NORD RESOURCES CORP
Form 10-Q
August 13, 2010

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended **June 30, 2010**

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

For the transition period from _____ to _____

Commission File Number: **1-08733**

NORD RESOURCES CORPORATION

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

DELAWARE	**85-0212139**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
One West Wetmore Road, Suite 203	
Tucson, Arizona	**85705**
(Address of principal executive offices)	(Zip Code)

(520) 292-0266
Issuer's telephone number

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

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

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

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

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

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date. **110,972,582 shares of common stock as of June 30, 2010.**

NORD RESOURCES CORPORATION

Quarterly Report on Form 10-Q
For The Quarterly Period Ended
June 30, 2010

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FORWARD-LOOKING STATEMENTS

This quarterly report on Form 10-Q contains forward-looking statements that involve risks and uncertainties. Forward-looking statements in this quarterly report include, among others, statements regarding our capital needs, business plans and expectations. Such forward-looking statements involve risks and uncertainties regarding our ability to restructure our existing secured credit facility, the market price of copper, availability of funds, government regulations, permitting, common share prices, operating costs, capital costs, outcomes of ore reserve development, recoveries and other factors. Forward-looking statements are made, without limitation, in relation to operating plans, property exploration and development, availability of funds, environmental reclamation, operating costs and permit acquisition. Any statements contained herein that are not statements of historical facts may be deemed to be forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as may , will , should , expect , plan , intend , anticipate , believe , estimate , predict , potential or continu terms or other comparable terminology. Actual events or results may differ materially. In evaluating these statements, you should consider various factors, including the risks outlined in our annual report on Form 10-K for the year ended December 31, 2009, this quarterly report on Form 10-Q, and, from time to time, in other reports that we file with the Securities and Exchange Commission (the SEC). These factors may cause our actual results to differ materially from any forward-looking statement. Given these uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements.

PART I FINANCIAL INFORMATION

Item 1. Financial Statements

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

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Condensed Consolidated Balance Sheets as of June 30, 2010 (unaudited) and December 31, 2009	F-1
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It is the opinion of management the interim condensed consolidated financial statements for the three and six months ended June 30, 2010 and 2009 include all adjustments necessary in order to ensure that the condensed consolidated financial statements are not misleading. These condensed consolidated financial statements reflect all adjustments which are, in the opinion of management, necessary to present fairly the financial position, results of operations and cash flows for the interim periods presented in accordance with accounting principles generally accepted in the United States of America. Except where noted, these interim condensed consolidated financial statements follow the same accounting policies and methods of their application as our Company s audited annual consolidated financial statements for the year ended December 31, 2009. All adjustments are of a normal recurring nature. These interim condensed consolidated financial statements should be read in conjunction with our Company s audited annual consolidated financial statements as of and for the year ended December 31, 2009.

NORD RESOURCES CORPORATION AND SUBSIDIARY
CONDENSED CONSOLIDATED BALANCE SHEETS
JUNE 30, 2010 AND DECEMBER 31, 2009

	June 30, 2010 (Unaudited)	December 31, 2009
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 335,120	$ 1,298,138
Accounts receivable	210,854	781,393
Inventories	8,046,042	15,685,103
Prepaid expenses and other	78,513	71,778
Total Current Assets	8,670,529	17,836,412
Property and Equipment, at cost:		
Property and equipment	47,366,436	47,227,963
Less accumulated depreciation, depletion and amortization	(6,224,571)	(4,358,804)
Net Property and Equipment	41,141,865	42,869,159
Other Assets:		
Restricted marketable securities	686,476	686,476
Stockpiles and ore on leach pads	20,150,363	-
Debt issuance costs, net of accumulated amortization	688,332	813,483
Total Other Assets	21,525,171	1,499,959
Total Assets	$ 71,337,565	$ 62,205,530

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

NORD RESOURCES CORPORATION AND SUBSIDIARY
CONDENSED CONSOLIDATED BALANCE SHEETS
JUNE 30, 2010 AND DECEMBER 31, 2009
(Continued)

		June 30, 2010 (Unaudited)		December 31, 2009
LIABILITIES AND STOCKHOLDERS EQUITY				
Current Liabilities:				
Accounts payable	$	5,035,121	$	7,952,694
Accrued expenses		4,163,802		1,900,720
Current portion of deferred revenue		67,226		306,117
Current maturities of accrued interest		1,133,374		185,802
Current maturities of senior long-term debt		10,740,591		7,160,394
Current maturities of long-term debt		4,919,992		-
Current maturities of derivative contracts		5,494,151		7,967,695
Current maturities of capital lease obligation		15,808		15,808
Long-term derivative contracts accelerated due to default		2,401,549		-
Senior long-term debt accelerated due to default		12,517,235		-
Total Current Liabilities		46,488,849		25,489,230
Long-Term Liabilities:				
Derivative contracts, less current maturities		-		5,101,263
Senior long-term debt, less current maturities		-		16,097,432
Long-term debt, less current maturities		3,274,129		-
Capital lease obligation, less current maturities		18,148		27,087
Deferred revenue, less current portion		4,715,564		4,544,567
Accrued reclamation costs		161,897		157,580
Other		24,729		884,987
Total Long-Term Liabilities		8,194,467		26,812,916
Total Liabilities		54,683,316		52,302,146
Commitments and contingencies				
Stockholders Equity:				
Common stock: $.01 par value, 200,000,000 shares authorized, 110,972,582 and 110,435,586 shares issued and outstanding as of June 30, 2010 and December 31, 2009, respectively		1,109,726		1,104,356
Additional paid in capital		121,638,692		121,488,765
Accumulated deficit		(105,774,627)		(99,620,778)
Accumulated other comprehensive loss		(319,542)		(13,068,959)
Total Stockholders Equity		16,654,249		9,903,384
Total Liabilities and Stockholders Equity	$	71,337,565	$	62,205,530

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

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NORD RESOURCES CORPORATION AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE SIX MONTHS ENDED JUNE 30, 2010 AND 2009
(Unaudited)

	2010	2009
Net sales	$ 14,708,392	$ 6,596,971
Costs applicable to sales (exclusive of depreciation, depletion and amortization shown separately below)	7,669,246	5,725,303
General and administrative expenses (includes stock based compensation of $114,647 and $248,115, respectively)	1,246,396	1,447,932
Depreciation, depletion and amortization	857,941	501,676
Income (loss) from operations	4,934,809	(1,077,940)
Other income (expense):		
Interest expense	(1,486,343)	(777,399)
Unrealized loss on de-designation of copper hedges	(13,392,853)	-
Unrealized gain on derivatives classified as trading securities	5,816,694	-
Realized gain (loss) on derivatives classified as trading securities	(1,878,084)	1,373,237
Miscellaneous income (expense), net	(148,072)	(12,760)
Total other income (expense)	(11,088,658)	583,078
Loss before income taxes	(6,153,849)	(494,862)
Provision for income taxes	-	-
Net loss	$ (6,153,849)	$ (494,862)
Net loss per basic and diluted share of common stock:		
Weighted average number of basic and diluted common shares outstanding	111,430,992	69,859,195
Basic and diluted loss per share of common stock	$ (0.06)	$ (0.01)

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

NORD RESOURCES CORPORATION AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE THREE MONTHS ENDED JUNE 30, 2010 AND 2009
(Unaudited)

	2010	2009
Net sales	$ 8,703,078	$ 5,179,552
Costs applicable to sales (exclusive of depreciation, depletion and amortization shown separately below)	4,308,551	4,800,221
General and administrative expenses (includes stock based compensation of $63,721 and $62,592, respectively)	664,352	664,560
Depreciation, depletion and amortization	461,048	317,267
Income (loss) from operations	3,269,127	(602,496)
Other income (expense):		
Interest expense	(892,624)	(641,976)
Unrealized loss on de-designation of copper hedges	(13,392,853)	-
Unrealized gain on derivatives classified as trading securities	5,816,694	-
Realized gain (loss) on derivatives classified as trading securities	(1,878,084)	111,998
Miscellaneous income (expense), net	(84,898)	(17,712)
Total other income (expense)	(10,431,765)	(547,690)
Loss before income taxes	(7,162,638)	(1,150,186)
Provision for income taxes	-	-
Net loss	$ (7,162,638)	$ (1,150,186)
Net loss per basic and diluted share of common stock:		
Weighted average number of basic and diluted common shares outstanding	111,688,821	69,944,154
Basic and diluted loss per share of common stock	$ (0.06)	$ (0.02)

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

NORD RESOURCES CORPORATION AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2010
(Unaudited)

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (loss)	Total Stockholders Equity
Balance at December 31, 2009	110,435,586	$ 1,104,356	$ 121,488,765	$ (99,620,778)	$ (13,068,959)	$ 9,903,384
Comprehensive income:						
Net loss	-	-	-	(6,153,849)	-	(6,153,849)
Unrealized mark to market adjustment of cash flow hedges, net	-	-	-	-	(643,436)	(643,436)
Net realized losses from cash flow hedges	-	-	-	-	(2,087,730)	(2,087,730)
Effective portion of copper hedges transferred to net sales	-	-	-	-	1,886,237	1,886,237
Reclassification of copper derivatives to miscellaneous expense on de-designation of cash flow hedges	-	-	-	-	13,392,853	13,392,853
Effective portion of	-	-	-	-	201,493	201,493

interest rate swap transferred to interest expense						
Comprehensive income	-	-	-	-	-	6,595,568
Compensation expense from issuance of stock options	-	-	49,647	-	-	49,647
Exercise of stock options	451,667	4,517	36,133			40,650
Common stock issued for deferred stock units	85,329	853	(853)	-	-	-
Compensation expense from issuance of deferred stock units	-	-	65,000	-	-	65,000
Balance at June 30, 2010	110,972,582	$ 1,109,726	$ 121,638,692	$ (105,774,627)	$ (319,542)	$ 16,654,249

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

NORD RESOURCES CORPORATION AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2010 AND 2009
(Unaudited)

	2010	2009
Cash Flows From Operating Activities:		
Net loss	$ (6,153,849)	$ (494,862)
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation, depletion and amortization	857,941	501,676
Accretion expense on accrued reclamation costs	4,317	3,985
Amortization of debt issuance costs	125,151	119,544
Issuance of stock options for services rendered	49,647	183,115
Issuance of deferred stock units for services rendered	65,000	65,000
Gain on sale of hedges-effective portion	-	(1,492,289)
Gain on sale of hedges-ineffective portion	-	(1,373,237)
Proceeds from settlement of effective hedges	-	1,204,607
Unrealized loss on de-designation of copper derivatives as cash flow hedges	13,392,853	-
Unrealized gain on derivatives classified as trading securities	(5,816,694)	-
Changes in assets and liabilities:		
Accounts receivable	570,539	(127,362)
Inventories	7,952,091	(3,627,762)
Stockpiles and ore on leach pads	(19,336,285)	-
Prepaid expenses and other assets	(6,735)	300,500
Accounts payable	4,655,194	3,531,560
Accrued expenses	2,263,082	147,436
Accrued interest	1,058,072	484,955
Deferred revenue	(67,894)	(27,284)
Other liabilities	(10,266)	(9,378)
Net Cash Used By Operating Activities	(397,836)	(609,796)
Cash Flows From Investing Activities:		
Decrease in restricted marketable securities	-	1,533,662
Proceeds from sale of ineffective hedges	-	913,562
Capital expenditures	(596,893)	(10,734,839)
Net Cash Used By Investing Activities	(596,893)	(8,287,615)
Cash Flows From Financing Activities:		
Debt issuance costs	-	(80,929)
Proceeds from exercise of options	40,650	6,300
Proceeds from sale of royalty interest	-	4,950,000
Principal payments on capital leases	(8,939)	(1,948)
Net Cash Provided By Financing Activities	31,711	4,873,423
Net Decrease in Cash and Cash Equivalents	(963,018)	(4,023,988)
Cash and Cash Equivalents at Beginning of Period	1,298,138	4,465,245
Cash and Cash Equivalents at End of Period	$ 335,120	$ 441,257

Supplemental Disclosure of Cash Flow Information:				
Cash paid during the period for:				
Interest	$	105,817	$	163,091
Income taxes		-		-

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

NORD RESOURCES CORPORATION AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2010 AND 2009
(Unaudited)
(Continued)

	2010	2009
Supplemental Disclosure of Non-cash Investing and Financing Activities:		
Warrants issued in connection with debt facilities	$ -	$ 100,000
Common stock issued in exchange for deferred stock units	853	790
Mark to market of cash flow hedges	(643,436)	(18,585,961)
Change in property and equipment financed by accounts payable	(339,138)	5,606,614
Capitalized interest financed by accrued interest	-	357,660
Gain on sale of copper hedges-effective portion allocated to mine development costs	-	(271,897)
Change in depreciation expense allocated to inventory	313,030	593,211
Change in depreciation expense allocated to stockpiles and ore on leach pads	814,078	-
Accrued interest capitalized to long term debt, less current maturities	-	1,347,883
Accrued interest capitalized to current maturities of long term debt	-	490,139
Refinancing of short term obligations with current maturities of long term debt	4,919,992	-
Refinancing of short term obligations with long term debt, less current maturities	3,274,129	-

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

1. FINANCIAL STATEMENTS

Nord Resources Corporation and Subsidiary (the Company) is a United States based corporation involved in all phases of the mining business including exploration, permitting, developing and operating mining projects. The Company s primary asset is the Johnson Camp Copper Mine (Johnson Camp Mine) located in Arizona. In July 2007, the Company commenced the reactivation of the Johnson Camp Mine. The Company commenced copper cathode production from leaching existing old dumps in January 2008 and commenced mining of new ore upon completion of the reactivation work in January 2009. The Company achieved commercial copper cathode production from newly-mined ore on April 1, 2009 following substantial completion of the testing and development phase.

On July 5, 2010, the Company announced that it is immediately implementing measures to reduce its costs, maximize cash flow, and improve its operating efficiencies. The Company is temporarily suspending the mining and crushing of ore at the Johnson Camp Mine and laid off 43 people, representing approximately half of its workforce at the mine. The Company will continue to produce copper through the leaching of ore already in place on its existing pads and the ongoing requirements of its SX-EW plant. The suspension will result in an immediate reduction of costs and enable the Company to maximize operating cash flow from the production of copper achieved through continued leaching of ore on the Company s existing pads and the operation of its SX-EW plant. It is forecasted that the production level of copper can continue near the current rate for the next few months and will then slowly decline until the resumption of mining and crushing operations. The suspension provides the Company with the opportunity to further evaluate its geological data, continue column leach testing, expand mineralogical classification of the reserve and perform additional drilling as appropriate. The resulting improved data base and geologic block model will provide the necessary tools to optimize the mine plan by focusing on higher grade acid-soluble ore and will improve the reliability of future copper production.

The accompanying financial information of the Company is prepared in accordance with the rules prescribed for filing condensed interim financial statements and, accordingly, does not include all disclosures that may be necessary for complete financial statements prepared in accordance with U.S. generally accepted accounting principles. The disclosures presented are sufficient, in management s opinion, to make the interim information presented not misleading. All adjustments, consisting of normal recurring adjustments which are necessary so as to make the interim information not misleading, have been made. Results of operations for the three and six months ended June 30, 2010 are not necessarily indicative of results of operations that may be expected for the year ending December 31, 2010. The Company recommends that this financial information be read in conjunction with the complete consolidated financial statements included in the Company s Annual Report on Form 10-K for the year ended December 31, 2009, previously filed with the Securities and Exchange Commission (the SEC).

2. BASIS OF PRESENTATION

The accompanying condensed consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The condensed consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amount and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

Nedbank, the Company s senior lender, has declined to extend the forbearance agreement with respect to the scheduled principal and interest payments in the amounts of $2,152,951 and $2,358,081 that were due on March 31, 2010 and June 30, 2010, respectively, under the Company s $25,000,000 secured term-loan credit facility with Nedbank. The Company is now in default of its obligations under the Credit Agreement with Nedbank, and the full amount of the outstanding principal and accrued and unpaid interest must now be included in the Company s current liabilities, together with any additional amounts payable under the Credit Agreement. Accordingly, as of June 30, 2010, the Company has reclassified $12,517,235 of long-term debt to current liabilities within the condensed consolidated balance sheet.

Nedbank Capital has also declined to extend the forbearance agreement regarding the Company s failure to make the payments for the monthly settlements beginning in March of 2010 through June 30, 2010 in the aggregate amount of $2,575,953 due under the Copper Hedge Agreement between the parties. Accordingly, the Company is in default under the Copper Hedge Agreement and amounts formerly eligible for treatment as amounts payable under long-term derivative contracts must now be brought into current liabilities. Accordingly, as of June 30, 2010, the Company has reclassified $2,317,033 of derivatives contracts under its Copper Hedge Agreement to current liabilities within the condensed consolidated balance sheet.

The Company s continuation as a going concern is dependent upon its ability to refinance the obligations under the Credit Agreement with Nedbank and the Copper Hedge Agreement with Nedbank Capital, raise additional capital, and on its ability to produce copper to sell at a level where the Company becomes profitable and generates cash flows from operations. The Company s continued existence is dependent upon its ability to achieve its operating plan. If management cannot achieve its operating plan because of sales shortfalls, a reduction in copper prices, or other unfavorable events, the Company may find it necessary to dispose of assets, or undertake other actions as may be appropriate. The Company s ramp up of production since the commencement of commercial production has been slower than originally forecasted. In July 2010, the Company implemented measures to reduce costs, maximize cash flow, and improve efficiencies. The measures included the temporary suspension of mining and crushing of ore; additional drilling, metallurgical testing and assaying to enhance the understanding of mineralogy and the distribution of acid-soluble grades in the block model; and, updating the mine plan to optimize production and increase operating efficiencies.

The Company is evaluating a variety of alternatives to improve its liquidity.

3. ADOPTION OF RECENTLY ISSUED ACCOUNTING GUIDANCE

In August 2009, the FASB issued guidance on the fair value measurement of liabilities and provided clarification that, in circumstances in which a quoted price in an active market for the identical liability is not available, a reporting entity is required to measure fair value using one or more of the techniques provided for in this update. The guidance is effective for the first reporting period, including interim periods, beginning after issuance. The Company adopted the provisions of this standard effective January 1, 2010; such adoption did not have a material impact on the Company s condensed consolidated financial statements.

In December 2009, the FASB issued guidance changing how a reporting entity determines when an entity that is insufficiently capitalized or is not controlled through voting (or similar rights) should be consolidated. The determination of whether a reporting entity is required to consolidate another entity is based on, among other things, the other entity s purpose and design; and the reporting entity s ability to direct the activities of the other entity that most significantly impact the other entity s economic performance. The guidance also requires a reporting entity to provide additional disclosures about its involvement with variable interest entities and any significant changes in risk exposure due to that involvement. A reporting entity will be required to disclose how its involvement with a variable interest entity affects the reporting entity s financial statements. The guidance is effective at the start of a reporting entity s first fiscal year beginning after November 15, 2009, or January 1, 2010, for a calendar year-end entity. Early application is not permitted. The Company adopted the provisions of this standard effective January 1, 2010, which did not have a material impact on the Company s condensed consolidated financial statements.

In January 2010, the FASB issued guidance improving disclosures about fair value measurements. The guidance requires some new disclosures and clarifies some existing disclosure requirements about fair value measurement as set forth in the ASC. The FASB s objective is to improve these disclosures and, thus, increase the transparency in financial reporting. Specifically, the guidance now requires:

- A reporting entity should disclose separately the amounts of significant transfers in and out of Level 1 and Level 2 fair value measurements and describe the reasons for the transfers; and
- In the reconciliation for fair value measurements using significant unobservable inputs, a reporting entity should present separately information about purchases, sales, issuances, and settlements.

In addition, the guidance clarifies the requirements of the following existing disclosures:

- For purposes of reporting fair value measurements for each class of assets and liabilities, a reporting entity needs to use judgment in determining the appropriate classes of assets and liabilities; and
- A reporting entity should provide disclosures about the valuation techniques and inputs used to measure fair value for both recurring and nonrecurring fair value measurements.

This guidance is effective for interim and annual reporting periods beginning after December 15, 2009, except for the disclosures about purchases, sales, issuances, and settlements in the roll forward of activity in Level 3 fair value measurements. Those disclosures are effective for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years. The Company adopted the provisions of this standard on January 1, 2010; such adoption did not have a material impact on the Company s condensed consolidated financial statements.

In February 2010, the FASB issued Accounting Standards Update (ASU) No. 2010-09, Subsequent Events (Topic 855): Amendments to Certain Recognition and Disclosure Requirements. The amendments in the ASU remove the requirement for a Securities and Exchange Commission (SEC) filer to disclose a date through which subsequent events have been evaluated in both issued and revised financial statements. Revised financial statements include financial statements revised as a result of either correction of an error or retrospective application of U.S. GAAP. The FASB also clarified that if the financial statements have been revised, then an entity that is not an SEC filer should disclose both the date that the financial statements were issued or available to be issued and the date the revised financial statements were issued or available to be issued. The FASB believes these amendments remove potential conflicts with the SEC s literature. All of the amendments in the ASU were effective upon issuance except for the use of the issued date for conduit debt obligors. That amendment is effective for interim or annual periods ending after June 15, 2010. The adoption of this guidance did not have a material impact on the Company's consolidated financial statement position or results of operations.

4. MINE DEVELOPMENT COSTS

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

Production of Copper from Old Dumps

The Company commenced copper cathode production from leaching old dumps in January 2008 and completed the first copper cathode sale from these operations in February 2008. Accordingly, the attainment of the production stage from residual leaching operations was achieved effective February 1, 2008. Until December 31, 2008, the capitalized costs incurred in the development and testing of the old dumps were being amortized on a straight-line basis over the expected life of production of existing ore on the old dumps which was estimated to be 5 years. In January 2009, management revised its estimate of the expected life of production from the old dumps to 3 years. Consequently the unamortized balance as of December 31, 2008 in the amount of $468,034 is being amortized on a straight-line basis over the remaining 2 years. During the six month periods ended June 30, 2010 and 2009, the Company amortized $117,009 and $117,009, respectively, in mine development costs from old dumps to cost of goods sold. During the three month periods ended June 30, 2010 and 2009, the Company amortized $58,504 and $58,504, respectively, in mine development costs from old dumps to cost of goods sold. The balance of the mine development costs for old dumps, net of accumulated amortization, is $117,009 as of June 30, 2010 and is included in property and equipment on the condensed consolidated balance sheet.

Production of Copper from Mining of New Ore

As a result of the development and testing of mining operations for the production of new ore, the Company began producing a nominal amount of copper cathode from newly-mined ore in February 2009. The Company achieved commercial production from the mining of new ore, which was based upon substantial completion of the testing and development phase, on April 1, 2009. Upon the achievement of commercial production from the mining of new ore, the costs to operate the mine were expensed as incurred and the capitalized mine development costs associated with the production of copper from the mining of new ore commenced being amortized over the life of the mine based on a units of production method which have been estimated at approximately 374,000,000 pounds of copper over the life of the mine. During 2009, the Company capitalized $1,526,317 of mine development costs which was net of revenues in the amount of $470,340 realized from the sale of 280,728 pounds of incidental copper cathode produced during the testing and development phase, and $271,897 from the settlement of copper derivatives related to this nominal production. During the six month periods ended June 30, 2010 and 2009, the Company amortized $65,121 and $32,142, respectively, in mine development costs associated with the development and testing of mining operations to obtain new ore. During the three month periods ended June 30, 2010 and 2009, the Company amortized $29,555 and $19,745, respectively, in mine development costs from the development and testing of such mining operations. The balance of the mine development costs, net of accumulated amortization, for development and testing of new ore mining operations is $1,672,661 as of June 30, 2010, which is included in property and equipment on the condensed consolidated balance sheet.

5. STOCK-BASED COMPENSATION

Stock Options

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

There are 4,990,006 stock options outstanding at June 30, 2010, of which 781,674 are non-qualified non-plan stock options and 4,208,332 have been issued pursuant to the Company s 2006 Stock Incentive Plan. The outstanding options expire at various dates from 2010 to 2017.

The Company granted 436,000 stock options during the three and six month periods ended June 30, 2010. During the three and six month periods ended June 30, 2010, the Company recognized $31,221 and $49,647, respectively, in compensation expense related to employee stock options that vest over time or those that were cancelled prior to vesting.

The Company did not grant any options during the three months ended June 30, 2009 and granted 500,000 stock options during the six months ended June 30, 2009. During the three and six month periods ended June 30, 2009, the Company recognized $30,092 and $183,115, respectively, in compensation expense related to employee stock options that vest over time or that were cancelled prior to vesting.

As summarized in the following tables, during the three month period ended June 30, 2010, there were 436,000 stock options granted, 451,667 stock options were exercised, and 531,667 were cancelled or forfeited. During the six month period ended June 30, 2010, there were 436,000 stock options granted, 451,667 stock options were exercised, and 550,002 were cancelled or forfeited.

	Number of Shares	**Weighted Average Exercise Price**
Three months ended June 30, 2010		
Options outstanding at March 31, 2010	5,537,340	$ .52
Granted	436,000	.16
Exercised	(451,667)	.09
Cancelled/Forfeited	(531,667)	.40
Options outstanding at June 30, 2010	4,990,006	$ .53

	Number of Shares		Weighted Average Exercise Price
Six months ended June 30, 2010			
Options outstanding at December 31, 2009	5,555,675	$	.51
Granted	436,000		.16
Exercised	(451,667)		.09
Cancelled/Forfeited	(550,002)		.39
Options outstanding at June 30, 2010	4,990,006	$	.53

The following table summarizes certain additional information about the Company s total and exercisable stock options outstanding as of June 30, 2010:

	Number Outstanding	Weighted Average Remaining Contractual Life in Years		Weighted Average Exercise Price		Intrinsic Value
Total stock options	4,990,006	4.5	$	.53	$	9,717
Exercisable stock options	4,151,572	4.7	$	.62	$	6,067

The closing price of the Company s common stock on the OTC Bulletin Board on June 30, 2010 was $0.10 per share. Accordingly, the intrinsic values of total stock options and exercisable stock options as of June 30, 2010 were $9,717 and $6,067, respectively.

The following tables summarize the unvested stock options outstanding as of June 30, 2010:

	Number of Shares		Weighted Average Grant Date Fair Value
Three months ended June 30, 2010			
Unvested options outstanding at March 31, 2010	596,685	$	.09
Granted	436,000		.10
Vested	(179,250)		14
Cancelled/Forfeited	(15,001)		.05
Unvested Options outstanding at June 30, 2010	838,434	$	.09

	Number of Shares	Weighted Average Grant Date Fair Value
Six months ended June 30, 2010		
Unvested options outstanding at December 31, 2009	1,459,998	$ .08
Granted	436,000	.10
Vested	(1,034,229)	.08
Cancelled/Forfeited	(23,335)	.05
Unvested Options outstanding at June 30, 2010	838,434	$ .09

The total grant date fair value of options granted during the three and six month periods ended June 30, 2010 was $41,856. The Company recognizes stock option compensation expense on stock options with a graded vesting schedule on a straight line basis over the requisite service period for each separately vesting portion of the award as if the award was, in substance, multiple awards. As of June 30, 2010, 838,434 stock options remain unvested, which will result in $24,735 in compensation expense to be recognized over the next four quarters.

On November 26, 2008, John Perry, the Company s former Chief Executive Officer, was granted a total of 450,000 non-qualified stock options, each entitling him to purchase one share of common stock of the Company at a price of $0.09 per share until November 23, 2013, subject to vesting. The options were granted to Mr. Perry pursuant to the Company s 2006 Stock Incentive Plan. The options were to vest in three equal tranches on March 2, 2009, 2010 and 2011, respectively. During the first quarter of 2010, the Board of Directors determined that it is appropriate to accelerate the vesting date of the third tranche of 150,000 options to March 2, 2010, in light of Mr. Perry s significant contributions to the Company as a senior officer and a director. Such acceleration did not have a material impact on the Company s operations.

The Company uses the Black-Scholes option pricing model to estimate the fair value of stock options granted. As indicated above, there were 436,000 options granted during the three and six month periods ended June 30, 2010. The expected forfeiture rate of 10.3% was based on the actual forfeitures of stock options due to the termination of one of the employees in the pool. The expected term of the options granted to employees is estimated using the formula set forth in SEC Staff Accounting Bulletin (SAB) No. 107. The risk-free interest rate is based upon the U.S. Treasury yield curve in effect at the date of grant and the expected volatility is based on the weighted historical volatility of the Company s common stock and that of its peer group.

The fair values for the stock options granted during the six month periods ended June 30, 2010 and 2009 were estimated at the respective dates of grant using the Black-Scholes option pricing model with the following assumptions:

	Six Months Ended June 30, 2010	Six Months Ended June 30, 2009
Risk-free interest rate	1.1%	1.1%
Expected life	2.8 years	3.0 years
Expected volatility	105%	97%
Expected dividend yield	0%	0%

Deferred Stock Units

During the three and six months ended June 30, 2010, certain equity-based fees have been paid to the Company s non-executive directors in the form of awards issued pursuant to the Company s 2006 Stock Incentive Plan. The non-executive directors have limited rights, exercisable within applicable time limits, to elect to have any percentage of such awards, and any percentage of cash fees, payable in deferred stock units. Each of the Company s non-executive directors exercised such rights in respect of the equity-based fees payable to him for the three and six months ended June 30, 2010.

During the three and six months ended June 30, 2010, Douglas Hamilton, the Chairman of the Company s Audit Committee, received 100,000 and 130,769 deferred stock units, respectively; John Cook, the Chairman of the Company s Compensation Committee, received 81,250 and 106,250 deferred stock units, respectively; Stephen Seymour, the Chairman of the Company s Corporate Governance and Nominating Committee, received 81,250 and 106,250 deferred stock units, respectively; and T. Sean Harvey received 62,500 and 81,731 deferred stock units, respectively. During the three and six months ended June 30, 2010, the Company recognized expense of $32,500 and $65,000, respectively, related to the issuance of deferred stock units to its independent directors. The deferred stock units were granted under the 2006 Deferred Stock Unit Plan, which forms part of the Company s 2006 Stock Incentive Plan. During the three and six months ended June 30, 2010, 0 and 85,329 deferred stock units were converted into shares of the Company s common stock, respectively. As of June 30, 2010, there were 1,073,272 deferred stock units outstanding.

During the three and six months ended June 30, 2009, Douglas Hamilton, the Chairman of the Company s Audit Committee, received 24,096 and 57,994 deferred stock units, respectively; John Cook, the Chairman of the Company s Compensation Committee, received 19,578 and 47,120 deferred stock units, respectively; Stephen Seymour, the Chairman of the Company s Corporate Governance and Nominating Committee, received 19,578 and 47,120 deferred stock units, respectively; and T. Sean Harvey received 15,060 and 36,246 deferred stock units, respectively. During the three and six months ended June 30, 2009, the Company recognized expense of $32,500 and $65,000, respectively, related to the issuance of deferred stock units to its independent directors. The deferred stock units were granted under the 2006 Deferred Stock Unit Plan, which forms part of the Company s 2006 Stock Incentive Plan. During the three and six months ended June 30, 2009, 0 and 78,952 deferred stock units were converted into shares of the Company s common stock, respectively. As of June 30, 2009, there were 580,765 deferred stock units outstanding.

6. INVENTORY

Inventory is as follows:

	June 30, 2010	December 31, 2009
Current Assets:	**(unaudited)**	
Copper in process	$ 7,680,071	$ 15,072,292
Finished goods	72,615	64,967
Material, supplies and decorative rock	293,356	547,844
	8,046,042	15,685,103
Long-Term Assets:		
Stockpiles and ore on leach pads	20,150,363	-
	$ 28,196,405	$ 15,685,103

The Company s inventories are carried at the lower of cost or net realizable value. Copper in process and finished goods inventories are valued using the weighted average cost of production and include all costs of purchase, costs of conversion (direct costs and an allocation of fixed and variable production overheads) and other costs incurred in bringing the inventories to their present location and condition. The current portion of copper in process inventory 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 under long term assets as stockpiles and ore on leach pads. During the three and six month periods ended June 30, 2010 and 2009, $920,065 and $1,826,760 and $0 and $3,000,839, respectively, of costs incurred in excess of normal operating costs due to the fact the Company is ramping up production and is currently running at less than normal operating capacity have been included in costs applicable to sales on the condensed consolidated statement of operations.

On July 5, 2010, the Company announced that it is temporarily suspending the mining and crushing of ore at the Johnson Camp Mine. The Company will continue to produce copper through the leaching of ore already in place on its existing pads and the ongoing operations of its SX-EW plant. It is forecasted that the production level can continue near the current rate for the next few months and then will slowly decline until the resumption of mining and crushing operations. The suspension provides the Company with the opportunity to further evaluate its geologic data, continue column leach testing, expand mineralogical classification of the reserve and perform additional drilling as appropriate. The resulting improved data base and geologic block model will provide the necessary tools to optimize the mine plan by focusing on higher grade acid-soluble ore and will improve the reliability of future copper production.

7. LONG-TERM DEBT

The Company was unable to make the payments of principal in the amounts of $1,790,099 that were due on March 31 and June 30, 2010, respectively and interest payments of $362,852 and $567,982 that were due on March 31, 2010 and June 30, 2010, respectively, to Nedbank under the terms of the amended and restated credit agreement dated March 31, 2009. The Company is now in default of its obligations under the credit agreement with Nedbank, and the full amount of the outstanding principal of $23,257,826 and any accrued and unpaid interest must now be included in the Company s current liabilities, together with any additional amounts payable under the credit agreement. Accordingly, the Company has reclassified $12,517,235 of long-term debt to current liabilities within its condensed consolidated balance sheet as of June 30, 2010. Given this default, Nedbank has full authority to exercise its rights under the credit agreement, including the acceleration of the full amount due there under and the institution of foreclosure proceedings against the Johnson Camp Mine. In accordance with the credit agreement, upon missing the March 31, 2010 and June 30, 2010 principal and interest payments, the interest rate on the outstanding debt and unpaid accrued interest is increased by 3.00% to LIBOR plus 9.06%.

In accordance with the credit agreement, a default on the derivative contracts to which Nedbank is the counterparty would trigger a cross default under the credit agreement which would put Nedbank in a position to pursue any and all remedies under the related derivative contracts and credit agreement. Furthermore, under the credit agreement and derivative contracts, there is a master netting agreement which allows either party to offset an obligation by the other should either party be in default of its obligations. The Company was unable to make the required payments that were due to Nedbank between April 6, 2010 and July 6, 2010 under the terms of its Copper Hedge Agreement. As of June 30, 2010, the total amount due to Nedbank as a result of these missed payments is $2,575,953 and is included in accrued expenses on the condensed consolidated balance sheet. Accordingly, the Company is in default under the Copper Hedge Agreement and amounts formerly eligible for treatment as amounts payable under long-term derivative contracts must now be brought into current liabilities. Given this default the Company has reclassified $2,317,033 of long-term derivative liabilities to current liabilities within its condensed consolidated balance sheet as of June 30, 2010.

Given the current situation with the Company s lender, and the related default as of June 30, 2010, the Company does not believe that an estimate of the fair value of its senior long-term debt can be made without incurring substantial time and resources. Accordingly, an estimate of the value as of June 30, 2010 is considered to be impracticable.

On September 1, 2009, Fisher Sand & Gravel Company, the Company s mining contractor, agreed to defer $850,000 due to it for a period of three years. As December 31, 2009, this balance is included in other long-term liabilities on the condensed consolidated balance sheet. Pursuant to that agreement, from April 1, 2010 through June 30, 2011, the Company had agreed to pay Fisher, on a monthly basis, 12% per annum interest on the deferred payments. The Company retained the right to prepay the deferred payments at any time without penalty. As of June 30, 2010, the Company had accrued $110,500 of interest expense related to this debt. On July 29, 2010, the Company announced that it had reached an agreement with Fisher to convert $8.2 million of unsecured trade payables, including the former note due to Fisher in the amount of $850,000 and the $110,500 accrued interest thereon, into a two-year unsecured note bearing interest on the outstanding principal at the rate of 6% per annum. Under the agreement, beginning in August 2010, Fisher Sand & Gravel Company will receive weekly payments on the note that are based on a formula related to the weekly level of copper sales made by the Company as well as the realized price received for the copper sold. Accordingly, as of June 30, 2010, the Company has reclassified $7,233,629, $110,500, and $849,992 of accounts payable, accrued interest and other long-term liabilities, respectively to current maturities of long-term debt and long-term debt, less current maturities in the respective amounts of $4,919,992 and $3,274,129, as reflected in the condensed consolidated balance sheet.

8. SALE OF ROYALTY

On March 31, 2009, the Company sold to Royal Gold (formerly known as IRC Nevada Inc.) a 2.5% net smelter royalty on the mineral production sold from the existing mineral rights at Johnson Camp. The net proceeds of the sale in the amount of $4,950,000 were recorded as deferred revenue and are being amortized to revenue over the life of the mine based on a units of production method. Amounts payable to Royal Gold, which are being calculated based on the revenue generated from the sale of copper, are being expensed in the period incurred. During the three and six months ended June 30, 2010, the Company recognized $35,973 and $67,894 in revenue and recorded $216,678 and $413,168 in royalty expense related to this royalty within the condensed consolidated statements of operations, respectively. Total deferred revenue is $4,782,790 as of June 30, 2010, of which $67,226 is expected to be amortized to revenue over the next twelve months. As of June 30, 2010, the total amount owed by the Company under the terms of the royalty agreement is $783,495 and is included in accounts payable on the condensed consolidated balance sheet. Furthermore, amounts greater than 30 days past due accrue interest at a rate of 12% per annum for which the Company has accrued $31,104 of interest as of June 30, 2010.

9. DERIVATIVE INSTRUMENTS

Copper Price Protection Program

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

Under ASC guidance for derivative instruments and hedging activities, these contracts are carried on the consolidated balance sheets at their fair value which as of June 30, 2010 and December 31, 2009 was $(7,576,158) and $(12,726,715), respectively. From the period of inception of the derivative contracts through March 31, 2010, these contracts were designated as cash flow hedges with changes to the fair value of these contracts being reflected in accumulated other comprehensive income (loss). However, due to the Company s inability to make the required payments as the copper derivative contracts matured, the Company reclassified the outstanding hedge contracts from cash flow hedges to trading securities. Consequently, commencing on April 1, 2010, the changes in estimated fair value of these contracts are reflected in other income (expense) on the condensed consolidated statement of operations. During the three and six month periods ended June 30, 2010, the settlements of hedges for 0 and 1,984,161 pounds of copper amounted to $0 and $(1,886,237), respectively, and were classified as effective hedges. Accordingly, these amounts are included in net sales in the condensed consolidated statement of operations. During the three and six month periods ended June 30, 2010, decreases in fair value in the amounts of $0 and $(666,138) were recorded as accumulated other comprehensive income (loss) in the condensed consolidated balance sheet.

As noted above, as of June 30, 2010, the Company is in default of the related Copper Hedge Agreement as it failed to make the requisite monthly payments (March 31, 2010 through June 30, 2010 settlements) related to the settlement of the derivative contracts. As of June 30, 2010, the total amount owed to Nedbank as a result of these missed payments is $2,575,953. Accordingly, given that the Company is not performing under the terms of the underlying Copper Hedge Agreement, as of April 1, 2010, the Company de-designated 100% of the derivatives previously classified as cash-flow hedges and reclassified the estimated fair value of $(13,392,853) of the derivatives from accumulated other comprehensive income (loss) to other income (expense), recognizing an unrealized loss for the amount. During the three month period ended June 30, 2010, the Company recognized a realized loss of $(1,878,084) on the monthly settlements of a total of 1,984,161 pounds of copper for the derivatives now classified as trading securities. The Company also recognized an unrealized gain of $5,816,694 during the three month period ended June 30, 2010 related to the mark to market of the derivatives classified as trading securities. As of June 30, 2010, 100% of the Company s derivatives related to the forward sales of copper cathode are classified as trading securities with no remaining derivatives classified as cash-flow hedges.

During the three and six month periods ended June 30, 2009, contracts representing approximately 161 (354,944 pounds) and 740 (1,631,421 pounds) metric tons, respectively, of copper originally designated as cash flow hedges were reclassified to trading securities because the Company s forecasted production of copper during these periods no longer matched its hedged position, and, as such, the underlying derivative contracts were deemed to be ineffective. Accordingly, the realized gains from the sale of these contracts in the amounts of $111,998 and $1,373,237 for the three and six month periods ended June 30, 2009, respectively, have been reclassified from accumulated other comprehensive income and reported within the condensed consolidated statement of operations as other income. Furthermore, the decreases in estimated fair value of $7,660,164 and $18,709,700 for the contracts classified as effective cash flow hedges that occurred during the three and six months ended June 30, 2009, respectively, were deferred in accumulated other comprehensive income (loss) in the condensed consolidated balance sheets.

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In addition, during the three and six month periods ended June 30, 2009 the Company transferred $919,323 and $1,492,289, respectively, of realized gains to copper sales and $0 and $271,897, respectively, of realized gains to capitalized mine development costs. These amounts were the result of effective hedges of copper for which the underlying copper contracts were settled during the three and six month periods ended June 30, 2009, and related to sales of 2,070,034 and 2,626,087, respectively, pounds of copper, and 0 and 280,728, respectively, pounds of copper from the residual production of copper during the testing and development stage of the mine.

As of June 30, 2010, the estimated amount of copper production covered by economic hedges (derivatives no longer classified as cash flow hedges for accounting purposes) classified as trading securities was approximately 98% of the total estimated copper production for the six months ending December 31, 2010, and 165% for the year ending December 31, 2011. As of June 30, 2010, the Company had in place forward contracts of 1,800 (3,968,321 pounds) and 2,400 (5,291,095 pounds) metric tons for 2010 and 2011, respectively, at a net forward price of $4,646 ($2.11 per pound) and $4,413 ($2.00 per pound) per metric ton for the same periods. The program also included the purchase of long call options for the same quantities thereby permitting the Company to participate in price increases in the event that copper prices exceed the strike price of the long call options. As of June 30, 2010, the average strike prices of the long call options were $8,380 ($3.80 per pound) and $8,723 ($3.96 per pound) per metric ton for the six month period ending December 31, 2010, and for the year ending December 31, 2011, respectively.

Furthermore, due to the Company s default under the terms of the Copper Hedge Agreement, the Company has reclassified the long-term amount of $2,317,033 to current liabilities, and under the terms of the agreement may be required to unwind these positions prior to their scheduled settlement. Although this estimate is subject to changes in the forward price curve for copper, the estimated amount of the copper derivatives that will settle over the next twelve months in accordance with their normal operating terms stated in the contracts is $5,259,125.

Interest Rate Swaps

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

Under ASC guidance for derivative instruments and hedging activities, this interest rate swap agreement is carried on the consolidated balance sheets at fair value which was estimated as $(319,542) and $(342,243) as of June 30, 2010 and December 31, 2009, respectively. As this contract was designated as a cash flow hedge, changes in fair value are reflected in accumulated other comprehensive income (loss). During the three and six month periods ended June 30, 2010, the Company recognized $95,676 and $201,493, respectively, in interest expense in the condensed consolidated statements of operations. During the three and six month periods ended June 30, 2009, the Company recognized $77,215 and $143,310, respectively, in interest expense in the condensed consolidated statements of operations. In addition, changes in fair value in the amount of $22,701 and $123,739 for the six month periods ended June 30, 2010 and 2009, respectively, were reflected in accumulated other comprehensive income (loss) and as reductions of the liability in the condensed consolidated balance sheets. The amount deferred will be reclassified to the statement of operations upon the ultimate payment of the interest expense on the Company s credit agreement with Nedbank or by declaration that the interest rate swap is ineffective. Although this estimate is subject to changes in the forward interest rate curve for LIBOR, as of June 30, 2010, approximately $235,026 of the deferral in accumulated other comprehensive income (loss) is expected to be reclassified to interest expense within the next twelve months. In addition, due to the Company s default under the credit agreement with Nedbank, and therefore, it s cross default under the terms of the interest rate swap, the Company has reclassified the long-term amount of $84,516 to current liabilities. However, the Company is still performing under the stated terms of the interest rate swap and it is deemed to be an effective cash flow hedge as of June 30, 2010.

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Fair Value of Derivative Instruments

	Balance Sheet Location		Fair Value	Balance Sheet Location		Fair Value
As of June 30, 2010 Instruments not designated as hedges under ASC 815:						
Commodity contracts	Current Liabilities	$	7,576,158	Long Term Liabilities	$	-
Instruments designated as hedges under ASC 815:						
Interest rate swap contracts	Current Liabilities	$	319,542	Long Term Liabilities	$	-
As of December 31, 2009 Instruments designated as hedges under ASC 815:						
Commodity contracts	Current Liabilities	$	7,653,709	Long Term Liabilities	$	5,073,006
Interest rate swap contracts	Current Liabilities	$	313,986	Long Term Liabilities	$	28,257

Cash-Flow Hedges

The Company utilizes derivatives for the purpose of hedging forecasted cash flows related to the sale of copper and debt service requirements. For a derivative instrument designated as a cash-flow hedge, the effective portion of the derivative s gain (loss) is initially reported as a component of other comprehensive income (loss) (OCI) and is subsequently recognized in earnings when the hedged exposure is recognized in earnings. Gains (losses) on the derivative representing either hedged components excluded from the assessment of effectiveness or hedge ineffectiveness are recognized in earnings. As of April 1, 2010, due to the Company s inability to make the required payments as the copper derivative contracts matured, the Company de-designated 100% of its cash flow hedges related to its copper price hedging program and reclassified the estimated fair value to trading securities. Consequently, commencing on April 1, 2010, the changes in fair value of these contracts are reflected in other income (expense) on the condensed consolidated statements of operations. During the three and six months ended June 30, 2010 and 2009, the Company recognized the following gains (losses) related to its copper price protection and interest rate swap programs:

		Three months ended June 30, 2010
Effective Portion		
Net gain recognized in other comprehensive income (loss) (OCI)	$	29,014
Loss recognized in interest expense	$	(95,676)
Ineffective Portion		
Unrealized loss on de-designation of copper hedges	$	(13,392,853)

		Three months ended June 30, 2009
Effective Portion		
Net loss recognized in other comprehensive income (loss) (OCI)	$	(8,597,641)
Gain reclassified from accumulated OCI into net sales	$	919,323
Loss recognized in interest expense	$	(77,215)
Ineffective Portion		
Gain recognized in miscellaneous income	$	111,998

		Six months ended June 30, 2010
Effective Portion		
Net loss recognized in other comprehensive income (loss) (OCI)	$	(643,436)
Loss reclassified from accumulated OCI into net sales	$	(1,886,237)
Loss recognized in interest expense	$	(201,493)
Ineffective Portion		
Unrealized loss on de-designation of copper hedges	$	(13,392,853)

		Six months ended June 30, 2009
Effective Portion		
Net loss recognized in other comprehensive income (loss) (OCI)	$	(19,605,216)
Gain reclassified from accumulated OCI into net sales	$	1,492,289
Gain reclassified from accumulated OCI in pre-production costs	$	271,897
Loss recognized in interest expense	$	(143,130)
Ineffective Portion		
Gain recognized in miscellaneous income	$	1,373,237

Nedbank, the counterparty to all of the Company s derivative contracts, is also the senior lender on the Company s long-term debt, for which substantially all of the Company s assets are held as collateral. Accordingly, in accordance with the related credit agreement, a default on the derivative contracts has triggered a cross default under the credit agreement which has put Nedbank in a position to pursue any and all remedies under the related derivative contracts and credit agreement. Furthermore, under the credit agreement and derivative contracts, there is a master netting agreement which allows either party to offset an obligation by the other should either party be in default of its obligations. The Company neither deposited nor holds any collateral related to its derivative financial instruments. In addition, to date the Company has not required any of its counterparties or customers to post collateral.

The Company has failed to make payments due to Nedbank in the amount of $2,575,953 on copper derivative contracts which matured between April 6, 2010 and July 6, 2010. Accordingly, the Company is in default under the copper hedge agreement, and amounts formerly eligible for treatment as amounts payable under long-term derivative contracts have been brought into current liabilities as of June 30, 2010.

10. FAIR VALUE MEASUREMENTS

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

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

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

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

The following table sets forth the Company s financial assets and liabilities within the condensed consolidated balance sheet as of June 30, 2010 and consolidated balance sheet as of December 31, 2009 measured at fair value by level within the fair value hierarchy. As required by ASC guidance, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

June 30, 2010	Total	Level 1	Level 2	Level 3
Liabilities:				
Derivative contracts copper trading securities, net	$ (7,576,158)	-	$ (7,576,158)	-
Derivative contract interest rate swap contract	(319,542)	-	(319,542)	-

December 31, 2009	Total	Level 1	Level 2	Level 3
Liabilities:				
Derivative contracts copper cash flow hedges, net	$ (12,726,715)	-	$ (12,726,715)	-
Derivative contract interest rate swap contract	(342,243)	-	(342,243)	-

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

11. BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings (loss) per common share is computed by dividing net earnings (loss) by the weighted average number of basic common shares outstanding during the period. Diluted earnings (loss) per share are calculated based on the weighted average number of basicom width="9%"> Total other income (expense) (778,342) (1,149,664) 371,322 (2,679,224) (2,957,628) 278,404 Loss before income taxes (2,280,098) (2,282,004) 1,906 (6,455,500) (7,187,568) 732,068 Provision for income taxes - - - - - - Net loss$ (2,280,098)$ (2,282,004)$ 1,906 $ (6,455,500)$ (7,187,568)$ 732,068

Revenue

We commenced production of nominal amounts of copper from newly-mined ore during the testing and development phase of the mine in February and March 2009. We entered the production stage as we achieved commercial copper cathode production from newly-mined ore on April 1, 2009. Due to continued copper recovery issues with the existing leach pads combined with a reduction in the amount of mining activity stemming from inadequate capital, we were unable to become cash flow positive in the second quarter of 2010 as anticipated. As a result, on July 2, 2010, we suspended the mining and crushing of new ore operations to increase cash flow with the goal of building a new leach pad. All other operations, including leaching, SX-EW and copper production, are continuing. However, as noted above, we expect that the production level will continue to steadily decline until the resumption of mining and crushing operations.

In February 2008, we entered into a long term cathode sales agreement with Red Kite for 100% of the copper cathode production from the Johnson Camp Mine. This agreement has been superseded by a cathode sales agreement effective September 30, 2013, as amended, which runs through December 31, 2013 with renewable extensions by mutual agreement of both parties. Pursuant to the agreement, Red Kite accepts delivery of the cathodes at the Johnson Camp Mine. Pricing is based on the closing COMEX price for high grade copper on date of sale.

We recorded revenues of $959,593 (including $3,916 in amortization of deferred revenue) from the sale of 297,164 pounds of copper cathode for the three months ended September 30, 2013, and revenues of $4,069,403 (including $15,932 in amortization of deferred revenue) from the sale of 1,208,810 pounds of copper cathode for the nine months ended September 30, 2013. The average realized price of copper sold during the three and nine month periods ended September 30, 2013 was $3.23 and $3.37 per pound, respectively.

We recorded revenues of $2,034,707 (including $7,586 in amortization of deferred revenue) from the sale of 575,616 pounds of copper cathode for the three months ended September 30, 2012, and revenues of $6,429,116 (including $23,416 in amortization of deferred revenue) from the sale of 1,776,556 pounds of copper cathode for the nine months ended September 30, 2012. The average realized price of copper sold during the three and nine month periods ended September 30, 2012 was $3.53 and $3.62 per pound, respectively.

Costs Applicable to Sales

Costs applicable to sales represents the costs incurred in converting ore into salable copper cathode. Ordinarily, 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. However, as noted above, we suspended the mining (extraction) and crushing of ore at our Johnson Camp Mine in July 2010. We continue to produce copper through the leaching of ore already in place on the existing pads and processing the solution through our SX-EW plant. Accordingly, our costs applicable to sales represent the costs incurred in converting the existing ore on our leach pads into salable copper cathode.

For the three months ended September 30, 2013, we incurred $1,902,288 of costs applicable to sales (including $1,510,501 in abnormal production costs due to the underutilization of plant capacity) from the sale of copper. For the nine months ended September 30, 2013, we incurred $6,265,876 (including $4,719,979 in abnormal production costs due to the underutilization of plant capacity) of costs applicable to sales from the sale of copper.

The average cost per pound of copper sold during the three and nine month periods ended September 30, 2013 was $6.40 and $5.18 per pound, respectively. The average cost per pound of copper sold excluding abnormal production costs was $1.32 and $1.28 per pound, respectively, during the same periods.

For the three months ended September 30, 2012, we incurred $2,619,855 of costs applicable to sales (including $1,800,371 in abnormal production costs due to the underutilization of plant capacity) from the sale of copper. For the nine months ended September 30, 2012, we incurred $8,937,580 (including $6,384,581 in abnormal production costs due to the underutilization of plant capacity) of costs applicable to sales from the sale of copper.

The average cost per pound of copper sold during the three and nine month periods ended September 30, 2012 was $4.55 and $5.03 per pound, respectively. The average cost per pound of copper sold excluding abnormal production costs was $1.42 and $1.44 per pound, respectively, during the same periods.

General and Administrative Expenses

Our general and administrative expenses increased to $428,877 for the three months ended September 30, 2013, compared to $365,164 for the three months ended September 30, 2012. The increase was primarily due to a $77,285 increase in legal fees.

Our general and administrative expenses increased to $1,134,991 for the nine months ended September 30, 2013, compared to $1,131,112 for the nine months ended September 30, 2012. The increase was primarily due to a $73,965 increase in legal fees offset by decreases in payroll expense of $60,069 and insurance of $5,044.

Depreciation, Depletion and Amortization

Our depreciation, depletion and amortization (DD&A) expenses decreased by $51,844 and $145,552 for the three and nine month periods ended September 30, 2013, respectively, as compared to the three and nine month periods ended September 30, 2012. The decrease in DD&A was primarily due to the decrease in the pounds of copper produced during the period.

Other Income (Expense)

The decrease in net other expense of $371,322 for the three months ended September 30, 2013 in comparison to the same period in the prior year was primarily due to a decrease in interest expense of $236,798 and an increase in miscellaneous income of $143,033 as compared to the same period in 2012.

The decrease in net other expense of $278,404 for the nine months ended September 30, 2013 in comparison to the same period in the prior year was primarily due to a decrease in interest expense of $34,582 and an increase in miscellaneous income of $298,718 as compared to the same period in 2012.

The decrease in interest expense for the three and nine month periods ended September 30, 2013 versus the same periods in 2012 were due to the fact that as of March 31, 2013, the Company had fully amortized the debt issuance costs originally incurred and capitalized in June 2007 upon the execution of the Nedbank Senior Debt.

The increase in miscellaneous income for the three and nine month periods ended September 30, 2013 versus the same periods in 2012 is primarily due to the reclassification of the deferred revenue to revenue from the sale of the advanced royalties on aggregate rock sold to Texas Canyon.

Net Loss

The Company incurred a net loss of ($2,280,098) for the three months ended September 30, 2013 as compared to a net loss of ($2,282,004) for the three months ended September 30, 2012. The decrease in net loss between these periods is primarily related to a $717,567 decrease in net cost of sales and a decrease in net other expense of $371,322 which accompanied and offset a decrease in Net Sales of $1,075,114.

The Company incurred a net loss of ($6,455,500) for the nine months ended September 30, 2013 as compared to a net loss of ($7,187,568) for the nine months ended September 30, 2012. The decrease in the net loss between these periods is primarily related to the $453,664 decrease in loss from operations coupled with the $278,404 decrease in net other expense.

Liquidity and Financial Resources

We are currently in default under our Credit Agreement with Nedbank, our Copper Hedge Agreement with Nedbank Capital and our Promissory Note with Fisher Industries. Nedbank, Nedbank Capital and Fisher Industries have not exercised their respective rights to note us in default. However, our Company s continuation as a going concern is dependent upon our ability to refinance the obligations under these agreements, raise approximately $20 million dollars in additional capital (to finance approximately $18 million in capital costs for the development and construction of the new leach pad, and provide an additional $2 million in working capital), and on our ability to produce copper to sell at a level where our Company becomes profitable and generates cash flows from operations, all of which is uncertain.

If our Company cannot raise additional capital, refinance our obligations or achieve our operating plan because of sales shortfalls, a reduction in copper prices, or other unfavorable events, we would be forced to terminate our operations, significantly reduce our workforce, place the Johnson Camp Mine on a care and maintenance program, and, perhaps, sell some our assets (subject to the consent of our secured creditors, as appropriate).

Further, if Nedbank, Nedbank Capital or Fisher Industries take steps to enforce their rights under their respective agreements, we will not be able to continue as a going concern. Our condensed consolidated financial statements do not include any adjustments that might result from the outcome of these uncertainties.

As noted above, we have suspended the mining and crushing of ore at the Johnson Camp Mine and laid off approximately half of our workforce at the mine. We have continued to produce copper through the leaching of ore already in place on our existing pads and processing the solution through the SX-EW plant. Our Company is now maintaining its current infrastructure in order to maintain current operations and be in position to ramp up full mining operations if we are successful in closing a substantial capital infusion into our Company for the proposed construction of a new leach pad (which cannot be assured).

If we are unable to obtain financing for our new leach pad, we would not be able to resume our mining and crushing operations. However, we expect to be able to continue our residual leaching and solvent-extraction/electro-winning operations for the foreseeable future, assuming that neither Nedbank, Nedbank Capital, nor Fisher Industries exercises its rights to note us in default, both copper prices and our costs (in particular, the cost of sulfuric acid) remain at or near current levels, and our copper recovery rate and copper production trends remain consistent with the average recovery rate and production trends that we have experienced for the last twelve months (none of which can be assured).

We caution that extraction and recovery of copper by residual leaching is, by its nature, difficult to predict, and there can be no assurance that future copper recovery rates and copper production trends will be consistent with our past experience, apart from the certainty that our production level will continue to steadily decline until the resumption of mining and crushing operations. Accordingly, until our Company is able to execute on its refinancing and operating plan, we anticipate that additional financing will be required from time to time in order to meet our current obligations.

As disclosed above under Overview of Our Business , if our residual leaching and solvent extraction/electro-winning operations become economically unviable (for example, due to a material drop in copper prices, a material increase in the cost of sulfuric acid or a material drop in our copper recovery rates and copper production trends), we would be forced to terminate our operations, significantly reduce our workforce, place the Johnson Camp Mine on a care and maintenance program, and, perhaps, sell some of our assets (subject to the consent of our secured creditors, as appropriate).

If Nedbank, Nedbank Capital, and/or Fisher Industries elect to note us in default and enforce their security interests, we will not be able to continue as a going concern.

On October 3, 2013, we entered into a non-binding letter of intent with an arm s length third party that contemplates the third party making significant equity and/or debt financing available to our Company, subject to the third party obtaining the necessary funding, completion of due diligence to the satisfaction of the third party, the execution and delivery of a definitive agreement on mutually acceptable terms, and certain other conditions. The third party has advanced a total of $300,000 to our Company for general working capital purposes.

All funds advanced by the third party bear interest at the rate of 15 percent per annum, and will be repayable from the proceeds of the equity and/or debt financing transaction (if any). There is no assurance that the financing contemplated by the letter of intent will close. We expect that the loan would become repayable upon demand if the equity and/or debt financing transaction do not close.

Cash and Working Capital

The following table sets forth our cash and working capital as of September 30, 2013 and December 31, 2012:

		As of September 30, 2013 (Unaudited)		As of December 31, 2012
Cash reserves	$	-(1)	$	11,863(1)
Working capital surplus (deficiency)	$	(63,255,219)(2)	$	(57,999,677)(3)

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

(2) Includes $23,257,826 in current portion of senior long-term debt, $16,106,691 in copper derivatives settlement payable and $6,164,964 current portion of long-term debt.

(3) Includes $23,257,826 in current portion of senior long-term debt, $16,106,691 in copper derivatives settlement payable and $6,183,499 current portion of long-term debt.

Cash Flows from Operating Activities

Our cash flows used by operating activities during the nine months ended September 30, 2013 were ($246,861) as compared to ($178,708) during the same period in 2012. The $68,153 increase in cash flows used by operating activities between the two periods is primarily due to a decrease in cash flows from the sale of inventory of $915,961, and a decrease in cash flows from the collection of accounts receivable of $148,160, which offset a decrease in net loss of $732,068, a decrease in depreciation, depletion and amortization of $145,552, and a decrease in the amortization of debt issuance costs of $196,901. We also had an increase in accrued interest of $305,169, accrued expenses of $134,815 and prepaid expenses of $129,308.

Cash Flows from Investing Activities

Our cash flows used by investing activities during the nine months ended September 30, 2013 and 2012 were $0 and ($14,123), respectively. The increase of $14,123 is due to fewer capital expenditures.

Cash Flows from Financing Activities

Our cash flows from financing activities during the nine months ended September 30, 2013 were $234,998 compared to $79,230 for the same period in 2012. The increase in cash flows from financing activities is primarily due to the increase in the issuance of related party debt of $147,498 as a result of issuing $234,998 of related party debt during the nine months ended September 30, 2013.

Accounting Developments

There were no material changes to our Company s significant accounting policies disclosed in Note 2 to our audited consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2012, as filed with the SEC on March 27, 2013.

For a discussion of significant estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses see Note 2 within the unaudited condensed consolidated financial statements.

For a discussion of recently adopted accounting pronouncements see Note 3 to the unaudited condensed consolidated financial statements.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

As a smaller reporting company, we are not required to provide any information under this item.

Item 4. Controls and Procedures

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

Our management has evaluated the effectiveness of our disclosure controls and procedures as of September 30, 2013 (under the supervision and with the participation of the Chief Executive Officer and the Chief Financial Officer), pursuant to Rule 13a-15(b) promulgated under the *Securities Exchange Act of 1934*, as amended. As part of such evaluation, management considered the matters discussed below relating to internal control over financial reporting. Based on this evaluation, our Company s Chief Executive Officer and Chief Financial Officer has concluded that our Company s disclosure controls and procedures were effective as of September 30, 2013.

Changes in Internal Control over Financial Reporting

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

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

There have not been any changes in our internal control over financial reporting that occurred during our fiscal quarter ended September 30, 2013 that have materially affected, or are likely to materially affect, our internal control over financial reporting.

PART II OTHER INFORMATION

Item 1. Legal Proceedings

We know of no material, existing or pending legal proceedings against our Company, nor are we involved as a plaintiff in any material proceeding or pending litigation. 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.

Item 1A. Risk Factors

As a smaller reporting company, we are not required to provide any information under this item.

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

The Company did not complete any unregistered sales of equity securities during the period covered by this quarterly report on Form 10-Q that have not already been disclosed in a current report filed by the Company with the SEC on Form 8-K.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

We have not purchased any of our shares of common stock during the period covered by this quarterly report on Form 10-Q.

Item 3. Defaults upon Senior Securities

Nedbank Limited, our Company s senior lender, has declined to extend the forbearance agreement with respect to the scheduled quarterly principal and interest payments that were due between March 31, 2010 and September 30, 2013 under our Company s $25,000,000 secured term-loan credit facility with Nedbank. We are now in default of our obligations under the Amended and Restated Credit Agreement with Nedbank dated March 31, 2009.

Given this default, Nedbank has full authority to exercise its rights under the credit agreement, including the acceleration of the full amount due there under and the institution of foreclosure proceedings against the Johnson Camp Mine. Nedbank has not served our Company with a formal notice of default under credit agreement, which is a precondition to such exercise of Nedbank s rights of acceleration and foreclosure. In accordance with the credit agreement, upon missing the March 31, 2010 principal and interest payment, the interest rate on the outstanding debt and unpaid accrued interest was increased by 3.00% to LIBOR plus 9.06% .

Nedbank Capital has also declined to extend the forbearance agreement regarding our Company s failure to make the monthly payments due between April 6, 2010 and January 5, 2012 under the Copper Hedge Agreement between the parties. Accordingly, although Nedbank Capital has not served our Company with a formal notice of default, we are in default under the Copper Hedge Agreement.

Item 4. Mine Safety Disclosures

We are required to disclose in this report certain information about the Company s U.S. mining operations, including the number of certain types of violations and orders issued under the Federal Mine Safety and Health Act of 1977 by the U.S. Labor Department s Mine Safety and Health Administration. Information concerning such safety information related to our Company s U.S. mining operations or other regulatory matters required to be disclosed for the quarter ended September 30, 2013 is included as Exhibit 95.1 to this quarterly report on Form 10-Q and incorporated by reference herein.

Item 5. Other Information

Not applicable.

Item 6. Exhibits

Exhibit Number	Description
Articles of Incorporation and By laws	
3.1	Certificate of Incorporation (as amended) of Nord Resources Corporation(1)
3.2	Amended and Restated Bylaws of Nord Resources Corporation(2)
3.3	Amendment to Amended Certificate of Incorporation(5)
Instruments defining the rights of security holders, including indentures	
4.1	Pages from Amended and Restated Bylaws of Nord Resources Corporation defining the rights of holders of equity or debt securities (1)
4.2	Deed of Trust and Security Agreement and Fixture Financing Statement with Adjustment of Leases and Rents Filing among Nord Resources Corporation , First American Title Insurance Company and Nedbank Limited dated July 31, 2007 (13)
4.3	Hazardous Materials or Wastes Indemnity Agreement between Nord Resources Corporation and Nedbank Limited dated July 31, 2007(13)
4.4	Promissory Note dated June 21, 2013, made by Nord Resources Corporation, as borrower, and payable to 0864930 B.C. Ltd., as holder(18)
4.5	Warrant Certificate No. W2013-001 dated June 21, 2013, issued to 0864930 B.C. Ltd.(18)
4.6	Promissory Note dated July 18, 2013, made by Nord Resources Corporation, as borrower, and payable to Ronald A. Hirsch, as holder(18)
4.7	Promissory Note dated July 18, 2013, made by Nord Resources Corporation, as borrower, and payable to Stephen D. Seymour, as holder(18)
4.8	Promissory Note dated July 18, 2013, made by Nord Resources Corporation, as borrower, and payable to Ronnie Moss, as holder(18)
4.9	Promissory Note dated July 18, 2013, made by Nord Resources Corporation, as borrower, and payable to John A. & Mary Acerra JTWROS, as holder(18)
Material Contracts	
10.1	Executive Employment Agreement between Nord Resources Corporation and Ronald A. Hirsch dated January 2, 2004(1)

10.2	Office Lease between Issa and Henrietta Hallaq, landlords, and Nord Resources Corporation, tenant, dated January 5, 2006[6]
10.3	Addendum to Office Lease between Issa and Henrietta Hallaq, landlords, and Nord Resources Corporation, tenant, dated June 1, 2011[13]
10.4	Amended and Restated Waiver Agreement And Amendment of Employment Agreement between Nord Resources Corporation and Ronald Hirsch dated October 18, 2006 [4]
10.5	Long Term Cathode Sales Agreement effective February 1, 2008, with Red Kite Master Fund Limited (Portions of this document have been omitted and filed separately with the SEC pursuant to a Request for Confidential Treatment filed under 17 C.F.R. 200.80(b)(4) and 240.24b 2)[7]
10.6	Executive Employment Agreement between the Company and Wayne Morrison dated September 9, 2008.[8]
10.7	Processing Agreement with Texas Canyon Rock & Sand, Inc., dated October 31, 2008[9]
10.8	Amended and Restated Credit Agreement dated as of March 31, 2009 among Nord Resources Corporation, Cochise Aggregates and Materials Inc., Nedbank Limited and the Lenders from time to time party thereto[10]
10.9	Royalty Deed and Assignment of Royalty dated as of March 31, 2009, from Nord Resources Corporation to IRC Nevada Inc.[10]
10.10	Forbearance Agreement between Nord Resources Corporation and Nedbank Limited dated March 30, 2010[10]
10.11	Forbearance Agreement between Nord Resources Corporation and Nedbank Limited dated April 22, 2010[11]
10.12	Forbearance Agreement between Nord Resources Corporation and Nedbank Capital Limited dated April 27, 2010[12]
10.13	Settlement Agreement among Nord Resources Corporation, Fisher Sand & Gravel Co. and F5 Equipment Inc. dated July 28, 2010[14]
10.14	Promissory Note of Nord Resources Corporation dated July 28, 2010 and payable to Fisher Sand & Gravel Co. in the principal sum of $8,200,000[14]
10.15	Amended and Restated Executive Employment Agreement between the Company and Wayne Morrison dated January 19, 2011. [15]
10.16	Addendum dated August 30, 2011 to Amended and Restated Executive Employment Agreement between the Company and Wayne Morrison dated January 19, 2011[16]
10.17	Cathode Sales Agreement effective January 1, 2013, with Red Kite Master Fund Limited.[17]
10.18	Amendment dated March 20, 2013 to Cathode Sales Agreement effective January 1, 2013 with Red Kite Master Fund Limited[17]

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Subsidiaries of the Issuer	
21.1	Subsidiaries of the Issuer:
	Cochise Aggregates and Materials, Inc. (Incorporated in Nevada)
Certifications	
31.1	Certification of Principal Executive Officer pursuant to Rule 13a-14 and Rule 15d- 14(a), promulgated under the Securities and Exchange Act of 1934, as amended(19)
31.2	Certification of Principal Financial Officer pursuant to Rule 13a-14 and Rule 15d- 14(a), promulgated under the Securities and Exchange Act of 1934, as amended(19)
32.1	Certification of Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002(19)
Mine Safety Disclosure Exhibit	
95.1	Mine Safety Disclosure(19)
Additional Exhibits	
99.1	Nord Resources Corporation Amended and Restated 2006 Stock Incentive Plan (8)
99.2	Nord Resources Corporation Performance Incentive Plan for the period from July 1, 2007 to December 31, 2008 (6)
99.3	Nord Resources Corporation 2010-2011 Bonus Plan (13)
Data Files	
101.INS	XBRL Instance File(19)
101.SCH	XBRL Schema File(19)
101.CAL	XBRL Calculation File(19)
101.DEF	XBRL Definition File(19)
101.LAB	XBRL Label File(19)
101.PRE	XBRL Presentation File(19)

Notes

(1) Incorporated by reference from our annual report on Form 10 KSB for the year ended December 31, 2004, filed with the SEC on January 17, 2006.
(2) Incorporated by reference from our current report on Form 8 K dated February 15, 2006, filed with the SEC on February 16, 2006.
(3) Incorporated by reference from our current report on Form 8 K, filed with the SEC on May 31, 2006.

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(4) Incorporated by reference from our current report on Form 8 K, filed with the SEC on October 23, 2006.
(5) Incorporated by reference from our quarterly report on Form 10 QSB for the quarter ended March 31, 2007, filed with the SEC on May 9, 2007.
(6) Incorporated by reference from our quarterly report on Form 10 QSB for the quarter ended September 30, 2007, filed with the SEC on August 14, 2007.
(7) Incorporated by reference from our annual report on Form 10 KSB for the year ended December 31, 2007, filed with the SEC on March 26, 2008.
(8) Incorporated by reference from our current report on Form 8 K dated September 9, 2008 and filed with the SEC on September 12, 2008.
(9) Incorporated by reference from our current report on Form 8 K dated October 31, 2008 and filed with the SEC on November 5, 2008.
(10) Incorporated by reference from our annual report on Form 10-K for the year ended December 31, 2008 and filed with the SEC on March 31, 2009.
(11) Incorporated by reference from our current report on Form 8 K dated April 22, 2010 and filed with the SEC on April 23, 2010.
(12) Incorporated by reference from our current report on Form 8 K dated April 27, 2010 and filed with the SEC on April 29, 2010.
(13) Incorporated by reference from our quarterly report on Form 10 Q for the quarter ended March 31, 2011, filed with the SEC on May 13, 2011.
(14) Incorporated by reference from our current report on Form 8-K dated July 29, 2010 and filed with the SEC on July 29, 2010.
(15) Incorporated by reference from our amended current report on Form 8-K/A dated November 30, 2010 and filed with the SEC on January 25, 2010.
(16) Incorporated by reference from our current report on Form 8-K dated September 1, 2011 and filed with the SEC on September 1, 2011.
(17) Incorporated by reference from our annual report on Form 10-K for the year ended December 31, 2012 and filed with the SEC on March 27, 2013.
(18) Incorporated by reference from our quarterly report on Form 10 Q for the quarter ended June 30, 2013, filed with the SEC on August 14, 2013.
(19) Filed herewith.

SIGNATURES

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

NORD RESOURCES CORPORATION

November 14, 2013

By: */s/ Wayne M. Morrison*
Wayne M. Morrison
(Principal Executive Officer, Principal Financial
Officer and Principal Accounting Officer)
Chief Executive Officer and Chief Financial Officer