President of Foxby Corp. as the individual who has voting and investment power over these shares.
- (25) Mr. Harvey formerly held 187,500 special warrants, which have all been converted into the underlying units (each of which consisted of one share of common stock and one-half of one common stock purchase warrant). The amount of securities disclosed as being owned prior to this offering consists of 187,500 shares issued to Mr. Harvey upon conversion of the special warrants, the 93,750 shares issuable upon exercise of the related warrants issued upon conversion of the special warrants, and 100,000 shares issuable upon exercise of stock options issued to Mr. Harvey in his capacity as a director.
- (26) Includes an additional 150,000 shares purchased by Mr. Harvey on September 19, 2008 over the facilities of the Toronto Stock Exchange, an additional 150,000 shares purchased by Mr. Harvey on November 28, 2008 over the facilities of the Toronto Stock Exchange and an additional 75,500 shares purchased by Mr. Harvey on April 29, 2009 over the facilities of the Toronto Stock Exchange.
- (27) The selling stockholder has identified Christopher Beer, Vice President of RBC Global Resources Fund as the individual who has voting and investment power over these shares. Representatives of this security holder have advised us that this security holder is an affiliate of a U.S. registered broker-dealer; however, this security holder acquired the securities in the ordinary course of business and, at the time of the acquisition, had no agreements or understandings, directly or indirectly, with any party to distribute the securities.
- (28) The selling stockholder has identified Dante Domenichelli of Wexford Capital LLC as the individual who has voting and investment power over these shares.
- (29) The selling stockholder has identified Dante Domenichelli of Wexford Capital LLC as the individual who has voting and investment power over these shares.
- (30) The selling stockholder has identified Ryan Sharif, Portfolio Manager of Asset Logics Special Situations Fund as the individual who has voting and investment power over these shares.
- (31) The selling stockholder has identified Terrence P. Duffy, Portfolio Manager of Lionhart Investments Ltd. as the individual who has voting and investment power over these shares.
- (32) The selling stockholder has identified Martin Braun, Portfolio Manager of Adaly Opportunity Fund as the individual who has voting and investment power over these shares.
- (33) The selling stockholder has identified Rick Kung, President of 2035718 Ontario Inc. as the individual who has voting and investment power over these shares.
- (34) The selling stockholder has identified Martin Braun, Portfolio Manager of The Stratic Opportunities Master Fund L.P. as the individual who has voting and investment power over these shares.
- (35) The selling stockholder has identified Jean Blanchette, Portfolio Manager of Libra Fund L.P. as the individual who has voting and investment power over these shares.
- (36) The selling stockholder has identified Jean Blanchette, Portfolio Manager of Libra Fund L.P. as the individual who has voting and investment power over these shares.
- (37) The selling stockholder has identified Glenn Macneil, Vice President of Sentry Select Precious Metals & Mining Trust as the individual who has voting and investment power over these shares.
- (38)

- The selling stockholder has identified Glenn Macneil, Vice President of Sentry Select Precious Metals & Mining Trust as the individual who has voting and investment power over these shares.
- (39) The purchaser has identified George Ireland, Chief Investment Officer of GF Aurum Offshore Partners Ltd., as the individual who has voting and investment power over the underlying shares.
 - (40) The purchaser has identified George Ireland, Chief Investment Officer of Drawbridge Global Macro Master Fund Ltd., as the individual who has voting and investment power over the underlying shares.
 - (41) The purchaser has identified George Ireland, Chief Investment Officer of Geologic Resource Fund LP, as the individual who has voting and investment power over the underlying shares.
 - (42) The purchaser has identified George Ireland, Chief Investment Officer of Geologic Resource Fund Ltd., as the individual who has voting and investment power over the underlying shares.
 - (43) The purchaser has identified George Ireland, Chief Investment Officer of GF Aurum Partners Ltd., as the individual who has voting and investment power over the underlying shares.
 - (44) The purchaser has identified Brahm Spilfogel, VP, Portfolio Manager of RBC Global Resources Fund, as the individual who has voting and investment power over the underlying shares.
 - (45) The purchaser has identified Glenn Hunt, Partner of JMM Trading LP, as the individual who has voting and investment power over the underlying shares.
 - (46) The selling stockholder has identified Charles Pennock, Director of Blackmont Capital Inc. as the individual who has voting and investment power over these shares. Blackmont Capital acquired the securities as compensation for investment banking

services and is affiliated with a U.S. registered broker-dealer. In connection with the investment banking services rendered, Blackmont Capital only conducted underwriting activities outside of the United States. Underwriting activities in the United States were conducted by registered broker-dealers. In connection with our unregistered private placement of special warrants in June 2007, we entered into an agency agreement with Blackmont Capital and Salman Partners pursuant to which we paid a cash commission of 6% of the gross proceeds realized from the sale of the special warrants and issued an aggregate of 1,840,002 stock options to the Blackmont Capital and Salman Partners. Blackmont Capital and Salman Partners are at arm's length to each other.

- (47) Represents shares of common stock issuable by our company upon exercise of the agent's compensation options issued as partial consideration for services rendered by the placement agents in connection with the unregistered private placement of special warrants. Each agent's compensation option entitles the holder to purchase one share of our common stock until 5:00 p. m. (Vancouver time) on June 5, 2009 at a price of \$0.75 per share.
- (48) The selling stockholder has identified Terry Salman, Director of Salman Partners Inc. as the individual who has voting and investment power over these shares. Salman Partners acquired the securities as compensation for investment banking services and is affiliated with a U.S. registered broker-dealer. In connection with the investment banking services rendered, Salman Partners only conducted underwriting activities outside of the United States. Underwriting activities in the United States were conducted by registered broker-dealers. As indicated in note (45), Salman Partners is a party to the agency agreement entered into by our company in connection with the unregistered private placement of special warrants.
- (49) Represents shares of common stock issuable by our company upon exercise of the agent's compensation options issued as partial consideration for services rendered by the placement agents in connection with the unregistered private placement of special warrants. Each agent's compensation option entitles the holder to purchase one share of our common stock until 5:00 p. m. (Vancouver time) on June 5, 2009 at a price of \$0.75 per share.
- (50) The selling stockholder has identified Justin Sullivan, Chief Operating Officer of Aurmet Trading, LLC as the individual who has voting and investment power over these shares.
- (51) Includes options to acquire up to 316,666 shares of common stock exercisable within 60 days.
- (52) Represents: (a) 130,000 outstanding shares of common stock issued to Mr. Hirsch on June 29, 2007 upon conversion of 50 percent of the outstanding principal and interest under a \$35,000 convertible promissory note dated June 29, 2004, as amended, at a conversion price of \$0.175 per share; (b) 337,458 outstanding shares of common stock issued to Mr. Hirsch on June 29, 2007 upon conversion of 50 percent of the outstanding principal and interest under a \$106,000 convertible promissory note dated October 4, 2004, as amended, at a conversion price of \$0.20 per share; (c) 1,130,000 outstanding shares of common stock issued pursuant to our secured \$600,000 revolving line of credit agreement with Mr. Hirsch and Stephen Seymour; (d) 1,130,000 shares issued upon exercise of warrants issued to Mr. Hirsch in connection with the \$600,000 revolving line of credit, which otherwise would have expired on June 21, 2008 (as to 50,000 warrants), June 29, 2008 (as to 50,000 warrants), July 8, 2008 (as to 450,000 warrants), August 1, 2008 (as to 200,000 warrants), September 22, 2008 (as to 100,000 warrants), October 5, 2008 (as to 30,000 warrants), October 11, 2008 (as to 20,000 warrants) and October 20, 2008 (as to 230,000 warrants).
- (53) Includes (a) 10,000 shares of common stock purchased on September 22, 2008; (b) 85,000 shares of common stock purchased on November 17, 2008; (c) 30,000 shares of common stock purchased on November 18, 2008; (d) 110,000 shares of common stock purchased on November 20, 2008; (e) 195,000 shares of common stock purchased on November 21, 2008; (f) 1,000 shares of common stock purchased on November 24, 2008; (g) 56,125 shares of common stock purchased on November 25, 2008; (h) 65,000 shares of common stock purchased on November 26, 2008; (i) 10,000 shares of common stock purchased on December 4, 2008; and (j) 25 shares of common stock purchased on December 5, 2008. All shares of common stock were purchased by Mr. Hirsch over the facilities of the OTC Bulletin Board.
- (54) Includes options to acquire up to 383,333 shares of common stock exercisable within 60 days, 1,575,000 outstanding shares of common stock held by Mr. Seymour as a co-trustee of a trust, 320,757 outstanding shares of common stock held jointly with his spouse, and 36,300 outstanding shares of common stock owned by his spouse. Mr. Seymour disclaims beneficial ownership of the 36,300 shares of common stock owned by his

spouse.

- (55) Represents: (a) 212,195 outstanding shares of common stock issued to Mr. Seymour on June 29, 2007 upon conversion of 50 percent of the outstanding principal and interest under a \$66,000 convertible promissory note dated August 19, 2004, as amended, at a conversion price of \$0.20 per share; (b) 1,130,000 outstanding shares of common stock issued pursuant to our secured \$600,000 revolving line of credit agreement with Mr. Hirsch and Mr. Seymour; (c) 1,130,000 shares issued upon exercise of warrants issued to Mr. Seymour in connection with the \$600,000 revolving line of credit, which otherwise would have expired on June 21, 2008 (as to 50,000 warrants), June 29, 2008 (as to 50,000 warrants), July 8, 2008 (as to 450,000 warrants), August 1, 2008 (as to 200,000 warrants), September 22, 2008 (as to 100,000 warrants), October 5, 2008 (as to 30,000 warrants), October 11, 2008 (as to 20,000 warrants) and October 20, 2008 (as to 230,000 warrants).
- (56) Includes (a) 44,000 shares of common stock purchased on September 8, 2008; (b) 25,000 shares of common stock purchased on September 9, 2008; (c) 35,000 shares of common stock purchased on November 26, 2008; and (d) 215,000 shares of common stock purchased on November 28, 2008. These purchases were effected by Mr. Seymour over the facilities of the OTC Bulletin Board.

Because a selling stockholder may offer by this prospectus all or some part of the common shares which it holds, no estimate can be given as of the date hereof as to the number of common shares actually to be offered for sale by a selling stockholder or as to the number of common shares that will be held by a selling stockholder upon the termination of such offering.

A selling stockholder and any broker-dealers or agents that participate with that selling stockholder in the sale of the shares of common stock may be deemed to be underwriters within the meaning of the Securities Act of 1933, as amended, in connection with these sales. In that event, any commissions received by the broker-dealers or agents and any profit on the resale of the shares of common stock purchased by them may be deemed to be underwriting commissions or discounts under the Securities Act of 1933, as amended.

PLAN OF DISTRIBUTION

The selling stockholders may, from time to time, sell all or a portion of the shares of common stock on any market upon which the common stock may be quoted, in privately negotiated transactions or otherwise. Our common stock is listed for trading on the TSX under the symbol **NRD**, and is also quoted on the OTC Bulletin Board under the symbol **NRDS**. On May 11, 2009 the high bid and low ask prices for one share of our common stock on the TSX were CDN\$0.55 and CDN\$0.55, respectively; the closing price for one share of our common stock on the TSX on that date was CDN\$0.55. On May 11, 2009, the high bid and low ask prices for one share of our common stock on the OTC Bulletin Board were \$0.51 and \$0.50, respectively; the closing price for one share of our common stock on the OTC Bulletin Board on that date was \$0.50. We do not have any securities that are currently traded on any other exchange or quotation system.

It is anticipated that the selling stockholders will offer to sell the shares of common stock being offered in this prospectus at prevailing market prices of our common stock on the TSX or the OTC Bulletin Board. There is no relationship whatsoever between the offering price and our assets, earnings, book value or any other objective criteria of value. We will not receive any proceeds from the resale of shares of our common stock by the selling stockholders. We may receive proceeds from the exercise of warrants, if exercised, and will use such proceeds for general corporate purposes and potentially to repay corporate debt.

The shares of common stock being offered by this prospectus may be sold by the selling stockholders by one or more of the following methods, without limitation:

- (a) block trades in which the broker or dealer so engaged will attempt to sell the shares of common stock as agent but may position and resell a portion of the block as principal to facilitate the transaction;
- (b) purchases by broker or dealer as principal and resale by the broker or dealer for its account pursuant to this prospectus;
- (c) an exchange distribution in accordance with the rules of the applicable exchange;
- (d) ordinary brokerage transactions and transactions in which the broker solicits purchasers;
- (e) privately negotiated transactions;
- (f) market sales (both long and short to the extent permitted under the federal securities laws);
- (g) at the market to or through market makers or into an existing market for the shares;
- (h) through transactions in options, swaps or other derivatives (whether exchange listed or otherwise); and
- (i) a combination of any of the aforementioned methods of sale.

In the event of the transfer by the selling stockholder of its shares to any pledgee, donee or other transferee, we will amend this prospectus and the registration statement of which this prospectus forms a part by the filing of a post-effective amendment in order to have the pledgee, donee or other transferee in place of the selling stockholder who has transferred his or her shares.

In effecting sales, brokers and dealers engaged by a selling stockholder may arrange for other brokers or dealers to participate. Brokers or dealers may receive commissions or discounts from the selling stockholder or, if any of the broker-dealers act as an agent for the purchaser of such shares, from the purchaser in amounts to be negotiated which are not expected to exceed those customary in the types of transactions involved. Broker-dealers may agree with a selling stockholder to sell a specified number of the shares of common stock at a stipulated price per share. Such an agreement may also require the broker-dealer to purchase as principal any unsold shares of common stock at the price required to fulfil the broker-dealer commitment to the selling stockholder if such broker-dealer is unable to sell the shares on behalf of the selling stockholder. Broker-dealers who acquire shares of common stock as principal may thereafter resell the shares of common stock from time to time in transactions which may involve block transactions and sales to and through other broker-dealers, including transactions of the nature described above. Such sales by a broker-dealer could be at prices and on terms then prevailing at the time of sale, at prices related to the then-current market price or in negotiated transactions. In connection with such resales, the broker-dealer may pay to or receive from the purchasers of the shares commissions as described above.

A selling stockholder and any broker-dealers or agents that participate with that selling stockholder in the sale of the shares of common stock may be deemed to be underwriters within the meaning of the Securities Act of 1933, as amended, in connection with these sales. In that event, any commissions received by the broker-dealers or agents and any profit on the resale of the shares of common stock purchased by them may be deemed to be underwriting commissions or discounts under the Securities Act of 1933, as amended.

From time to time, a selling stockholder may pledge its shares of common stock pursuant to the margin provisions of its customer agreements with its brokers. Upon a default by a selling stockholder, the broker may offer and sell the pledged shares of common stock from time to time. Upon a sale of the shares of common stock, the selling stockholders intend to comply with the prospectus delivery requirements under the Securities Exchange Act of 1933, as amended, by delivering a prospectus to each purchaser in the transaction. We intend to file any amendments or other necessary documents in compliance with the Securities Exchange Act of 1933, as amended, which may be required in the event a selling stockholder defaults under any customer agreement with brokers.

To the extent required under the Securities Exchange Act of 1933, as amended, a post effective amendment to this registration statement will be filed, disclosing the name of any broker-dealers, the number of shares of common stock involved, the price at which the common stock is to be sold, the commissions paid or discounts or concessions allowed to such broker-dealers, where applicable, that such broker-dealers did not conduct any investigation to verify the information set out or incorporated by reference in this prospectus and other facts material to the transaction.

We and the selling stockholders will be subject to applicable provisions of the Securities Exchange Act of 1934, as amended, and the rules and regulations under it, including, without limitation, Rule 10b-5 and, insofar as a selling stockholder is a distribution participant and we, under certain circumstances, may be a distribution participant, under Regulation M. All of the foregoing may affect the marketability of the common stock.

All expenses of the registration statement including, but not limited to, legal, accounting, printing and mailing fees are and will be borne by us. Any commissions, discounts or other fees payable to brokers or dealers in connection with any sale of the shares of common stock will be borne by the selling stockholder, the purchasers participating in such transaction, or both.

Any shares of common stock covered by this prospectus which qualify for sale pursuant to Rule 144 under the Securities Act of 1933, as amended, may be sold under Rule 144 rather than pursuant to this prospectus.

DESCRIPTION OF SECURITIES

Our authorized capital stock consists of 100,000,000 shares of common stock, par value \$0.01 per share. No other class or series of capital stock is currently authorized under our articles of incorporation.

We had 69,639,255 shares of common stock outstanding on May 11, 2009.

At the annual meeting of stockholders of our company held on October 24, 2007, our shareholders adopted a resolution authorizing an amendment to our certificate of incorporation, increasing our authorized capital to 200,000,000 shares of common stock. The increase in our authorized capital is conditional upon the filing with the Secretary of the State of Delaware of a certificate of amendment effecting the increase. As of the date hereof, the Board of Directors has not authorized the filing of the certificate of amendment effecting the increase to our authorized capital.

Common Stock

Holders of common stock are entitled to one vote per share on all matters subject to stockholder vote. The common stock has no pre-emptive or other subscription rights. All of the presently outstanding shares of common stock are fully paid and non-assessable. If the corporation is liquidated or dissolved, holders of shares of common stock will be entitled to share ratably in assets remaining after satisfaction of liabilities.

The holders of the common stock are entitled to receive dividends when and as declared by the board of directors, out of funds legally available therefore for the foreseeable future. Our company does not anticipate paying any cash dividends with respect to its common stock. No share of common stock of our company which is fully paid is liable to calls or assessment by us.

Common Stock Purchase Warrants Issued Upon Conversion of Special Warrants

We completed an unregistered offering of 30,666,700 special warrants on June 5, 2007. The special warrants were offered and sold at a price of \$0.75 per special warrant, for aggregate gross proceeds to us of approximately \$23,000,000. The offering was effected on a best efforts private placement basis using Blackmont Capital Inc. and Salman Partners Inc. (collectively, the Agents) as Canadian investment dealers. Each special warrant was subsequently converted into one fully-paid and non-assessable share of our common stock and one-half of one common share purchase warrant for no additional consideration. In the result, a total of 30,666,700 shares of common stock and 15,333,350 warrants were issued to certain selling stockholders upon conversion of the special warrants.

Each warrant entitles the holder to purchase one share of our common stock until 5:00 p.m. (Vancouver time) on June 5, 2012, at a price of \$1.10 per share. The warrants are governed by the terms of a warrant indenture we have entered into with Computershare Trust Company of Canada, as the warrant agent, dated June 5, 2007. This exercise price will be adjusted upon the occurrence of certain events, described below. A warrant holder will not be deemed a shareholder of our underlying common stock until the warrant is exercised.

To exercise a warrant, a warrant holder must deliver to the warrant agent on or before the warrant expiration date: (a) the warrant certificate; (b) a fully executed and completed exercise form annexed as Appendix A to the warrant certificate; and (c) payment of the full exercise price for the number of warrants being exercised. No fractional warrants may be issued under the warrant indenture, and any fractional warrants that would otherwise have been issuable will be rounded down to the nearest whole warrant.

The holder of a warrant does not have any right to vote at meetings of our company's stockholders. However, the warrant indenture contains provisions governing the convening of, and the procedure for voting at, meetings of warrant holders. Generally, a meeting of warrant holders may be convened by the warrant agent with at least 10 business days advance notice (a) on its own initiative or (b) upon the written request of (i) our company or (ii) one or more warrant holders who hold in the aggregate not less than 15% of the total number of outstanding warrants. A quorum for a meeting of warrant holders consists of warrant holders, present in person or represented by proxy, who hold in the aggregate not less than 25% of the total number of outstanding warrants. Voting is to be carried out by a show of hands unless a poll is demanded, and any matter that is presented for approval by the warrant holders generally may be approved by a majority of the votes cast. Certain matters require approval by not less than 66 2/3% of the votes cast, including any amendment, modification, abrogation, alteration, compromise or arrangement of any

right of the warrant holders, or the waiver of any default by our company in complying with any provision of the warrant indenture.

The warrant indenture also contains certain anti-dilution provisions that will apply if we undertake certain corporate actions that broadly affect our common stock, such as: a stock split; a reverse stock split; a distribution to all or substantially all of our holders of common stock, or other securities convertible or exchangeable into common stock, by way of a stock dividend or other distribution; a distribution of rights, options or warrants to all or substantially all of the holders of our common stock that, upon exercise, entitle the holder of such rights, options or warrants to subscribe for or purchase common stock at a price per share that is less than 95% of the then current market price of our common stock as determined under the warrant indenture; a distribution to all or substantially all of our common stock holders of shares of any class other than common stock of our company or of another corporation; a reclassification of our common stock; or any consolidation, amalgamation, arrangement or merger of other form of business combination of our company with or into another corporation, trust, partnership or other entity.

Agents Compensation Options

In connection with the private placement of special warrants completed on June 5, 2007, we issued a total of 1,840,002 compensation options to the Agents as partial consideration for services rendered by the Agents. Each compensation option entitles the holder to purchase one share of our common stock until 5:00 p.m. (Vancouver time) on June 5, 2009, at a price of \$0.75.

INTERESTS OF NAMED EXPERTS AND COUNSEL

No expert or counsel named in this prospectus as having prepared or certified any part of this prospectus or having given an opinion upon the validity of the securities being registered or upon other legal matters in connection with the registration or offering of the common stock offered hereby was employed on a contingency basis, or had, or is to receive, in connection with such offering, a substantial interest, direct or indirect, in our company, nor was any such person connected with our company as a promoter, managing or principal underwriter, voting trustee, director, officer, or employee.

DESCRIPTION OF BUSINESS AND PROPERTIES

Corporate Organization

Nord Resources Corporation was incorporated under the laws of the State of Delaware on January 18, 1971. Our principal business office is located at 1 West Wetmore Road, Suite 203, Tucson, Arizona, 85705. Our common stock is listed for trading on the TSX under the symbol **NRD**, and is also quoted on the OTC Bulletin Board under the symbol **NRDS**.

We own 100% of the issued and outstanding shares of Cochise Aggregates and Materials, Inc., which was formed under the laws of the State of Nevada on December 9, 2003. We have no other subsidiaries.

In this prospectus, references to the Johnson Camp property refer to the entire property we own, while the previously mined area of the Johnson Camp property and the area proposed for further development under the mine plan contained in the feasibility study, together with the facilities and equipment on the Johnson Camp property, are collectively referred to as the Johnson Camp Mine.

General

We are a copper mining company and our principal asset is the Johnson Camp property located in Arizona. The Johnson Camp property includes the Johnson Camp Mine, 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 existing 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.

In September 2007, Bikerman Engineering & Technology Associates, Inc. completed a technical report for us entitled, Johnson Camp Mine Project, Feasibility Study, Cochise County, Arizona, USA, Technical Report (the Technical Report), and prepared 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).

In January 2008, we commenced copper cathode production from leaching old dumps, and during 2008 we produced approximately 2,900,000 pounds of copper from residual leaching.

In February 2008, we entered into a long term cathode sales agreement with Red Kite Master 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, and pricing is based on the average monthly COMEX price for high grade copper.

We commenced mining of new ore upon completion of the reactivation work in January 2009, and we commenced production of copper from new ore in February 2009. We anticipate reaching our currently planned full copper production rate of 25,000,000 pounds of copper per annum in the spring of 2009.

In November 2008, we received a scoping study completed by an independent, internationally recognized firm of mining engineers and consultants that found that we can potentially increase our production to an estimated rate of 40,000,000 pounds of copper per year from our current plan of 25,000,000 pounds of copper per year with an additional capital investment of approximately \$19,000,000. We plan to conduct an updated feasibility study as a first step in assessing whether we should pursue this increase in our planned production. We believe that we will have sufficient cash flow from operations to commission the required updated feasibility study, but we will require additional financing if we decide to make the required capital investments to increase production. Upon completion of the updated feasibility study, which we anticipate will take six months from the date that it begins, our board of directors will analyze the results to determine whether it is in the best interests of our Company to pursue this initiative, taking into account, among other things, the availability of required financing (which cannot be assured).

COPPER INDUSTRY AND THE COPPER MARKET

Copper Overview

Copper occurs naturally in the environment in a variety of forms. It can be found in sulfide deposits (as chalcopyrite, bornite, chalcocite, covellite), in carbonate deposits (as azurite and malachite), in silicate deposits (as chrysocolla and diopside) and as pure native copper.

Copper is widely used in a range of domestic, industrial and high technology applications. A ductile, corrosion resistant and malleable element, copper is an excellent conductor of heat and electricity. Copper's properties afford many benefits, including:

- high electrical and thermal conductivity;
- ease of drawing, working and forming;
- alloying ability;
- ease of joining by soldering and brazing;

- mechanical properties of high tensile strength, elongation and hardness; and
- high resistance to corrosive environments.

Copper is used globally in, among other things, building construction, electrical and electronic product manufacturing, transportation and industrial machinery and equipment.

Copper is mined from ore bodies that typically contain small traces of the metal in finely disseminated particles. Sulfide and oxide ores require different treatment processes, but in both cases the starting point is the same: the extraction of the material from an open-pit or underground mine that requires fragmentation and transportation of the material that has been previously identified by geological surveys. Fragmentation is accomplished by a blasting process using explosives in order to produce a fracturing of the rock. The mineral is then transported from the open pit to processing sites using trucks, trains and conveyor belts. The ore may then be processed as follows:

- *The Solvent Extraction/Electrowinning (SX-EW) Process:* The SX-EW process provides an economical way to treat low grade deposits. Ground ore is stacked together and acid is delivered to the top of the stack. As the acid percolates through the stack, the copper is dissolved and the solution is collected as runoff at the bottom of the stack. This solution is purified by solvent extraction that involves the selective transfer of the copper solution into an organic liquid. Electrolysis is then utilized to plate the high purity copper onto stainless steel, producing cathodes typically containing 99.99% copper.
- *The Flotation Process:* After being milled to the consistency of fine sand, sulfide ore is fed into tanks that are filled with a solution capable of forming a froth. Air is then pumped into each tank to bring this froth to the surface. The copper sulfide particles adhere to this froth, which is separated from the waste, the majority of which sinks to the bottom of the tank. The product of flotation is called concentrate. It usually has a copper grade that ranges between 20% and 45%, as well as some very low silver and gold values. Concentrate is then smelted to produce blister or anodes of copper which are further refined to produce cathodes containing 99.99% copper.

Following production of copper cathode by either of these processes, copper is then processed in various ways to produce a variety of end products.

Copper Usage

In March 2009, the International Copper Study Group (ICSG) released preliminary data indicating a global market surplus of refined copper in 2008 of approximately 260,000 metric tons, compared to a market surplus of around 290,000 metric tons in 2007. Demand for refined copper in the first half of 2008 had resulted in a deficit of approximately 140,000 metric tons in the world supply, but weakened demand in the second half of the year resulted in a surplus of approximately 500,000 metric tons. A large apparently monthly surplus of approximately 170,000 metric tons in December 2008 was attributed by the ICSG to weaker holiday-period usage of refined copper in the United States and the European Union, as well as weaker usage in Japan.

According to the ICSG, world refined copper usage increased by an estimated 2.2% (or 387,000 metric tons) in 2008 compared to 2007. However, this growth was due mainly to a 14% increase in apparent usage of refined copper in China, with the ICSG noting that world usage actually decreased by 2% once data from China was removed from the calculation. The other three major copper consuming regions, namely the European Union, Japan and the United States, all sustained decreases in refined copper usage in 2008, of 6%, 5.4% and 8.7%, respectively. The ICSG cautioned that China's apparent copper usage is based only on reported data and does not take into account changes in unreported stocks which may be significant during periods of stocking and de-stocking.

In October 2008, the ICSG reported that world refined copper usage had increased by 4.1% to 17,700,000 metric tons in 2007, due to a significant 144% increase of net imports of refined copper in China, where a 27% increase in revised apparent usage had been observed during that year. At the time, the ICSG had indicated that significantly lower

growth in apparent refined usage in China, and a decrease in usage in the European Union, Japan and the

United States, was expected to result in lower world usage growth of around 3% in 2008 (which is slightly more than the 2.2% figure subsequently reported in March 2009), and that consumption was expected to remain weak in all of those countries in 2009. The ICSG forecasted that world copper use was expected to grow by 3.4% to reach 18,900,000 metric tons in 2009, supported mainly by India, Egypt and the Gulf countries. We note that these forecasts were made at a time when the current worldwide economic downturn was still in its early stages.

Copper Production

According to preliminary statistics published by ICSG in March 2009, world mine production in 2008 remained unchanged compared to 2007. Concentrate production was down by 108,000 metric tons in 2008 compared to the previous year, but solvent extraction-electrowinning was up by approximately 107,000 metric tons. The ICSG noted that, based on its production capacity data, the average global mine capacity utilization rate fell to about 82.3% in 2008 the lowest level since 1989 due in part to operational failures, labor unrest and lower ore grades which resulted in lower output in major producing countries such as Chile, Indonesia and Mexico.

The ICSG also reported in March 2009 that world refined copper production in the 2008 increased by 2.6% in 2008 compared with production in 2007. It noted that China was the biggest contributor to growth (9%) due to the expansion of its copper refining capacity. However, the ICSG noted that operational failures, adverse weather and maintenance shutdowns contributed to a decrease in refined copper production in several countries including India, Japan, South Korea and the United States. The average global refined capacity utilization was reported to be about 82% in 2008.

Copper Price

Copper prices have historically been both cyclical and volatile, trading within a range of \$0.50 - \$1.60 per pound throughout the 1980s and 1990s. Following the development of significant over-capacity during the early to mid-1990s, copper experienced a six year period of depressed prices, which resulted in reduced exploration and development activity. Since 2002, growing demand for copper, particularly in China and India, coupled with the inability of the copper industry to immediately increase supply due to a lack of development projects, resulted in decreased inventories of copper. These low inventories, together with a weakening U.S. dollar, led to a substantial increase in the market price of copper between 2003 and mid-2008.

On July 3, 2008, the spot price of copper on the London Metal Exchange, or LME, rose to a record all-time high of \$4.08/lb. Since that time, the market price for copper has softened and, on May 11, 2009, the spot price of copper on the LME was \$2.05/lb.

The following table shows the variation in the average LME daily morning copper prices from 1995 to 2007, the average for each quarter during 2008, and the average for the quarter ended March 31, 2009.

<u>Year</u>	<u>Average Copper Price</u> (\$/lb)
1995	1.33
1996	1.04
1997	1.03
1998	0.75
1999	0.71
2000	0.82
2001	0.72
2002	0.71
2003	0.81
2004	1.30

2005	1.67
2006	3.05
2007	3.23

<u>Quarter Ended</u>	<u>Average Copper Price</u> (\$/lb)
March 31, 2008	3.54
June 30, 2008	3.83
September 30, 2008	3.48
December 31, 2008	1.77
March 31, 2009	1.56

The reference price of copper metal is determined by trading on the LME, where the price is set in U.S. dollars at the end of each business day. Changes in the price of copper may therefore differ when expressed in other currencies as the result of a relative weakening of the U.S. dollar. While the average price of copper increased by over 350%, as expressed in U.S. dollars, between 2002 and mid-2008, the increase has been less than this in other major currencies. A component of the global copper price is the relative exchange rates of the major currencies.

Sale or Production from Our Operations

The Johnson Camp Mine contains deposits that are being mined by conventional open pit methods. The crushed ore is being heap leached and the solutions processed in a SX-EW plant to produce saleable copper metal in the form of cathode at the mine. This eliminates exposure to fluctuating smelting and refining charges and reduces transportation costs.

In February 2008, we entered into a long term cathode sales agreement with Red Kite Master 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, and pricing is based on the average monthly COMEX price for high grade copper.

JOHNSON CAMP PROPERTY

Technical Report

Unless stated otherwise, information of a technical or scientific nature related to the Johnson Camp property is summarized or extracted from the Technical Report. The Technical Report is also referred to as a feasibility study in this prospectus. Management's plans, expectations and forecasts related to our Johnson Camp property are based on assumptions, qualifications and procedures which are set out only in the full Technical Report. The Technical Report was filed electronically on November 13, 2007, on the System for Electronic Document Analysis and Retrieval (commonly, known as SEDAR), and is publicly available on the Internet at www.sedar.com, under our Company's profile.

Description and Location

We currently have one development property, the Johnson Camp property, which is located in Cochise County, approximately 65 miles (105 kilometers) east of Tucson, in Cochise County, Arizona, one mile north of the Johnson Road exit off of Interstate Highway 10 between the towns of Benson and Willcox in all or parts of Sections 22, 23, 24, 25, 26, 27, 35 and 36, Township 15 South, Range 22 West. (See **Figure 1: Location Map**).

The Johnson Camp project currently includes: two open pits; one waste dump; three heap leach pads; a crushing, agglomeration and conveying system; a SX-EW processing plant; and ancillary facilities. The Burro Pit is larger than the Copper Chief Pit and contains 60% of the project reserves. The Burro Pit is located east of the SX-EW process plant. The Copper Chief Pit is located approximately 2,000 feet northwest of the Burro Pit.

The existing heap leach pads are located west of the open pits. The leach pads are divided into two major sections with solution collection facilities downstream of the first pad and downstream of pads two and three. A new leach pad is planned for future use and is anticipated to be located north of the Burro Pit and northeast of the Copper Chief Pit. The mine waste dump is located immediately to the east of the Burro Pit.

Figure 1: Location Map

Titles

The Johnson Camp property consists of 59 patented lode mining claims, 102 unpatented lode mining claims and 617 acres of fee simple lands. (See **Figure 2: Johnson Camp Land Status Map**). The patented claims comprise approximately 871 acres and the unpatented claims comprise approximately 1,604 acres. Thus, the Johnson Camp property covers approximately 3,092 acres. All of the claims are contiguous, and some of the unpatented mining claims overlap. We keep the unpatented mining claims in good standing by paying fees of \$13,250 per year to the United States Federal Government. We keep the fee simple and patented claims in good standing by paying property taxes and claims filing fees of approximately \$35,000 per year. The copper processing facilities and the Copper Chief and Burro open pits that serve as focal points for our mine plan are located on the patented mining claims or the fee simple lands.

We are the owner of the Johnson Camp property and the owner or holder of the claims. We are allowed to mine, develop and explore the Johnson Camp property, subject to the required operating permits and approvals, and in compliance with applicable federal, state and local laws, regulations and ordinances. We believe that all of our claims are in good standing.

Our patented mining claims give us title to the patented lands and no further assessment work must be done; however, taxes must be paid. We have full mineral rights and surface rights on the patented lands. Unpatented mining claims give us the exclusive right to possess the ground (surface rights) covered by the claim, as well as the right to develop and exploit valuable minerals contained within the claim, so long as the claim is properly located and validly maintained. Unpatented mining claims however, may be challenged by third parties and the United States government. (See Risk Factors Risks Related to Our Company).

Figure 2: Johnson Camp Land Status Map

Accessibility, Climate, Local Resources, Infrastructure and Physiography

Access to the Johnson Camp property is via Interstate Highway 10 and by gravel road. Due to its location just one mile north of Interstate Highway 10, the Johnson Camp property provides excellent access for transportation and delivery of bulk supplies and shipment of copper cathodes.

The Johnson Camp Mine is located on the eastern slope of the Little Dragoon Mountains. The average elevation of the property is approximately 5,000 feet above sea level. The climate of the region is arid, with hot summers and cool winters. Freezing is rare at the site. Historically, the Johnson Camp Mine was operated throughout the year with only limited weather interruptions.

Vegetation on the property is typical of the upper Sonoran Desert and includes bunchgrasses and cacti. Higher elevations support live oak and juniper, with dense stands of pinyon pine common on north facing slopes.

The existing facilities include the SX-EW processing plant, an administrative and engineering office and warehouse, laboratory, truck shop, core storage building, plant mechanical shop, and various used vehicles, pumps and other equipment. The newly constructed crushing, conveying and stacking system include the following: One 42x65 inch gyratory crusher, conveyors feeding a 40,000 ton (10,000 ton live) coarse ore stockpile, three feeders and a conveyor that feeds two 6x20-foot screens, conveyor feeding a 100-ton surge bin, two conveyors feeding two H6800 hydrocone secondary crushers, conveyor feeding a 40,000 ton fine ore stockpile, three feeders and a conveyor feeding a 10x35-foot agglomerator, an approximate 3,000 foot overland conveyor feeding a stacking system that includes twenty-one 100-foot grasshopper conveyors and a 150-foot radial tele-stacker. The SX-EW processing plant was refurbished and expanded to handle solution from the new crushed and stacked ore and is comprised of a solvent extraction plant, an electrowinning tank house, a tank farm and four solution storage ponds. The solvent extraction plant consists of four extraction mixer-settlers and two strip mixer-settlers, and has a capacity of 2,500 to 5,000 gallons per minute depending if the circuit is in a series or parallel configuration. The electrowinning tank house consists of 88 electrowinning cells that can produce up to 25,000,000 pounds per year. The tank farm, located in front of the tank house, is used for intermediate storage of electrolyte. The four solution storage ponds have a total capacity of approximately 18,000,000 gallons. A new automated cathode stripping machine has been installed to strip copper cathodes from the stainless steel blanks.

The plant also includes a new cell house crane, a new boiler and associated heat exchanger, a new set of electrolyte filters, a clay filter press, and an upgrade to the transformer/rectifier new pumper-mixers, and a sulfuric acid storage tank.

There are several access rights of way and three water wells which are located on the Johnson Camp property and one well on private land where we have access and water rights. Potential water well sites have been identified on our land near Section 19 and will be drilled if additional water is required.

Commercial electrical power and telephone lines remain in place and operational. The Johnson Camp property receives electrical power from Sulphur Springs Valley Electric Cooperative (SSVEC). We are in discussions with SSVEC to negotiate a new long term power contract. Power is received at two substations owned by us that can handle the additional power loads required for the expanded operations. Our workforce at the Johnson Camp Mine is approximately 70 employees. We utilize contractors under our supervision for mining, drilling, blasting and hauling the mined material. We manage all other activities at the Johnson Camp Mine. We believe that there are sufficient skilled operating, maintenance, and technical personnel available that can be employed for the Johnson Camp Mine.

Geological Setting and Mineralization

The Johnson Camp property is located along the east fold of the Little Dragoon Mountains in southeastern Arizona. The rocks exposed on the Johnson Camp property range from the pinal schist that is located at the western end of the

Johnson Camp property to the escabrosa limestone that is located at the eastern end of the Johnson Camp property, all of which contain some quartz monzonite porphyry. Large disseminated copper deposits occur in several rock formations at the Johnson Camp Mine. In the region of the Burro and Copper Chief open pits, the

copper bearing rocks dip moderately to the northeast and consist of sedimentary rocks that have been intruded by two diabase dikes.

The main copper bearing host rock units at the Johnson Camp Mine are the Abrigo, Bolsa Quartzite, Pioneer Shale, and the Diabase formations. The Diabase formation is positioned at the base of the copper bearing rock units, overlain by the Bolsa Quartzite, and the lower and middle Abrigo formations. In the Burro pit, oxide copper is located primarily on bedding planes as veins and replacements and along various fractures. In the Copper Chief pit, located approximately 1,500 feet to the north of the Burro pit, oxide copper occurs as disseminations in the Diabase formation and along fractures within the Diabase and in the Bolsa Quartzite units. Other bulk mineable copper exploration targets lie along trend from both the Copper Chief and Burro deposits.

The style of mineralization and the type of alteration recently mapped on the northern lower benches of the Burro pit suggest the possible presence beneath the property of a mineralized porphyry type deposit. In addition to the alteration evidence, a prominent magnetic low anomaly is present between the Burro pit and Copper Chief deposit supporting the possible presence of a porphyry type deposit at depth. Porphyry copper deposits are typically very large, low grade and require processing by recovery processes much different than those planned for the Johnson Camp Mine.

The following cross section diagram illustrates the relative positions, and the geologic and mineralized nature of the various formations in the Burro pit.

Figure 3: Burro Pit Area

The following cross section diagram illustrates the relative positions, and the geologic and mineralized nature of the various formations in the Copper Chief pit.

Figure 4: Copper Chief Deposit

Historic Copper Production

From 1975 to 1986, Cyprus mined approximately 15,000,000 tons of ore grading approximately 0.6 percent total copper from the Burro pit. In addition, approximately 12,000,000 tons of waste rock was produced. All ore placed on the heaps was run of mine (that is, not crushed). In total, approximately 107,000,000 pounds of cathode copper were produced by SX EW methods.

Cyprus used a variety of analytical techniques to determine acid soluble copper grades during its operation of the Johnson Camp property and the copper grades for ore placed for leach were reported as acid soluble copper. Recovery of copper by Cyprus totaled 80 percent of the acid soluble copper grade placed on the leach pads. After the closure, Cyprus dismantled the SX EW plant and moved the plant to another mine. Cyprus continued to maintain ownership of the Johnson Camp property until 1989, when it sold its holdings in the district to Arimetco.

In mid 1990, Arimetco constructed a new SX EW plant on the Johnson Camp property, and rehabilitated the leach systems on the existing Cyprus pads and the collection, raffinate, and plant feed ponds. Arimetco resumed mining in the Burro pit in 1991, and made further improvements to the facility between 1993 and 1996. Arimetco began limited open pit mining from the Copper Chief deposit in 1996, and continued mining in both the Burro and Copper Chief deposits until 1997 when production was terminated. Ore placed on the heaps from 1991 through 1995 was run of mine (not crushed).

In 1996, based on metallurgical testing it conducted, Arimetco added a crushing plant to reduce the particle size of ore placed on the heaps in an effort to improve recoveries. The metallurgical test work indicated improved recoveries from crushed ore. We believe that the initial results from leaching of crushed ore placed on a new liner system installed by Arimetco were an increase in leach solution copper grade and an improvement in recoveries to

the point where they matched the metallurgical test work performed on certain ore at a similar crush size. However, crushed ore represented less than 25 percent of the total ore that Arimetco had under leach. According to the Technical Report these operating results, along with the column leach test results, clearly support the need to crush the ore to obtain reasonable recoveries under heap leach conditions.

Production by Arimetco between 1991 and 1997 for the Burro and Copper Chief pits totaled approximately 16,000,000 tons of ore grading approximately 0.35 percent total copper and 12,000,000 tons of waste, primarily from the Burro pit, producing approximately 50,000,000 pounds of cathode copper. Arimetco achieved recoveries of approximately 43 percent of the total copper grade from mostly uncrushed ore placed on the heaps. Arimetco ceased mining operations in mid 1997.

The acid soluble copper assay techniques used by Arimetco for ore grade estimation are not directly comparable to the acid soluble copper assay techniques used by Cyprus. Arimetco recoveries were calculated based on total copper assays. The use of two different assay techniques by Cyprus and Arimetco could 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 Johnson Camp Mine. (See Risk Factors Risks Related to Our Company).

Reserves

A summary of the Johnson Camp proven and probable reserves are presented in the table below. Further details about the reserves on the Johnson Camp property can be found in the Technical Report.

Johnson Camp Mine Summary of Proven and Probable Reserves

Description	Reserves			
	Tons (thousands)	Grade (% Cu)	Copper (millions of lbs)	Recoverable Copper (millions of lbs)
Proven Reserves	54,977	0.338	319	245
Probable Reserves	18,410	0.327	173	129
Total	73,387	0.335	492	374

Notes:

- The ore reserves were estimated in accordance with Industry Guide 7 of the Securities and Exchange Commission (sometimes referred to in this prospectus as the SEC) and CIM Guidelines.
- The actual tonnage and grade of reserves are generally expected to be within 90 - 95% of the estimate for proven reserves, and 70 - 80% for probable reserves.
- Reserves are based on a copper price of \$1.50/lb and on total copper assays. Bikeran Engineering & Technology Associates used a copper price of \$1.50/lb.
- Reserves are based on operating costs estimated as of the second quarter of 2007.
- The internal cutoff grade used in the reserve analysis was 0.063 - 0.069 percent total copper (depending on rock type). All inferred resource blocks were treated as waste, regardless of their estimated copper grade

Other Mineralized Material

In addition to the above mentioned reserves, mineralized material is contained in the Burro and Copper Chief deposits at the Johnson Camp property and was estimated using the guidelines established in, and is compliant with, Canadian NI 43-101 standards. In addition, there are numerous other prospects of mineralized material that remain to be explored and tested.

Drilling

Initial Drill Hole Database

The initial drill hole database for the Johnson Camp Mine consists of a total of 293 drill holes totalling 90,418 feet. Of these, 142 drill holes are contained in the Burro pit area and 151 drill holes are contained within the Copper

Chief pit area. This database includes 12 confirmation diamond drill holes in the Burro and Copper Chief pit areas totalling 5,793 feet that were completed by Summo in 1998.

From October 1999 to January 2000 we conducted four exploration drilling programs using reverse circulation drilling in areas of the Johnson Camp property other than the Burro and Copper Chief deposit areas. Forty three holes were drilled in the North area (above the Copper Chief), 17 holes were drilled in the Keystone area about one half mile south of the Burro pit, a deep hole was drilled in the area between the Burro pit and the Copper Chief pit, and three condemnation holes were drilled in the area of our planned future leach pad and plant. Although certain drill results achieved in these four exploration drilling programs were encouraging, we found no copper mineralization that could be classified as reserves as a result of these programs.

Further Exploratory Drilling

In January 2008, we completed the first phase of preliminary exploratory drilling around the periphery of the existing boundaries of the Burro and Copper Chief pits. Twenty-five vertical reverse-circulation drill holes were completed adjacent to and to the south of the Burro Pit and in the Copper Chief deposit area on the Johnson Camp property. All of the related sample preparation and assays were performed utilizing industry standard analytical models by Arizona Assayers Inc., a laboratory independent to our company and doing business in Tucson, Arizona, as Skyline Assayers & Laboratories. A sample quality assurance/quality check program was followed, which called for the regular insertion of independent standards, blanks and duplicate samples.

The newer drill results, when combined with a previous drill hole, S-13, indicate the continuation of copper mineralization from the current south edge of the Burro Pit approximately 1,000 feet further to the south. The drill results also indicate that the copper mineralization in this area is hosted in the same rock units as at the Burro Pit. The drilling at Copper Chief increases the drill hole density within the current planned pit in the north area of the deposit and also expands copper mineralization to the northwest and southeast of the planned pit boundaries.

These drill results will be incorporated into a new block model for both the Burro and Copper Chief pits in 2009 and, depending on the economic conditions, be considered in determining if additional drilling is warranted.

Projected Copper Production from Existing Leach Pads

In 1999, we conducted a limited drilling program to evaluate actual copper content of the existing heaps. The drilling program was conducted to provide an estimate of the copper values in the heaps, but cannot be considered a definitive measure. Based on estimated heap tonnages, there are approximately 75,000,000 pounds of acid soluble copper remaining in the heaps, and, in 2008, we recovered approximately 2,900,000 pounds of copper from residual leaching.

Mining Operations

Based on the Technical Report, we expect the Johnson Camp Mine to produce approximately 25,000,000 pounds of copper per year, for an anticipated mine life of 16 years.

Copper production is originating from both an active leach program of newly mined ore and the residual leaching of the existing leach dumps. Once sufficient new ore is placed on the existing pads, leaching for residual copper will be completed.

The operating plan for the crushed ore is as follows: The ore is crushed to a P-80 of one inch (80% is less than one inch) and sulfuric acid is added to the ore in the agglomerator, where the leaching kinetics begin. The ore is stacked on existing leach pads at a height of 20 feet and a raffinate solution is applied at varying application rates and leached for 150 days. Once the new material has been placed on the large, existing pads and leached for 150 days, a second 20-foot lift is placed on the pads. Based on our stacking plan, the existing leach pads have sufficient surface area for

more than two years at which time a new leach pad and pond will be constructed.

Use of Total Copper Assays

For the reasons discussed below, our estimate of ore reserves at the Johnson Camp Mine is based on total copper assays and recoveries rather than soluble copper assays and recoveries.

Total copper values were available for both the Copper Chief and Burro deposits. However, only 39 percent of the Copper Chief assay intervals also had acid soluble copper values, and the available data on acid soluble copper was incomplete for all samples. In addition, the database of acid soluble copper values for the Burro deposit reflects two different analytical techniques: (a) a conventional acid soluble method used by Cyprus for 94 of the holes included in the drill hole database; and (b) a more aggressive methodology used by Arimetco for the other 48 drill holes included in the database for the purpose of estimating the ultimate recoveries that may be experienced in the heaps at the Johnson Camp Mine. In summary, total copper assays were the only common denominator for all drill hole assays included in the drill hole database. As a result, only a total copper grade resource model was constructed for both deposits. A reserve estimate based on total copper is an indirect measurement of the amount of copper that is metallurgically available for recovery. Accordingly, there is a risk that we may have over-estimated the amount of recoverable copper. (See Risk Factors Risks Related to Our Company).

Data Verification

Four different major categories or levels of data verification have been completed at Johnson Camp Mine by Cyprus Copper, Arimetco, Summo, and others in evaluating the geological, drill hole, and assay database. Each major category or level of data verification provides a measure of confidence in the database. Bikerman Engineering & Technology Associates has concluded that taken in aggregate, all four categories provide corroboration and thus a higher degree of confidence in the data. The categories include: individual inter company verifications; intra company verifications; third party reviews; and reconciliations.

Inter Company Verifications

Cyprus conducted drilling and assaying with both internal and external check assay procedures for data verification. Cyprus had samples assayed at more than one external lab for both total copper and acid soluble copper. Those external labs were reputable commercial analytical labs commonly employed by the mining and exploration industry at the time. A quality assurance quality control, or QA/QC, procedure was also in place whereby Cyprus composited sample pulps and re submitted the composite for assay as a comparison with the average of individual assays. In addition, Cyprus did bottle roll tests on core samples to provide an additional analysis for comparison. Bikerman Engineering & Technology Associates has concluded that, while these procedures were not done for every hole and every sample, they were done in sufficient amount to detect either errors in the analytical process or high variability in assays as a result of the geology and no significant or consistent variances were noted.

The majority of the drill holes in the resource database are core holes drilled by Cyprus. Arimetco drilled with core and by reverse circulation methods. Although Arimetco did not have the same quantity of internal or external check assays as Cyprus, Arimetco made extensive use of an independent, reputable commercial lab that is still in business today. In addition, Bikerman Engineering & Technology Associates has concluded that the Arimetco basic data, drill logs and assays sheets were done in sufficient quality typical of industry activity at the time (1990 s).

In summary, Bikerman Engineering & Technology Associates has concluded that both Cyprus and Arimetco conducted standard documented copper analyses in house and with external labs, had some degree of QA/QC procedures in place and detected no significant problems with repeatability or accuracy of copper assays.

Intra Company Verifications

The Johnson Camp Mine was operated by Cyprus and Arimetco and evaluated by Summo prior to our Company's ownership of the Johnson Camp property. Arimetco conducted drilling and assaying that confirmed the work of Cyprus, and Summo conducted mapping, drilling and assaying that confirmed the work of Cyprus and Arimetco. Bikerman Engineering & Technology Associates has concluded that it is a very compelling verification procedure

when a second and third company does confirmation drilling and assaying, with different drilling techniques and analytical labs, and the data is correlative.

Summo drilled four holes in the Burro pit and nine in the Copper Chief pit as reverse circulation drill holes. Bikerma Engineering & Technology Associates examined the assay sheets and drill hole logs for a randomly selected Summo drill hole in the Burro pit and for adjacent drill holes by Cyprus and determined that the assay values in all three holes had the same general range of copper values, in the same lithological units, and while not intended as true twin holes, each drill hole generally verifies the others.

Third Party Reviews

Various third party independent reviews have been conducted on the Johnson Camp property. For example, in 1999, Summo commissioned an engineering firm to complete a feasibility study for the Johnson Camp property. In 2000, we commissioned an engineering firm to complete a feasibility study and in 2005 we requested an updated feasibility study and technical report for the Johnson Camp property. In the opinion of Bikerma Engineering & Technology Associates, these firms are known as reputable consulting/engineering companies providing audits, resource/reserve estimations and feasibility level evaluations to the mining industry. Bikerma Engineering & Technology Associates has reviewed these reports and concluded that there are no serious data verification issues and that these reports are reasonable. Bikerma Engineering & Technology Associates found few database errors and omissions and acceptable limits of error.

The Summo commissioned feasibility study examined the drill hole database, geology, assays, bulk density measurements, QA/QC procedures and completed various block model to drill hole comparisons, and reconciliations of the model with historical productions. The Summo commissioned feasibility study verified the block model grades of their resource estimate against the Arimetco drill hole database. Bikerma Engineering & Technology Associates has reviewed the Summo commissioned feasibility study and concluded that this work verifies that the constructed resource block model, is representative of the data base and that the examination by the engineering company and the prior operators verifies the database.

Independent sampling of remaining core to compare with historical assays was attempted, however a large portion of the split core from Cyprus drilling is no longer available and assays for samples that have been archived for over 20 years are not a good comparison with the originally fresh core samples. However, Bikerma Engineering & Technology Associates has concluded that of the limited number of samples collected, individual sample variances occur, but globally the grades do not differ much.

Reconciliations

As the drill hole database is the foundation of the resource and reserve estimates, Bikerma Engineering & Technology Associates has concluded that the most significant verification of the drill hole database is the comparison of its derived block model with the production of mined material. This is accomplished by a reconciliation of the drill hole determined block model tonnage and grade against the blast hole determined tonnage and grade. The results of reconciliations indicate the model generally replicated or slightly underestimated grade for similar tonnages.

The feasibility study commissioned by Summo compared total historical production with the block model and found both tonnage and grade to be within 0.8% of the combined Cyprus and Arimetco production. Bikerma Engineering & Technology Associates has concluded that this is a close correlation between the historical production and the database derived block model.

Additional Third Party Review

A third party consulting firm observed, and Bikerman Engineering & Technology Associates concurred, that the basic information upon which verification relies is available for the Johnson Camp Property, including: pre mine and post mine mapping; drill hole geological logs; copies of daily drill reports; drill core sampling procedures (Cyprus); original or copies of original assay certificates from commercial analytical labs and the Cyprus Johnson

Camp Mine lab; documented sample preparation and analytical procedures; standard analytical procedures used by laboratories, several vintages of geological maps, rock density procedures by an independent laboratory; blast hole pattern assay maps; production records as truck counts to leach dumps; actual production records (from blast holes) versus forecast production (from the deposit model); pre feasibility and feasibility reports; current availability of geological personnel who actually performed some of the work; and a limited library of core samples and sample pulps.

In 2006, we commissioned a third party consultant to review the applicability of the drill hole data base. Bikerman Engineering & Technology Associates reviewed the verification work done by the consultant and concurs with the conclusions of the consultant. In April 2006, the consultant visited the Johnson Camp Mine and prepared a spreadsheet summary listing all available drill hole data. The consultant tabulated the rotary, reverse circulation and core drilling done on the Burro and Copper Chief deposits.

In May 2006, the consultant visited our Company's offices in Tucson, Arizona for the purpose of completing an exhaustive audit of the Copper Chief and Burro Pit deposit electronic database. The consultant verified geologic drill hole logs for the model and verified assay certificates to the electronic database. Bikerman Engineering & Technology Associates considers the results of the verification to be quite positive. For example, the consultant checked, and confirmed approximately 40% of the Copper Chief electronic database and found two typographical errors, and he checked approximately 20% of the Burro Pit electronic data base and found one omission.

With the exception of two shallow drilling programs by Cyprus and Arimetco all the assay certificates for all the data in the electronic database have been located. Additionally, geologic logs for over 95% of the drilling completed in the resource areas have been located and were reviewed by Bikerman Engineering & Technology Associates.

In summary, all four levels of data verification have shown only minor database errors. Bikerman Engineering & Technology Associates have concluded that the minor database errors are within acceptable levels and have no reason to believe that the Johnson Camp resource database does not accurately reflect the drill logs.

Metallurgical Test Work

Metallurgical testing was completed in two programs. The first was authorized by Arimetco in May 1995 and was completed at an independent laboratory. The two ore samples that were subjected to testing were collected at the Johnson Camp Mine by Arimetco personnel and consisted of, respectively, approximately 2,000 pounds of run of mine schist/shale ore and 8,500 pounds of run of mine diabase ore. Seven column tests were used to evaluate the influence of crush size on copper extraction and each ore was tested at a nominal crush size of three inches and a nominal crush size of one inch. The results of the tests showed that when leached for 60 days, crushing the ore significantly increased the copper extraction for both sizes of crushed ore. The ore was still leaching copper when the test program was stopped at 60 days.

The second test program was authorized by Summo in August 1998 and was completed at another independent laboratory. Summo personnel collected the bulk ore samples from the Burro and Copper Chief pits. The locations of the bulk samples were based on preliminary channel sampling. The rock types chosen for sampling from the Burro pit included Lower Abrigo Formation, Bolsa Quartzite and two types of diabase ore. Only a bulk sample of oxidized diabase was obtainable to represent the Copper Chief ore, but a study of polished mineralogical sections prepared from core and/or reverse circulation drill cuttings indicated that the diabase samples taken from the Burro pit were representative of the diabase material contained in the Copper Chief deposit.

Copper mineralogy varies within the deposits. In the Burro pit, approximately 76% of the total estimated ore reserve tonnage is located above a depth of 4,560 feet in a zone dominated by the copper oxide minerals chrysocolla and malachite. Some native copper has been observed disseminated throughout this range. In addition to copper oxide mineralization, copper sulfide mineralization is evident below an elevation of 4,600 feet in a mixed zone. Sulfide

minerals, which typically convert to oxides on exposure to oxygen, are not as amenable to heap leach copper recovery techniques as oxides. Accordingly, we believe that approximately 24% of the ore reserve in the Burro pit could exhibit reduced copper recovery due to the presence of copper sulfide mineralization.

In the Copper Chief pit, the oxide copper mineralization is similar to that of the Burro pit. The entire Copper Chief pit ore reserve is located above the 4,560 elevation in the zone dominated by the copper oxide minerals chrysocolla and malachite. We do not expect that the recovery of copper from this deposit will be materially affected by sulfide mineralization.

In summary, for the total project, approximately 85% of the ore reserves are located above the 4,560 elevation in the zone dominated by the copper oxide minerals chrysocolla and malachite. Approximately 15% of the total ore reserves could exhibit reduced copper recovery due to the presence of copper sulfide mineralization.

The bulk samples for the Summo metallurgical testing were taken from several areas of the Burro and Copper Chief pits, with all sample locations above the 4,560 foot elevation in the zone dominated by the copper oxide minerals chrysocolla and malachite. The assay results for the Abrigo formation sample taken from an elevation of 4,620 feet, however, indicated a sulfide content of 4.49% . This suggests that the leaching of copper from ore mined at this elevation may be less than optimal.

The Summo test work initially consisted of five columns, each containing 135 kilograms (approximately 298 pounds) of ore, taken from five ore samples of approximately 1,000 pounds each. Some problems were encountered with the first five columns, however, so an additional six columns were prepared and tested. All column tests were conducted at a nominal crush size of one inch based on the results from the Arimetco program, except one which was done at a nominal crush size of ½ inch.

The forecasted recoveries of copper that were reviewed by Bikerma Engineering & Technology Associates in preparing their technical report are based on the column tests and are dependent on the crushing of the ore to a nominal size of one inch. The Arimetco test program indicated the importance of this parameter. Cyprus operated the Johnson Camp Mine for a run of mine operation whereby non crushed ore was placed on the leach pads. Arimetco also ran the Johnson Camp Mine as a run of mine operation until late 1995 at which time it began crushing the ore to approximately 3 inches. Our current copper recovery estimates provide for extracting 74 to 81 percent of the total copper content of the ore mined, depending on ore type and with crushing to a nominal size of one inch.

According to Cyprus records, it achieved copper extraction of up to 80 percent of the acid soluble copper from uncrushed, run of mine material. However, the Arimetco operation, which leached new run of mine ore, old Cyprus run of mine ore, and 4,300,000 tons of ore reported to have been crushed to a nominal size of three inches, achieved copper recovery (from 1991 through 1998) of 43 percent of total copper. Arimetco's records do not distinguish between copper extracted from old Cyprus material, new run of mine ore, and new crushed ore.

In preparing its technical report, Bikerma Engineering & Technology Associates reviewed the metallurgical test work and concurred with the metallurgical recovery estimates. As indicated above, however, the increase in projected copper recovery rates over the historic copper recovery rates is premised on ensuring that the ore is crushed to a nominal size of one inch prior to being placed on the leach pads. This is consistent with Arimetco's initial results from leaching of crushed ore placed on a new liner system namely, an increase in leach solution copper grade and an improvement in recoveries to the point where they matched the metallurgical test work performed on certain ore at a similar crush size.

In summary, our expectations with respect to copper recovery rates significantly exceed historical experience at the Johnson Camp Mine, as we plan to crush the ore to a smaller size with the view to increasing leaching efficiency. We believe that our expectations are reasonable, given our view that Cyprus and Arimetco placed uncrushed or improperly crushed ore on the leach pads, which resulted in differing recovery projections and rates. However, there can be no assurance that we will be able to meet these expectations and projections at an operational level. (See Risk Factors Risks Related to Our Company).

We caution that copper recovery rates for ore anticipated to be mined below the 4,560 foot elevation (approximately 15% of estimated total ore reserves) may be inhibited due to the presence of copper sulfide mineralization. In addition, although the column test on the sample of Abrigo ore which contained 4.49% sulfides

exhibited good copper recoveries (as shown in the table below under the subheading *Recovery Curves*), the leaching of copper from ore mined below this elevation may be less than optimal.

Royalty Obligations

Copper metal produced from Johnson Camp Mine is subject to a \$0.02 per pound royalty payable to Arimetco when copper prices are in excess of \$1.00 per pound. The royalty is capped at an aggregate of \$1,000,000. As of December 31, 2008, our Company has paid approximately \$58,000 under this commitment.

On March 31, 2009, we sold a 2.5% royalty on the mineral production sold from the existing mineral rights at Johnson Camp to International Royalty Corporation, acting through its subsidiary, IRC Nevada Inc., for net proceeds of approximately \$4,950,000.

United States Mining and Environmental Laws

Arizona State Mining Laws

Mining in the State of Arizona is subject to federal, state and local laws. Three types of these laws are of particular importance to the Johnson Camp property: those affecting land ownership and mining rights; those regulating mining operations; and those dealing with the environment. The Johnson Camp current mining operations are located on private land including both patented mining claims and fee simple lands.

Our exploration activities in the United States are subject to regulation by governmental agencies under various mining and environmental laws. The nature and scope of regulation depends on a variety of factors, including the type of activities being conducted, the ownership status of land on which the operations are located, the nature of the resources affected, the states in which the operations are located, the delegation of federal air and water pollution control and other programs to state agencies, and the structure and organization of state and local permitting agencies. We evaluate our projects in light of the cost and impact of current regulations on the proposed activity, and evaluate new laws and regulations as they develop to determine the impact on, and changes necessary to, our operations.

The Johnson Camp property also includes unpatented claims. The rights of mineral claimants on federal lands are governed by both the *Mining Law of 1872* and the mining claim location requirements of Arizona law. Under federal mining law, a mining claim may be patented and conveyed from the United States into fee ownership. An unpatented mining claim is a right of possession in the *claimant* to develop and mine federal lands and minerals owned by the United States. Mining claims are located in accordance with both state and federal law, which require notice by monumenting and registration with the county recorder; an annual affidavit showing monies spent on labor or improvements is required to maintain the claim. Congress has placed a moratorium on the processing of mineral patent applications filed after 1994.

Generally, compliance with environmental and related mining health and safety laws and regulations, including the federal *Mine Safety and Health Act*, requires us to obtain permits issued by regulatory agencies and to file various reports, keep records of our operations and respond to governmental inspections. Some permits require periodic renewal or review of their conditions and may be subject to a public review process during which opposition to our proposed operations may be encountered.

U.S. Federal and State Environmental Law

Our past and future activities in the United States may cause us to be subject to liability under various federal and state laws for the protection of the environment.

The Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended (CERCLA), imposes strict, joint, and several liability on parties associated with releases or threats of releases of hazardous substances. Liable parties include, among others, the current owners and operators of facilities at which hazardous substances were disposed or released into the environment and past owners and operators of properties who owned

such properties at the time of such disposal or release. This liability could include response costs for removing or remediating the release and damages to natural resources. Arizona's analogue to CERCLA, is the *Water Quality Assurance Revolving Fund* (WQARF) statute.

Under the *Resource Conservation and Recovery Act* (RCRA) and related state laws, including the *Arizona Hazardous Waste Management Act* (HWMA), the generation, transport, treatment, storage, and disposal of hazardous or solid wastes associated with certain mining related activities are highly regulated. Administration of the federal RCRA programs was delegated to Arizona and is handled through the HWMA. RCRA and HWMA costs may also include corrective action or clean up costs. Failure to comply can create a fineable condition.

Mining operations may produce air emissions, including fugitive dust and other air pollutants, from stationary equipment, such as crushers and storage facilities, and from mobile sources such as trucks and heavy construction equipment. All of these sources are subject to review, monitoring, permitting, and/or control requirements under the federal *Clean Air Act* and related state air quality laws. The substantive requirements of the *Clean Air Act*, including permitting and enforcement of standards are administered by Arizona and certain counties depending upon the size and nature of sources of air emissions. Air quality permitting rules may impose limitations on our production levels or create additional capital expenditures in order to comply with the permitting conditions and regulated emissions. In August 2008, we received an air quality permit from ADEQ which permitted us to resume construction at the Johnson Camp Mine and, in January 2009, we commenced mining and crushing new ore.

Under the federal *Clean Water Act* and delegated state water quality programs, point source discharges into Waters of the United States are regulated by the National Pollution Discharge Elimination System (NPDES) program. Section 404 of the *Clean Water Act* regulates the discharge of dredge and fill materials into Waters of the United States, including wetlands. Storm water discharges also are regulated and permitted under the storm water program. All of those programs impose permitting and other requirements on our operations. Arizona has been delegated authority under the federal NPDES permitting program. We maintain an active Storm Water Pollution Prevention Plan onsite and are in the process of having it renewed. In addition, certain proposed activities (increased heap leach pad capacity, new ponds and waste dump facilities) indicated potential assessment for applicability of a U.S. Army Corps of Engineers section 404 Dredge & Fill Permit. We are evaluating this circumstance.

In accordance with Clean Water Act requirements, a Johnson Camp Property Spill Prevention Control and Countermeasure Plan (SPCC Plan) was prepared to document oil storage within bulk storage containers and oil-filled operational equipment on site, and also to provide a comprehensive spill prevention program to minimize the potential for oil discharges from the facility. Cleanup procedures are also included to help ensure that quick and effective responses are undertaken by site personnel in the event of an oil spill, with the view to preventing any discharges from occurring.

The federal *Pollution Prevention Act of 1990*, that implements the Community Right To Know portions of CERCLA, from time to time may require us to file annual toxic chemical release forms. This is dependent on the amount and character of the materials we will have and use at the facility.

The *National Environmental Policy Act* (NEPA) requires an assessment of the environmental impacts of major federal actions. The federal action requirement can be satisfied if the project involves federal land or if the federal government provides financing or permitting approvals. NEPA does not establish any substantive standards. It merely requires the analysis of any potential impact. The scope of the assessment process depends on the size of the project. An Environmental Assessment (EA) may be adequate for smaller projects which are found to have no significant impacts. An Environmental Impact Statement (EIS), which is much more detailed and broader in scope than an EA, is required for larger projects with significant impacts. NEPA compliance requirements for any of our proposed projects, such as federal approval of a mine plan involving more than five acres per year on unpatented mining claims, could result in additional costs or delays. There is no current Arizona law or state procedure comparable to the federal NEPA and the EA/EIS process. Although all current mine facilities on the Johnson Camp property are situated on

private land, future exploration on the Johnson Camp property and our other properties may involve unpatented mining claims.

The *Endangered Species Act* (ESA) is administered by the U.S. Department of Interior's U.S. Fish and Wildlife Service. The purpose of the ESA is to conserve and recover listed endangered and threatened species of flora and fauna and their habitat. Under the ESA, "endangered" means that a species is in danger of extinction throughout all or a significant portion of its range. "Threatened" means that a species is likely to become endangered within the foreseeable future. Under the ESA, it is unlawful to "take" a listed species, which can include harassing or harming members of such species or significantly modifying their habitat. Arizona has similar laws protecting wildlife and native plants. We conduct wildlife and plant inventories as required as part of the environmental assessment process prior to initiating exploration projects.

Under Arizona's *Aquifer Protection Permit Program* facilities that discharge, including certain mining operations, are required to obtain an Aquifer Protection Permit (APP). An APP application is currently pending review at the Arizona Department of Environmental Quality for the Johnson Camp Mine.

The Johnson Camp property has undergone mining activities for a period of over 125 years. We acquired the Johnson Camp property from Arimetco subject to a number of conditions that constituted aquifer protection law violations and compliance measures. Accordingly, in connection with the acquisition, Consent Order P 139 99 was entered with the ADEQ in June 1999. We agreed to upgrade and improve certain of the facilities and complete certain remediation activities at the Johnson Camp property by September 2000. On January 3, 2001, Consent Order P 401 01 was entered with the ADEQ which replaced Consent Order P 139 99. Consent Order P 401 01 allowed the Johnson Camp Mine to continue to operate and to make improvements to the facility with the view to bringing it into compliance with current Arizona statutes.

On September 7, 2002, the ADEQ issued Compliance Order APP 1 14 02. That order required the following:

- the Johnson Camp Mine be brought into compliance with Arizona's aquifer protection laws;
- a Stipulated Judgment and Stipulated Judgment Entry Agreement be entered with the ADEQ which provided for civil penalties in the amount of \$4,325,000 as a consequence of violation of Consent Order #P401-1 and the aquifer protection laws, subject to the agreement by the ADEQ that it would not file for entry of the judgment unless Compliance Order APP 1 14 02 was violated and the violation was not cured on a timely basis, or unless we became the subject of a bankruptcy, insolvency or receivership proceeding prior to achieving compliance with Compliance Order APP 1 14 02; and
- an Escrow Agreement be entered with the ADEQ requiring a \$1,500,000 deposit by our Company into an escrow account to be used solely to pay for the direct costs of bringing the Johnson Camp Mine into compliance with Compliance Order APP 1 14 02 and the aquifer protection laws.

In response to Compliance Order APP 1 14 02, we applied the \$1,500,000 in escrowed funds to environmental remediation activities at the Johnson Camp Mine and to the preparation and filing of an Aquifer Protection Permit application with the ADEQ in June 2003.

The ADEQ responded to the aquifer protection permit application by letter dated September 2, 2003 which identified a comprehensive list of specific deficiencies. A partial response was submitted on September 28, 2006, however certain financial assurances required by the ADEQ could not be provided at that time. In reply, the ADEQ issued an Administrative Review Notice dated May 18, 2007 which included, among other things, lack of the required financial assurances as a deficiency. We submitted a response on July 2, 2007, but were unable to provide certain financial assurances in a form acceptable to the ADEQ. On July 6, 2007, a notice of violation was issued citing the failure to provide the required financial assurances. On August 1, 2007, the outstanding financial assurances were submitted to the ADEQ, and, on August 10, 2007, a formal response to the notice of violation including documentation evidencing submission of financial assurances was filed.

On August 15, 2007, the ADEQ declared that all components necessary for the Aquifer Protection Permit 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, dated March 5, 2009, requested a response within 45 days. We submitted our response to the ADEQ on May 8, 2009.

During this permitting process we are allowed to produce copper from the Johnson Camp Mine while we continue to comply with the mandates of Compliance Order APP 1 14 02.

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 APP 1 14 02. 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.

We are committed to materially complying with all requirements under applicable environmental laws and regulations. These laws and regulations are continually changing and, as a general matter, are becoming more restrictive. Our policy is to conduct our business in a manner that safeguards public health and mitigates the environmental effects of our business activities. To comply with these laws and regulations, we have made, and in the future may be required to make, capital and operating expenditures.

U.S. Federal and State Reclamation Requirements

We are subject to mine plan and land reclamation requirements under the *Federal Land Policy and Management Act* and/or the *Arizona Mined Land Reclamation* provisions, which are implemented through permits and operations and reclamation plans that apply to exploration and mining activities. These requirements mandate reclamation of disturbed areas and require the posting of bonds or other financial assurance in an amount sufficient to satisfy expected reclamation costs. If reclamation obligations are not met, the designated agency could draw on these bonds and letters of credit to fund expenditures for reclamation requirements.

Reclamation requirements generally include stabilizing, contouring, and re vegetating disturbed lands, controlling drainage from portals and waste rock dumps, removing roads and structures, neutralizing or removing process solutions, monitoring groundwater at the mining site, and maintaining visual aesthetics. We believe that we are currently in substantial compliance with and are committed to maintaining all of our financial assurance and reclamation obligations pursuant to our permits and applicable laws.

Our Reclamation and Closure Plan

The previous owner of the Johnson Camp property, Arimetco Inc., had no reclamation or closure plans, nor is there a bond outstanding to perform reclamation and closure activities. We submitted our reclamation and mine closure plan to the Arizona State Mine Inspectors Office in July 2007 which plan contemplates reclaiming all mining disturbances occurring after 1987 to a level that will support the designated post mining land use. Open pit mines are excluded from reclamation requirements; however, waste dumps, tailing piles, leach facilities, process water ponds, site buildings and roadways will require closure and reclamation.

Components of our reclamation plan and closure plan include four separate post mining land use objectives based on public safety, existing and historic land uses, climate, soil quantity and quality, and economic feasibility. These include: rangeland; future mineral exploration and development; storm water management and processing waste rock materials for sale as landscape material, riprap and railroad ballast to contractors and the public.

Our closure plan includes measures to be taken to prevent discharges of pollutants from the facility after operations cease, the methods that we will use to secure the facility, and any other measures needed to protect groundwater resources, including post closure monitoring and maintenance as needed. Mine closure costs from existing and future impacts of the contemplated operations have been estimated to total \$1,850,000. The financial projection

assumes a salvage value of the mining, process and service equipment of \$2,512,000, a value in excess of the estimated mine closure cost.

Status of Permits Summary

The development, operation, closure and reclamation of mining projects in the United States requires numerous notifications, permits, authorizations and public agency decisions. This section does not attempt to exhaustively identify all of the permits and authorizations that need to be obtained, but instead focuses on those that are considered to be the main permits that are on the critical path for project start up. These are summarized in the table below:

Permit	Status
Compliance Order	Currently allows copper production from site. Compliance with this order requires material compliance with its contents and the issuance of the Aquifer Protection Permit.
Air Quality Permit	In August 2008, an air quality permit was issued from the ADEQ which permitted construction and further mining and crushing operations at the Johnson Camp Mine.
Hazardous Material Transport and Storage	None Required. Material Safety Data Sheets are maintained on property.
Explosives Storage and Use	Mining Contractor is responsible for use and storage of explosives and is permitted accordingly.
Weights and Measures	Site is licensed by the Arizona Department of Weights and Measures for the weighing of cathode copper for shipment and sale.
Aquifer Protection Permit (APP)	Application is currently under technical review by ADEQ.
Storm Water National Pollutant Discharge Elimination System	Permit number AZR05B377 issued on March 7, 2001. A Storm Water Pollution Prevention Plan has been fully developed and was revised and updated in December 2008.
Water Supply	4 existing wells are permitted: Moore Mine (#36 66376), Republic Mine (#36 66377), Black Prince Mine (#36 66378) and Section 19 Well (#36 66379). Nord is currently working with its engineering consultant and ADEQ for approval of an on site drinking water system.
Reclamation and Mine Closure Plan	Reclamation and Mine Closure Plan with adequate financial assurances was submitted to the Arizona State Mine Inspectors Office in July 2007. The Plan is under review.

Landscape and Aggregate Rock Operation

The Johnson Camp property includes decorative and structural stone operations, which produce landscape and aggregate rock from the overburden piles at the Johnson Camp Mine. Until January 31, 2009, we leased the landscape rock operation to JC Rock, LLC and the aggregate rock operation to Texas Canyon Rock & Sand Inc. in exchange for sliding scale royalties. Effective February 1, 2009, we commenced managing the landscape rock operation although the landscape rock is processed by a third party; the aggregate rock operation continues to be leased to Texas Canyon Rock & Sand.

The rock currently being sold for landscaping purposes is bolsa quartzite, and is known in the market as Coronado Brown. We caused Cochise Aggregates and Materials, Inc. to certify *Coronado Brown Landscape Rock* as a trade name in the State of Arizona on July 15, 2005. We do not believe that the landscape and aggregate rock operations will be material to our financial results of operation.

OTHER PROPERTIES

In addition to the Johnson Camp property, we have an option to acquire an interest in the Texas Arizona claim, an exploration stage project that we do not consider to be material to our overall operations at this time. As described in more detail below, we also held options to acquire interests in the Coyote Springs and Mimbres properties. We elected to allow our option on the Coyote Springs property to expire unexercised in accordance with its terms in January 2009, and to terminate our rights under the Mimbres option in January 2008.

Texas Arizona Mines Project

In July 2004, we entered into an option agreement with an individual named Shirley Bailey to acquire a 100% interest in four unpatented mining claims for a polymetallic exploration target in Cochise County, Arizona, known as the Texas Arizona Mine. We paid \$980 to acquire the option in 2004 and an additional \$10,000 in 2008 to exercise the option. The claims are located in the Johnson Mining District approximately three miles from the Johnson Camp Mine.

Coyote Springs

In January 2004, our Company acquired an exclusive option from Thornwell Rogers, South Branch Resources, LLC, and MRPGEO, LLC (*Coyote Option Agreement*) to purchase the leasehold rights and mining claims located in the Safford mining district in Graham County, Arizona, commonly known as *Coyote Springs* , consisting of two State of Arizona mineral exploration leases and 52 unpatented mining claims. The Coyote Springs property is a porphyry copper gold exploration target with exposed, surface copper oxides and considerable potential for deeper copper sulfides.

The Coyote Springs option gave us the right to acquire the Coyote Springs project in exchange for (i) the issuance of certain shares of our Company's common stock, as described below, to Thornwell Rogers, South Branch Resources, LLC, and MRPGEO, LLC in their respective capacities as the Coyote Springs owners; (ii) at the election of the Coyote Springs owners, the issuance of either 149,994 shares of common stock or \$165,000 cash in the aggregate, or a combination of shares and cash, to be paid in three annual installments of \$50,010, \$54,990 and \$60,000 beginning in January 2006; (iii) the issuance of 99,999 stock options in each of January 2004 and 2006, and the issuance of 106,674 stock options in 2008; and (iv) in January 2009, at the election of the Coyote Springs owners, payment of \$1,600,005 cash or the equivalent value in shares of common stock (based on market price at the time). The stock options issued prior to 2008 have an exercise price 15% below the value of our Company's common stock on the date of grant and are to expire 36 months following their respective grant dates. In order to comply with TSX rules, the number of stock options granted subsequent to January 2008 was grossed up in lieu of the 15% discount.

Pursuant to an amended agreement dated January 27, 2006, the Coyote Springs owners agreed to accept an aggregate of \$21,000 in cash and an aggregate of 83,844 shares of our common stock valued at \$29,010, in full satisfaction of the \$50,010 payment due in 2006. We also issued 99,999 stock options to the Coyote Springs owners with an effective grant date of January 28, 2006 and an exercise price of \$0.47 per share. In January 2007,

we paid an additional \$18,330 and issued 33,332 shares of our common stock valued at \$36,665 in conjunction with the Coyote Springs option. In January 2008, we paid an additional \$60,000 in conjunction with the Coyote Spring Option and issued 106,674 stock options to the Coyote Springs owners. Each stock option entitles the holder to purchase one share of common stock in the capital of our Company at an exercise price of \$1.00 per share until 5:00 pm (Tucson time) on January 24, 2011.

In December 2008, we elected to allow our option to acquire an interest in the Coyote Springs property to expire unexercised in accordance with its terms in January 2009. As of December 31, 2008, the total consideration paid under the Coyote Springs option was valued at \$400,836, including the value of all stock options and shares of common stock issued. We have recorded a charge to other expense in the amount of \$400,836 to reflect the write off of our investment in this property.

Mimbres

In June 2004, our Company acquired an exclusive option from Thornwell Rogers, South Branch Resources, LLC and MRPGEO, LLC to purchase the leasehold rights and mining claims for a porphyry copper exploration target commonly known as the Mimbres property, located near Silver City, New Mexico. The Mimbres property consists of 4.6 square miles of New Mexico state mineral leases and 45 unpatented mining.

In January 2008, we elected to terminate the option agreement. Consequently, we have recorded a charge to other expenses in the amount of \$6,002 to reflect the write off of our investment in this property.

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 60 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, dated March 5, 2009, requested a response within 45 days. We submitted our response to the ADEQ on May 8, 2009.

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.

MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER INFORMATION

Market Information

Our common stock was traded on the New York Stock Exchange from September 1985 until November 18, 1999. Thereafter, it was traded on the Over The Counter Bulletin Board until May 31, 2001 and Pink OTC Markets Inc. (formerly, Pink Sheets, LLC) until March 4, 2008. Our common stock commenced trading on the Toronto Stock Exchange, in Canadian dollars, under the symbol **NRD** on January 21, 2008, and on the OTC Bulletin Board under the symbol **NRDS** on March 5, 2008. The following tables set forth, for the calendar periods indicated, the high and low closing sale price of our common stock on the OTC Bulletin Board, the TSX and the Pink Sheets LLC (now the Pink OTC Markets Inc.). The prices relating to the OTC markets reflect inter-dealer prices, without retail mark up, markdown or commission and may not represent actual transactions.

	OTC Bulletin Board			
	2009		2008	
1 st Quarter ⁽¹⁾	\$0.15	0.34	\$0.80	0.96
2 nd Quarter		N/A	0.66	0.95
3 rd Quarter		N/A	0.28	0.80
4 th Quarter		N/A	0.08	0.59

(1) Since March 5, 2008

	Toronto Stock Exchange			
	2009		2008	
1 st Quarter ⁽¹⁾	CDN\$0.18	0.35	CDN\$0.67	1.15
2 nd Quarter		N/A	0.70	1.00
3 rd Quarter		N/A	0.36	0.88
4 th Quarter		N/A	0.06	0.61

(1) Since January 21, 2008

Pink OTC Markets Inc.
(formerly Pink Sheets, LLC)

	2007		2006	
1 st Quarter	\$0.60	1.18	\$0.26	0.64
2 nd Quarter	0.65	0.85	0.51	1.22
3 rd Quarter	0.72	1.47	0.72	0.95
4 th Quarter	0.90	1.40	0.70	1.23

Holders

The number of record holders of our common stock, \$0.01 par value, as of May 11, 2009 was 2,089.

Dividends

We have not, since the date of our incorporation, declared or paid any dividends on our common shares. In addition, pursuant to the terms of our Amended and Restated Credit Agreement with Nedbank, we are restricted from paying dividends or making distributions on shares of our common stock. Therefore, we anticipate that we will retain future earnings and other cash resources for the operation and development of our business for the foreseeable future. The payment of dividends in the future will depend on our earnings, if any, and our financial condition and such other factors as our board of directors considers appropriate.

Equity Compensation Plans

We have adopted a stock incentive plan (which includes a subpart governing deferred stock units in lieu of the DSU Plan) (the "2006 Stock Incentive Plan") which was approved by our stockholders at our Annual General Meeting held on October 18, 2006. Amendments to the 2006 Stock Incentive Plan were approved by our stockholders at our Annual General Meeting held on October 15, 2008. The amendments have been incorporated into an Amended and Restated 2006 Stock Incentive Plan (the "Amended and Restated 2006 Stock Incentive Plan") which has been filed with the SEC.

A total of 6,000,000 shares of common stock have been reserved for issuance under all awards that may be granted under the Amended and Restated 2006 Stock Incentive Plan. Eligible Participants who are entitled to participate in the Amended and Restated 2006 Stock Incentive Plan consist of employees, directors and consultants of (a) our Company or (b) any of the following entities: (i) any parent corporation as defined in section 424(e) of the Internal Revenue Code of 1986, as amended (the "Code"); (ii) any subsidiary corporation as defined in section 424(f) of the Code; or (iii) any business, corporation, partnership, limited liability company or other entity in which our Company, a parent corporation or a subsidiary corporation holds a substantial ownership interest, directly or indirectly.

The Amended and Restated 2006 Stock Incentive Plan provides for the granting to Eligible Participants of such incentive awards (each, an "Award") as the administrator of the Amended and Restated 2006 Stock Incentive Plan (the "Administrator") may from time to time approve. The Amended and Restated 2006 Stock Incentive Plan includes the following provisions:

- (a) the Administrator will be a Committee of the Board of Directors of our Company appointed to act in such capacity, or otherwise, the Board of Directors itself;
- (b) each Award will be subject to a separate award agreement (an "Award Agreement") to be executed by our Company and the Grantee, which shall specify the term of the Award; and
- (c) subject to applicable laws, including the rules of any applicable stock exchange or national market system, the Administrator will be authorized to grant any type of Award to an Eligible Participant (9a "Grantee") that is not inconsistent with the provisions of the plan, and the specific terms and provisions of which are set forth in an

Award Agreement, and that by its terms involves or may involve the issuance of: (i) shares of common stock, (ii) a stock option, (iii) a stock appreciation right entitling the Grantee to acquire such number of shares

of common stock or such cash compensation as will be determined by reference to any appreciation in the value of our Company's common stock, (iv) restricted stock issuable for such consideration (if any) and subject to such restrictions as may be established by the Administrator, (v) unrestricted stock issuable for such consideration (if any) on such terms and conditions as may be established by the Administrator, (vi) restricted stock units, subject to such restrictions as may be imposed by the Administrator, and represented by notional accounts maintained in the respective names of the Grantees that are valued solely by reference to shares of common stock of our Company and payable only in shares after the restrictions have lapsed, (vii) deferred stock units issuable to eligible directors in lieu of certain eligible remuneration otherwise payable in shares of common stock, subject to settlement in accordance with the terms and conditions of the Award and represented by notional accounts maintained in the respective names of the Grantees, (viii) dividend equivalent rights, which are rights entitling the Grantee to receive credits for dividends that would be paid if the recipient had held a specified number of shares of common stock, (ix) any other security with the value derived from the value of our Company's common stock, or (x) any combination of the foregoing.

Any Award that is subject to a restriction will become fully exercisable only as set forth in the applicable Award Agreement. Nevertheless, the Amended and Restated 2006 Stock Incentive Plan provides the Administrator with the sole discretion, at any time, to declare any or all Awards to be fully or partially vested and exercisable, provided that the Administrator does not have the authority to accelerate or postpone the timing of payment or settlement with respect to Awards subject to Section 409A of the Code in a manner that would cause the Awards to be subject to certain related interest and penalty provisions. The Administrator may discriminate among Eligible Participants or among Awards in exercising such discretion.

The Amended and Restated 2006 Stock Incentive Plan has specific provisions which apply to grants of Awards intended to qualify as performance based compensation, as defined under section 162(m) of the Code, to any employees who are covered employees for the purposes of section 162(m)(3) of the Code.

Under the Amended and Restated 2006 Stock Incentive Plan, stock options may be granted as either incentive stock options under section 422 of the Code and the related regulations, or as non incentive stock options under section 83 of the Code. As of December 31, 2008, we have granted a total of 4,510,000 non qualified stock options and 200,000 incentive stock options under the Amended and Restated 2006 Stock Incentive Plan. In addition, 200,000 previously issued non qualified stock options have been cancelled.

We have also granted non qualified stock options under individual compensation arrangements, which have been authorized by our board of directors. Such options have been granted outside of, and are therefore not subject to, the Amended and Restated 2006 Stock Incentive Plan.

To date, certain equity based fees have been paid to our non executive directors in the form of awards issued pursuant to our Company's Amended and Restated 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 our non executive directors exercised such rights in respect of the equity based fees payable to him for services rendered during the year ended December 31, 2008.

The following table provides a summary of the number of stock options and deferred stock units outstanding as at December 31, 2008.

	Number of securities to be issued upon exercise of outstanding options,	Weighted average exercise price of outstanding options,	Number of securities remaining available for future issuance

	warrants and rights (a)	warrants and rights (b)	under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	5,181,237 ⁽¹⁾	0.53	684,325

	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans not approved by security holders ⁽²⁾	0	0.00	N/A
Total⁽³⁾	5,181,237 ⁽¹⁾	0.53	684,325

Notes:

- (1) Includes 4,710,000 shares of common stock reserved for issuance in connection with stock options granted under the 2006 Stock Incentive Plan, and 471,237 shares of common stock reserved for issuance in connection with deferred stock units granted to our Company's non-executive directors under the 2006 Stock Incentive Plan. A total of 166,667 deferred stock units were not issued until January, 2009, but are included in this table as they were issued to our non-executive directors in respect of services rendered during the quarter ended December 31, 2008. Does not include 44,411 common shares issued during 2008, and 90,027 shares issued during 2007, pursuant to the conversion of deferred stock units.
- (2) Amount does not include 1,840,002 stock options with an exercise price of \$0.75 per share issued to agents as compensation in connection with our unregistered special warrants offering in June 2007, and stock options in the amounts of 99,999 with an exercise price of \$0.47 per share and 106,674 with an exercise price of \$1.00 issued pursuant to our option agreement in respect of the Coyote Springs property.
- (3) Includes certain options granted to executive officers pursuant to employment agreements described in more detail under the caption Employment Contracts and Termination of Employment and Change In Control Arrangements.
- (4) The deferred stock units are disregarded for purposes of calculating the weighted average exercise price of outstanding options.

SELECTED FINANCIAL DATA

The following selected financial data has been derived from and should be read in conjunction with (i) our audited consolidated financial statements for the years ended December 31, 2008 and 2007, together with the notes to these consolidated financial statements, (ii) our interim unaudited consolidated financial statements for the three-month periods ended March 31, 2009 and 2008, together with the notes to these consolidated financial statements, and (iii) the sections of this prospectus entitled Description of Business and Properties and Management's Discussion and Analysis of Financial Condition and Results of Operations.

Operating Data

	Operating Data			
	Three Months ended		Year ended December 31,	
	March 31,		2008	2007
	2009	2008		
	(Unaudited)			
Net sales	\$ 1,417,419	\$ 1,540,154	\$ 8,155,820	\$
Net income (loss)	655,324	(674,547)	(5,038,374)	(2,512,181)
Net income (loss) per basic and diluted common share	0.01	(0.01)	(0.07)	(0.07)

Weighted average number of basic shares outstanding ⁽¹⁾	69,773,292	66,859,687	67,824,759	36,172,142
Weighted average number of diluted shares outstanding ⁽¹⁾	70,462,737	66,859,687	67,824,759	36,172,142

- (1) As of March 31, 2009, we had 69,639,255 shares of common stock outstanding. Such number does not include shares underlying options, warrants or other rights to acquire our shares.

	Balance Sheet Data			
	March 31,	March 31,	December	December
	2009	2008	31,	31,
	(unaudited)	(unaudited)	2008	2007
Cash and cash equivalents	\$ 2,498,647	\$ 2,609,244	\$ 4,465,245 ⁽¹⁾	\$ 3,368,910 ⁽²⁾
Working capital surplus (deficiency)	(2,535,980)	(230,182)	(2,849,660) ⁽³⁾	710,914 ⁽⁴⁾
Total assets	59,764,804	29,255,698	67,607,377	21,881,304
Total current liabilities	13,407,808	4,035,446	17,821,975	2,870,020
Total long-term liabilities	26,069,361	28,301,549	19,437,039	14,063,932
Total liabilities	39,477,169	32,336,995	37,259,014	16,933,952
Total stockholders equity (deficit)	20,287,635	(3,081,297)	30,348,363	4,947,352

- (1) Excludes \$1,533,662 in restricted cash being held in a Debt Service Reserve Account in conjunction with the close-out of a portion of our Company's hedge contracts and \$686,476 being held in conjunction with two letters of credit. The \$1,533,662 was reclassified to unrestricted cash in March of 2009.
- (2) Excludes \$3,000,000 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 and \$686,476 being held in conjunction with two letters of credit. The \$3,000,000 was reclassified to unrestricted cash during 2008.
- (3) Includes \$6,674,662 in current portion long-term debt and capital lease obligations. In March 2009, our Company entered into an Amended and Restated Credit Agreement which, among other things, deferred the payment of \$3,333,333 in current portion of long-term debt until 2012.
- (4) Includes \$321,875 in current portion long-term debt and capital lease obligations

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our financial condition, changes in financial condition and results of operations for the years ended December 31, 2008 and 2007, and for the three months ended March 31, 2009 and 2008, should be read in conjunction with our most recent audited consolidated financial statements and our unaudited interim consolidated financial statements included in this prospectus, and, in each case, the notes thereto, which are included in this prospectus. This 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 under "Risk Factors" and elsewhere in this prospectus.

Our Plan of Operations

Overview

We had placed the Johnson Camp Mine on a care and maintenance program in August 2003 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.

In January 2008, we commenced copper cathode production from leaching old dumps, and during 2008 we produced approximately 2,900,000 pounds of copper from residual leaching.

In August 2008, we received the Air Quality permit necessary to enable us to complete the reactivation of the Johnson Camp Mine. We commenced mining of new ore upon completion of the reactivation work in January

2009, and we commenced production of copper from new ore in February 2009. We anticipate reaching our currently planned full copper production rate of 25,000,000 pounds of copper per annum in late spring 2009.

In February 2008, we entered into a long term cathode sales agreement with Red Kite Master 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, pricing is based on the average monthly COMEX price for high grade copper.

In November 2008, we received a scoping study completed by an independent, internationally recognized firm of mining engineers and consultants that found that we can potentially increase our production to an estimated rate of 40,000,000 pounds of copper per year from our current plan of 25,000,000 pounds of copper per year with an additional capital investment of approximately \$19,000,000. We plan to conduct an updated feasibility study as a first step in assessing whether we should pursue this increase in our planned production. We believe that we will have sufficient cash flow from operations to commission the required updated feasibility study, but we will require additional financing if we decide to make the required capital investments to increase production. Upon completion of the updated feasibility study, which we anticipate will take six months from the date that it begins, our board of directors will analyze the results to determine whether it is in the best interests of our Company to pursue this initiative, taking into account, among other things, the availability of required financing (which cannot be assured).

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

Estimated Capital Costs

The initial capital costs to complete the reactivation of the Johnson Camp Mine were approximately \$36,000,000. Such costs related primarily to: (a) the rehabilitation of solution ponds; (b) refurbishment and a modest expansion of the SW-EX 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 a further \$5,000,000 in capital costs in the next three 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.

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 complete the production ramp up of the Johnson Camp Mine, 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 consolidated financial statements contain additional note disclosures to this effect, and the consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Cash and Working Capital

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

	As of March 31, 2009	As of March 31, 2008
Cash reserves	\$ 2,498,647 ⁽¹⁾	\$ 2,609,244 ⁽²⁾

Working capital surplus

(deficiency)	\$	(2,535,980) ⁽³⁾	\$	(230,182) ⁽⁴⁾
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- (1) Excludes \$686,476 in restricted cash being held in conjunctions with two letters of credit.
- (2) Excludes \$3,000,000 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 and \$686,476 being held in conjunction with two letters of credit.

(3) Includes \$5,015,808 in current portion of long-term debt and capital lease obligations.

(4) Includes \$770,495 in current portion of long-term debt and capital lease obligations.

The following table sets forth our cash and working capital as of December 31, 2008 and 2007:

	As of December 31, 2008	As of December 31, 2007
Cash reserves	\$ 4,465,245 ⁽¹⁾	\$ 3,368,910 ⁽²⁾
Working capital surplus (deficiency)	\$ (2,849,660) ⁽³⁾	\$ 710,914 ⁽⁴⁾

Notes:

- (1) Excludes \$1,533,662 in restricted cash being held in a Debt Service Reserve Account in conjunction with the close-out of a portion of our Company's hedge contracts and \$686,476 being held in conjunction with two letters of credit. The \$1,533,662 was reclassified to unrestricted cash in March of 2009.
- (2) Excludes \$3,000,000 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 and \$686,476 being held in conjunction with two letters of credit. The \$3,000,000 was reclassified to unrestricted cash during 2008.
- (3) Includes \$6,674,662 in current portion long-term debt and capital lease obligations. In March 2009, our Company entered into an Amended and Restated Credit Agreement which, among other things, deferred the payment of \$3,333,333 in current portion of long-term debt until 2012.
- (4) Includes \$321,875 in current portion long-term debt and capital lease obligations

Special Warrant Financing

We completed an offering of 30,666,700 special warrants on June 5, 2007. The special warrants were offered and sold at a price of \$0.75 per special warrant, for aggregate gross proceeds of \$23,000,025. Our net proceeds after payment of the costs of the offering, including agents' commissions, were \$21,334,368. Following completion of the offering, we applied a portion of the proceeds to fully repay the \$5,000,000 secured bridge loan to Nedbank Limited. We also paid a total of \$3,035,474 to certain officers and directors in satisfaction of various accrued and outstanding amounts payable to them including repayment of the \$564,812 outstanding amount under the \$600,000 revolving credit facility, \$315,000 associated with the TMD settlement, repayment of the 50% portion of the related party convertible notes as stipulated in the related debt agreement, as amended, and \$2,023,633 in accrued and outstanding consulting fees, salaries, bonuses and fees to certain senior officers and directors which had been accrued over the four years up to December 31, 2007.

Credit Agreement with Nedbank Limited, as Lead Arranger

We also entered into a Credit Agreement dated as of June 28, 2007 with Nedbank Limited, as administrative agent and lead arranger, which provided for a \$25,000,000 secured term loan credit facility. The Credit Agreement was amended and restated as of June 30, 2008, and provided for a series of term loans to be funded from time to time by a syndicate of lenders in response to draw-down requests by our Company, with the aggregate amount of all term loans being \$25,000,000. As of December 31, 2008, all of the \$25,000,000 had been drawn down on the loan. Proceeds from the loan have been used to fund the purchase and installation of equipment associated with the reactivation of the Johnson Camp Mine.

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In March 2009, we agreed to amend and restate our \$25,000,000 credit agreement with Nedbank. Although 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 now bears interest at an annual rate equal to LIBOR for the interest period in effect plus a margin of 6.06% . The margin will be reduced by 1.75% if we prepay the deferred payments, and will be reduced by an additional 0.5% upon completion of the Johnson Camp Mine, as defined in the amended and restated credit agreement, which is currently scheduled for October 2009.

Under the amended and restated credit agreement, we may sell certain copper price hedging instruments that we currently hold under copper price hedging agreements maturing on October 1, 2010 or later, if the net proceeds to our Company will be more than \$2,200,000. If we elect to do so, we will be required to set aside \$2,200,000 in a segregated account to fund our 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 \$2,200,000, 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 we prepay the Deferred Payments, the second tranche will be amortized in equal portions over the number of quarters remaining until March 31, 2013.

Sale of a Royalty

On March 31, 2009, our Company sold to International Royalty Corporation, acting through its subsidiary 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 are approximately \$4,950,000. The royalty is payable in cash on a quarterly basis.

Results of Operations Three Months Ended March 31, 2009 and 2008

The following table sets forth our operating results for the three months ended March 31, 2009, as compared with our operating results for the three months ended March 31, 2008.

	Three Months Ended March 31,		
	2009	2008	Change
	(unaudited)	(unaudited)	Increase/ (Decrease)
			(unaudited)
Revenue	\$ 1,417,419	\$ 1,540,154	\$ (122,735)
Costs applicable to sales	991,662	797,316	194,346
Gross margin	425,757	742,838	(317,081)
General and administrative expenses	783,372	1,405,183	(621,811)
Depreciation, depletion and amortization	184,409	53,852	130,557
Loss from operations	(542,024)	(716,197)	174,173
Other income (expense):			
Interest expense	(135,423)	(75,116)	(60,307)
Other expense	(2,681)	-	(2,681)
Miscellaneous income	1,335,452	116,766	1,218,686

Total other income (expense)	1,197,348	41,650	1,155,698
	59		

	Three Months Ended March 31,		
	2009	2008	Change
	(unaudited)	(unaudited)	Increase/ (Decrease)
			(unaudited)
Income (loss) before income taxes	655,324	(674,547)	1,329,871
Provision for income taxes	-	-	-
Net income (loss)	\$ 655,324	\$ (674,547)	\$ 1,329,871

Revenue

We commenced commercial production from residual leaching in February 2008, and production of copper cathode from the mining of new ore in February 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, and pricing is based on the average monthly COMEX price for high grade copper.

For the three months ended March 31, 2009, we recorded revenues of \$1,417,419 (including \$572,966 from the settlement of copper hedges) from the sale of 556,053 pounds of copper cathode. Additionally, revenues earned from the sale of 280,728 pounds of copper cathode produced prior to the commencement of commercial production in the amount of \$742,237 (including \$271,897 from the settlement of copper hedges) were credited to development costs.

We recorded revenues of \$1,540,154 from the sale of 421,905 pounds of copper cathode from February 1, 2008 through March 31, 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 development costs.

Cost Applicable to Sales

Cost 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 labor, supplies, energy, site overhead costs and other necessary costs associated with the extraction and processing of ore.

For the three months ended March 31, 2009, we incurred \$991,662 of costs applicable to sales from the sale of copper produced from residual leaching. Operating costs incurred in excess of costs forecasted to occur once our Company reaches a steady state of production in the amount of \$2,268,554 were capitalized, and will be amortized using the units of production method and over an estimated 370,000,000 pounds of copper which represents the estimated copper resource base of the Johnson Camp mine once the mine achieves commercial copper production levels from the mining of new ore.

We incurred \$797,316 of costs applicable to sales realized from the commencement of commercial production (February 1, 2008) through March 31, 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 will be amortized over the expected life of production of copper cathodes from existing heaps.

General and Administrative Expenses

Our general and administrative expenses decreased to \$783,372 for the three months ended March 31, 2009, compared to \$1,405,183 for the three months ended March 31, 2008. This decrease was primarily due to the non-recurring nature of \$267,373 in legal and accounting fees and certain other general and administrative expenses related to the registration and listing of our common stock on the Toronto Stock Exchange in January 2008. In addition, we experienced a \$68,572 decrease in employee compensation primarily resulting from a reduction in performance incentive bonus accruals and a reduction in payroll related to the amortization of stock options granted in prior periods, and a \$59,333 decrease in accounting and SOX compliance fees. Finally, property and casualty insurance expenses (\$57,293) reported in general and administrative expenses for the three month period ending March 31, 2008 have been reclassified and are now being reported in cost of sales for the three month period ending March 31, 2009.

Depreciation, Depletion and Amortization

Our depreciation, depletion and amortization expenses increased by \$130,557 for the three months ended March 31, 2009, as compared to the three months ended March 31, 2008. The increase was primarily due to the transferring of approximately \$41,300,000 in mining equipment from construction in progress to property and equipment and the commencement of depreciation of these assets during the three months ended March 31, 2009.

Interest Expense

Interest expense is primarily attributable to the amortization of debt issuance cost and the settlement of the Company's interest rate swap derivative contract.

Interest expense increased by \$60,307 for the three months ended March 31, 2009 compared to the three months ended March 31, 2008. The increase was primarily due to the reclassification of the settlement of \$66,095 from accumulated other comprehensive income to interest expense resulting from the scheduled maturity of interest rate swap derivatives.

Miscellaneous Income

Miscellaneous income increased by \$1,218,686 for the three months ended March 31, 2009 as compared to the three months ended March 31, 2008. This increase was due primarily to the reclassification as trading securities of copper price protection contracts representing approximately 579 metric tons of copper which were originally designated as cash flow hedges. Such reclassification was necessary because the Company's forecasted production of copper during 2009 no longer matched its hedged position, and, as such, the underlying derivative contracts were deemed to be ineffective. Accordingly, the value of these contracts in the amount of \$1,261,239 has been reclassified from accumulated other comprehensive income to miscellaneous income.

Net Income (Loss)

Operations resulted in net income of \$655,324 for the three months ended March 31, 2009 as compared to a net loss of \$674,547 for the three months ended March 31, 2008. The increase in net income between these periods is primarily related to:

- a decrease in general and administrative costs, as discussed above; and
- an increase in miscellaneous income associated the reclassification cash flow hedges to trading securities, as discussed above.

We achieved a slight reduction in cost applicable to sales on a per pound basis during the three months ended March 31, 2009, as compared to the three months ended March 31, 2008. However, this reduction was not enough to fully

offset a decrease in our gross margin resulting from a decrease in the amount of copper sold, and a decrease in the sales price per pound.

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.

Cash Flows from Operating Activities

Our cash flows from operating activities during the three months ended March 31, 2009 and 2008 were (\$1,379,766) and (\$532,132), respectively. We commenced copper cathode production from leaching existing old dumps in January 2008 and from the mining and producing of new ore in January 2009. We completed the first sale of copper cathode produced from residual leaching operations in February 2008, and the first sale of copper cathode produced from newly mined ore in February 2009.

Commercial production is defined by our Company 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. Commercial production from residual leaching was achieved effective February 1, 2008. Commercial production from the mining and processing of new ore has not yet been achieved.

Operating costs incurred prior to achieving commercial production, net of related revenues, are capitalized as mine development costs. Our Company generated \$425,757 and \$742,838 in gross margin excluding depreciation, depletion and amortization during the three months ended March 31, 2009 and 2008, respectively.

Working capital increased between December 31, 2008 and March 31, 2009 by \$314,680, and decreased between December 31, 2007 and March 31, 2008 by \$941,095.

Cash Flows from Investing Activities

Our cash flows from investing activities during the three months ended March 31, 2009 were (\$5,502,461), which primarily reflects capital expenditures of \$6,099,131 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 pre-commercial production costs incurred prior to the commencement of commercial production from the mining and processing of new ore, \$714,324 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 three months ended March 31, 2008 were (\$7,215,218), which primarily reflects capital expenditures of \$6,642,453 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 pre-commercial production costs incurred prior to the commencement of commercial production on February 1, 2008.

Cash Flows from Financing Activities

Our cash flows from financing activities during the three months ended March 31, 2009 was \$4,915,629 compared to \$6,987,684 for the same period in 2009.

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. 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 three month period ended March 31, 2009, the Company incurred debt issuance costs of \$36,303 related to an agreement to amend and restate our credit agreement with Nedbank and realized proceeds in the amount of \$6,000 from the exercise of 66,668 stock options.

In February 2008, we drew down \$7,000,000 from the \$25,000,000 secured term loan credit facility we received from Nedbank in June of 2008. Proceeds from the loan were used to purchase supplies and equipment associated with the reactivation of the Johnson Camp Mine. As of March 31, 2008, our Company had \$13,000,000 remaining undrawn under the facility. In addition, during the quarter, 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 thereon of \$12,316.

As indicated above, we had drawn down all of the \$25,000,000 in principal under the Nedbank secured term loan facility as of December 31, 2008, with the result that no funds were available to us under this facility at March 31, 2009.

Results of Operations Years Ended December 31, 2008 and 2007

The following table sets forth our consolidated loss from operations during the fiscal years ended December 31, 2008 and 2007.

Consolidated Loss From Operations

	Year Ended December 31	
	2008	2007
Net sales	\$ 8,115,820	\$
Costs applicable to sales (exclusive of depreciation, depletion and amortization shown separately below)	8,795,628	
General and administrative expenses	3,701,083	6,135,527
Write down of inventory to net realizable value	530,964	
Depreciation, depletion and amortization	251,487	123,768
Loss from operations	\$ (5,123,342)	\$ (6,259,295)

Net Sales

We commenced commercial production from residual leaching on February 1, 2008. One hundred percent of the copper cathode production from the Johnson Camp Mine was sold to Red Kite Master Fund Limited under the previously described off-take agreement. During 2008, we recorded revenues of \$8,115,820 from the sale of 2,842,890 pounds of copper cathode, all of which was produced from residual leaching. Revenues earned from the sale of 58,723 pounds of copper cathode produced from residual leaching prior to the commencement of commercial production in the amount of \$209,907 were credited to development costs.

We did not have any sales during 2007 due to the fact that the Johnson Camp Mine was on a care and maintenance program during that year.

Costs Applicable to Sales

Cost applicable to sales represents the costs incurred in converting the ore present in existing leach pads into salable copper cathodes. The conversion process includes leaching of stockpiles, solvent extraction and electrowinning. Costs include labor, supplies, energy, site overhead costs and other necessary costs associated with the extraction and

processing of ore. However, the cost applicable to sales excludes depreciation, depletion and amortization, and the write-down of inventory to net realizable value.

We incurred \$8,795,628 of costs applicable to sales from the commencement of commercial production (February 1, 2008) through December 31, 2008. Operating costs incurred from December 1, 2007 through January 31, 2008 in the amount of \$572,765 (net of pre commercial revenue) were capitalized and are being amortized over the expected life of production of copper cathodes from existing heaps.

Our primary cost associated with residual leaching is sulfuric acid which amounted to approximately \$4,100,000 for the year ended December 31, 2008. During 2008, we were subject to significant price volatility in the sulfuric acid market as prices rose from a low of approximately \$150 per ton delivered in the first quarter of 2008 to a high of almost \$300 per ton delivered in the fourth quarter of 2008. Prices have subsequently decreased significantly and are now in the \$100 per ton delivered range as of the first quarter 2009.

Write down of Inventory to Net Realizable Value

As a result of the decline in copper prices in the fourth quarter of 2008 and the impact of higher operating costs on inventory balances during 2008, our Company recorded charges totalling \$530,964 to reduce the carrying value of copper and chemical inventories to net realizable value.

General and Administrative Expenses

Our general and administrative expenses decreased to \$3,701,083 during 2008 as compared to \$6,135,527 in 2007. The higher general and administrative expenses in 2007 reflected, in part, \$1,079,120 related to drilling expenditures incurred at Coyote Springs and Johnson Camp Mine, and \$818,305 in legal, accounting and registration fees related to our special warrant offering. In addition, there was a \$328,000 decrease in employee and director compensation during 2008. This decrease in general and administrative expenses between 2007 and 2008 was partially offset by a \$194,326 increase related to the listing of our common stock on the Toronto Stock Exchange in January 2008.

Depreciation, Depletion and Amortization

Our depreciation and amortization expense increased by \$127,719 in 2008, as compared to 2007, due to additional purchases of property and equipment associated with the restart of Johnson Camp being placed in service during 2008.

Other Income (Expense)

The following table sets forth our other income and expenses during the fiscal years ended December 31, 2008 and 2007:

	Year Ended December 31	
	2008	2007
Other income (expense)		
Interest expense	\$ (408,202)	\$ (577,171)
Other expenses	(406,838)	
Legal settlement		3,617,166
Miscellaneous income	900,008	707,119
Total other income (expense)	\$ 84,968	\$ 3,747,114

The following discussion highlights some of the more significant items included in the foregoing table.

Interest

Interest expense is attributable to interest that we pay on loans that we have obtained to fund our business operations, amortization of debt issuance costs on loans previously secured and the non-cash interest expense of \$125,137 resulting from our Company electing to extend the exercise period on 818,590 warrants held by Nedbank by six months. These warrants expired unexercised in November 2008. During 2008, we capitalized 100% of the interest costs incurred on the Nedbank project financing commitment, in the amount of \$995,407.

During the years ended December 31, 2008 and 2007, we incurred \$408,202 and \$577,171, respectively, in total interest expense, as follows:

Year Ended December 31

2008 **2007**

Amortization of debt issuance costs	\$	239,772	\$	180,652
Accretion on modification of warrants		125,137		
		64		

Interest on notes payable			396,519
Other interest expenses		43,293	
Total	\$	408,202	\$ 577,171

Other Expenses

Other expenses during 2008 are comprised of the \$400,836 and the \$6,002 expenses to write off the carrying amounts of the Coyote Springs and Mimbres speculative mineral property projects that were abandoned during the year. We do not consider either of these projects to have been material to our overall operations.

Legal Settlement

In March, 2007, we entered into a settlement agreement with Platinum Diversified Mining, Inc. and its subsidiaries (collectively, the PDM Parties) in connection with the agreement and plan of merger between our Company and the PDM Parties dated October 23, 2006. The settlement agreement sets forth the terms and conditions of the settlement of the dispute and disagreements arising between us and the PDM Parties from the failure of the Merger to close. The PDM Parties paid our \$3,617,166 during the year ended December 31, 2007.

Miscellaneous Income

Sources of miscellaneous income for the year ended December 31, 2008 were:

- Royalty income from landscape aggregate business of \$237,043;
- Interest income of \$126,017;
- Realized gain on ineffective copper hedges of \$521,577; and
- Other income of \$15,371.

Sources of miscellaneous income for the year ended December 31, 2007 were:

- Royalty income from landscape aggregate business of \$402,624;
- Interest income of \$276,643; and
- Other income of \$27,852.

Net Loss

The following table reflects our net loss for the years ended December 31, 2008 and 2007, after taking into account the amounts recognized as other income or expenses.

	Year Ended December 31	
	2008	2007
Loss from operations	\$ (5,123,342)	\$ (6,259,295)
Other income (expense)	84,968	3,747,114
Provision for income taxes		
Net Loss	\$ (5,038,374)	\$ (2,512,181)

We recorded a net loss of \$5,038,374 for the year ended December 31, 2008 as compared to a net loss of \$2,512,181 for the year ended December 31, 2007. The increase in net loss between these periods is primarily related to:

- The \$3,617,166 gain during 2007 from PDM settlement agreement, as discussed above; and
- Negative gross margins from the sale of copper cathode from residual leaching operations which began on February 1, 2008.

The increase in net loss was partially offset by a decrease in general and administrative costs, as discussed above.

Cash Flows From Operating Activities

Our cash flows from operating activities during 2008 and 2007 were (\$4,262,344) and (\$3,702,010), respectively. Our cash flows from operating activities for 2008 include an increase in inventory of \$741,155 as a result of the reactivation of the Johnson Camp Mine. Our cash flows from operating activities during 2007 include a decrease in accrued expenses of \$1,925,424 primarily for the payment of obligations that became due upon the completion of our special warrant financing.

Cash Flows From Investing Activities

Our cash flows from investing activities during 2008 were (\$15,357,645) due primarily to \$18,355,185 in construction costs related to the reactivation of the Johnson Camp Mine. This amount was offset in part by the decrease in restricted cash and marketable securities in the amount of \$1,466,338 and the proceeds from the sale of cash flow hedges in the amount of \$1,531,202. These proceeds were classified as restricted cash as of December 31, 2008 and reclassified to unrestricted cash in March 2009.

Our cash flows from investing activities during 2007 were (\$13,783,865) due primarily to capital expenditures of \$10,097,389 related to the restart of Johnson Camp and an increase in restricted cash of \$3,686,476. Under the Amended and Restated Credit Agreement with Nedbank Limited dated June 28, 2007, our Company was required to maintain a balance of the greater of (a) \$3,000,000 or an amount equal to obligations scheduled to become due during the period of the next two consecutive fiscal quarters. Our Company maintained a balance of \$3,000,000 as of December 31, 2007. During 2008, this requirement was clarified and we now believe that we are not required to maintain a Debt Services Reserve Balance until we are in the financial position to do so. In addition, our Company purchased two certificates of deposit totalling \$686,476 which are held as collateral on two letters of credit for various purposes, including environmental reclamation and other general corporate purposes.

Cash Flows From Financing Activities

Our cash flows from financing activities during 2008 were \$20,716,324 compared to \$19,846,950 for the same period in 2007.

During 2008, we drew down \$20,000,000 from our \$25,000,000 secured term loan credit facility with Nedbank. Proceeds from the loan were used to purchase and install equipment, and to purchase supplies, associated with the reactivation of the Johnson Camp Mine. As of December 31, 2008, our Company was fully drawn down on the facility. As indicated above, interest on the term loan credit facility in the amount of \$995,407 is being accrued and will be added to the principal balance of the credit facility when our Company begins to make payments in September, 2009. In addition, during 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 consolidated statement of cash flows, and we made principal payments on this and other capitalized leases of \$35,676.

During 2008, warrant holders exercised 2,540,000 warrants with exercise prices ranging between \$0.25 and \$0.50 into 2,540,000 shares of our Company's common stock resulting in proceeds to our Company of \$702,000. In addition, one option holder exercised 250,000 options with an exercise price of \$0.20 into 250,000 shares of our Company's common stock, resulting in proceeds to our Company of \$50,000.

During 2007, we received a \$100,000 loan from Auramet which was added to the then outstanding principal under our \$5,000,000 secured bridge loan facility with Nedbank, and we incurred \$75,000 in debt issuance costs associated with the extensions of the Nedbank bridge loan, resulting in \$25,000 in proceeds to our Company. During 2007, we repaid the \$5,000,000 in outstanding principal under this facility.

During 2007, we completed the special warrant offering for gross proceeds of \$23,000,025 of which \$1,665,657 was used to pay the direct offering expenses incurred as a result of the special warrant financing. We then used \$5,714,114 of those proceeds to repay our debt which consisted of the Nedbank bridge loan, the revolving credit facility, the convertible notes and an equipment loan. In December 2007, the special warrants were converted for no additional consideration into the underlying shares of common stock and warrants. A total of 15,333,350 warrants were issued upon conversion of the special warrants. Each warrant entitles the holder to purchase one share of

common stock until September 5, 2012 at a price of \$1.10 per share. The warrants are governed by the terms of a warrant indenture between our Company and Computershare Trust Company of Canada, as the warrant agent. These warrants remain outstanding as of December 31, 2008.

In connection with the special warrants offering our Company entered into an agency agreement whereby we paid a cash commission of 6% of the gross proceeds realized from the sale of the special warrants to the agents and issued 1,840,002 stock options to the agents entitling them to acquire one share of common stock of our Company at any time within the subsequent 24 month period at an exercise price of \$0.75. For financial reporting purposes, the stock options have been valued at \$513,436.

During 2007, we drew down \$5,025,000 from our \$25,000,000 secured term loan credit facility with Nedbank. Proceeds from the loan were used to purchase supplies and equipment associated with the reactivation of the Johnson Camp Mine. During 2007, we incurred \$1,222,673 in debt issuance costs (\$1,197,673 of which was incurred in connection with the Nedbank Credit Agreement).

During 2007, warrant holders exercised 931,589 warrants with exercise prices ranging between \$0.35 and \$0.56 into 931,589 shares of our Company's common stock resulting in proceeds to our Company of \$443,119.

During 2007, we made principal payments capitalized on our lease of \$18,750.

Critical Accounting Policies And Estimates

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.

Three Months Ended March 31, 2009 and 2008

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.

Marketable Securities

Marketable securities at March 31, 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 Statement of Financial Accounting Standards (SFAS) No. 115. 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 productive process are accumulated as stockpiles, ore on leach pads and inventories 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:

Stockpiles

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 months ended March 31, 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 SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities*, 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 March 31, 2009, the carrying value of the derivative asset was \$9,211,327, and the increase in fair value was recorded in accumulated other comprehensive income 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 SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities*, 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 year end