NORD RESOURCES CORP
Form 10-Q/A
January 27, 2012

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

FORM 10-Q/A
(Amendment No. 1)

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

For the quarterly period ended **September 30, 2011**

[ ] 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[x] 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. 112,177,627 shares of common stock as of November 14, 2011.

NORD RESOURCES CORPORATION

Quarterly Report On Form 10-Q/A
For The Quarterly Period Ended
September 30, 2011

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FORWARD-LOOKING STATEMENTS

This quarterly report on Form 10-Q/A 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, 2010, this quarterly report on Form 10-Q/A, 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.

EXPLANATORY NOTE

This quarterly report on Form 10-Q/A (the Amended Form 10-Q) is being filed as Amendment No. 1 to our quarterly report on Form 10-Q for the quarterly period ended September 30, 2011, which was filed with the Securities and Exchange Commission on November 15, 2011 (the Original Filing). This Amended Form 10-Q is being filed to provide more detailed management s discussion and analysis disclosure in Part I, Item 2, in response to guidance received from Securities and Exchange Commission Staff, given that we are currently in default of our obligations under our senior project financing facility with Nedbank Limited, with an outstanding balance of $23,257,826 as of September 30, 2011, and several other debt obligations totaling $22,106,652 are due within one year. Considering (i) our cash balance of $338,386 at September 30, 2011, (ii) our incurred losses during the year ended December 31, 2010 and for the nine months ended September 30, 2011, (iii) we had a working capital deficiency of $49,766,551 at

September 30, 2011, (iv) we have temporarily suspended the mining and crushing of ore at the Johnson Camp Mine, and (v) we do not have any other credit line or borrowing facility available to fund our operations, our management s discussion and analysis has been revised to clarify that: (a) our Company is 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 for the proposed construction of a new leach pad (which cannot be assured); (b) our net losses for the nine month periods ended September 30, 2011 and 2010 include realized and unrealized losses on the settlement of copper derivative contracts; (c) our Company s current operations are funded through the sale of copper produced from residual leaching of existing inventory, and outstanding accounts payables from prior periods are being financed as cash flow becomes available and with informal arrangements with material vendors and service providers; (d) absent the planned expenditures on the proposed new leach pad or unforeseen change in circumstances, our Company does not anticipate any material capital expenditures over the next twelve months; and (e) our Company believes that it can sustain its residual leaching and solvent extraction/electro-winning operations for the foreseeable future if it is unable to obtain financing, subject to a number of enumerated contingencies.

We have not modified or updated other disclosures presented in our Original Filing. Accordingly, this Amended Form 10-Q does not reflect events occurring after the filing of our Original Filing and does not modify or update those disclosures affected by subsequent events. Information not affected by this amendment is unchanged and reflects the disclosures made at the time of the Original Filing. Pursuant to Rule 12b-15 under the Securities Exchange Act of 1934, as amended, the complete text of Part I, Item 2, as amended, is repeated in this Amended Form 10-Q.

This Amended 10-Q consists solely of the preceding cover page, this explanatory note, amended Item 2 in Part I, Item 6 of Part II, the signature page, and restated exhibits 31.1, 31.2, and 32.1.

PART I FINANCIAL INFORMATION

Item 2. Management s Discussion and Analysis

The following discussion of our financial condition, changes in financial condition and results of operations for the three and nine month periods ended September 30, 2011 and 2010 should be read in conjunction with our unaudited condensed consolidated interim financial statements and related notes for the three and nine month periods ended September 30, 2011 and 2010. The following discussion contains forward-looking statements that involve risks, uncertainties and assumptions. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of many factors, including, but not limited to, those referenced under the heading Risk Factors and included in our annual report on Form 10-K for the year ended December 31, 2010.

Overview of Our Business

We are a copper mining company and our principal asset is the Johnson Camp property located in Dragoon, Arizona. The Johnson Camp property includes the Johnson Camp Mine, an integrated open pit copper mine and a production facility that uses the solvent extraction, electrowinning (SX EW) process. The Johnson Camp Mine includes two existing open pits, namely the Burro and the Copper Chief bulk mining pits. As described in more detail below, we commenced production of copper from new ore in February 2009 and achieved commercial copper cathode production from newly-mined ore on April 1, 2009.

We are currently in default under our Credit Agreement with Nedbank and our Copper Hedge Agreement with Nedbank Capital. Nedbank and Nedbank Capital 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 the Credit Agreement and the Copper Hedge Agreement, raise approximately $20 million dollars in additional 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.

In July 2010, we 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. We expect that the production level will continue to steadily decline until the resumption of mining and crushing operations.

We now believe that we will not be able to achieve our targeted production rate of 25 million pounds of copper per year until we have resumed mining operations, and have completed and put into full operation our planned new leaching pad. We estimate that we would incur approximately $18 million in capital costs for the development and construction of the new leach pad. Accordingly, our new leaching pad remains subject to financing, the availability of which cannot be assured.

If we are unable to obtain financing, we expect to be able to continue our residual leaching and solvent extraction/electro-winning operations for the foreseeable future, assuming that neither Nedbank nor Nedbank Capital exercises its rights to note us in default, that Fisher Industries does not exercise its rights under our promissory note to it when it matures in July 2012, our vendors continue to provide us goods and services in accordance with existing terms and conditions, 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).

If our residual leaching and solvent extraction/electro-winning operations become economically unviable (for example, due to a significant drop in copper prices, a significant increase in the cost of sulfuric acid, or a material drop in our copper recovery rates and related copper production), 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).

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

Development of Our Business

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

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

In September 2007, Bikerman Engineering & Technology Associates, Inc. completed a technical report for us entitled, Johnson Camp Mine Project, Feasibility Study, Cochise County, Arizona, USA, Technical Report (the Technical Report), and prepared in accordance with National Instrument 43 101 Standards of Disclosure for Mineral Projects of the Canadian Securities Administrators (as required for us to comply with provincial securities laws in Canada that are applicable to our Company).

In January 2008, we commenced copper cathode production from leaching old leach pads, and during 2008, we produced approximately 2.9 million pounds of copper from residual leaching.

In February 2008, we entered into a long-term cathode sales agreement with Red Kite Master Fund Limited (now known as Red Kite Explorer Fund Limited) for 100% of the copper cathode production from the Johnson Camp Mine. The agreement runs through December 31, 2012 with renewable extensions by mutual agreement of both parties. Pursuant to the agreement, Red Kite accepts delivery of the cathodes at the Johnson Camp Mine, and pricing is based on the COMEX price for high grade copper on the date of sale.

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

We commenced mining of new ore upon completion of the reactivation work in January 2009, and we commenced production of nominal amounts of copper from newly-mined ore during the testing and development phase of the mine in February and March 2009. We achieved commercial copper cathode production from newly-mined ore on April 1, 2009 and entered the production stage.

In July 2010, we temporarily suspended the mining and crushing of ore at the Johnson Camp Mine and laid off approximately half of our workforce at the mine. We continue to produce copper through the leaching of ore already in place on the existing pads and processing the solution through the SX-EW plant. The suspension resulted in an immediate reduction of costs and enabled our Company to maximize operating cash flow from the production of copper achieved through continued leaching of ore on the existing pads and the operation of our SX-EW plant. The suspension provides our Company with the opportunity to further evaluate our geological data, continue column leach testing, expand mineralogical classification of the reserve and perform additional drilling as appropriate. The resulting improved database and geologic block model are expected to provide us with the necessary tools to optimize the mine plan by focusing on higher grade acid-soluble ore.

Financing Activities

In June 2008, we entered into an Amended and Restated Credit Agreement with Nedbank Limited, as administrative agent and lead arranger, which provided for a $25 million secured term loan credit facility. All of the funds available under such facility have been used by us to finance the construction, start up and operation of mining and metal operations at the Johnson Camp Mine. As of September 30, 2011 and December 31, 2010, this facility was fully drawn and the outstanding balance of the credit facility was $23,257,826.

In March 2009, we sold a 2.5% royalty on the mineral production sold from the existing mineral rights at the Johnson Camp Mine for net proceeds of approximately $4,950,000.

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

Default Under Credit Agreement with Nedbank

In March 2009, our Credit Agreement with Nedbank was amended and restated to provide for, among other things, the deferral of certain principal and interest payments until December 31, 2012 and March 31, 2013. While we made the scheduled principal and interest payment that was due on December 31, 2009 in the approximate amount of $2,200,000, we were unable to make the quarterly payments of principal in the amounts of $1,790,099 each that were due between March 31, 2010 and September 30, 2011 and the related interest payments that were due on those dates. We do not have a forbearance agreement with Nedbank and Nedbank has the full authority to exercise its rights under the credit agreement, including the acceleration of the full amount due thereunder and the institution of foreclosure proceedings against the Johnson Camp Mine. In accordance with the credit agreement, upon missing the principal and interest payments, the interest rate on the outstanding debt and unpaid accrued interest has been increased by 3.00% to LIBOR plus 9.06% .

Given our default under the credit agreement, the full amount of the outstanding principal of $23,257,826 must now be included in our Company s current liabilities. Accordingly, we have reclassified $3,566,742 of senior long-term debt to current liabilities within our condensed consolidated balance sheet as of September 30, 2011.

Default Under Copper Derivative and Interest Rate Swap Agreements with Nedbank Capital

In connection with the Credit Agreement, our Company entered into a Copper Hedge Agreement with Nedbank Capital Limited which provides for a price protection program with respect to a specified percentage of copper output from the Johnson Camp Mine. Nedbank Capital has declined to extend the forbearance agreement regarding our Company s failure to make the timely payments for the monthly settlements beginning in March of 2010 through September 30, 2011 in the aggregate amount of $14,093,847 due under the copper derivatives agreements between the parties. Derivative contracts with an estimated fair market value of ($1,818,445) are scheduled to mature during the next twelve months.

Conversion of Fisher Sand & Gravel Company Payables to Two-Year Note

In July 2010, we reached an agreement with our largest unsecured trade creditor to convert approximately $8.2 million of payables to a two-year unsecured note bearing interest on the outstanding principal at the rate of 6% per annum. Under the agreement, the creditor, mining contractor Fisher Sand & Gravel Company, will receive weekly payments on the note with the amounts based on a formula related to the weekly level of copper sales made by our Company.

As a result of our agreement with Fisher, as of September 30, 2011, the current maturities of long-term debt are $6,194,360 and are reflected in the condensed consolidated balance sheet. As of September 30, 2011, the $6,194,360 amount within current maturities of long-term debt is based upon the current state of operations wherein the Company has ceased the mining and crushing of new ore, however, the outstanding principal is due and payable on July 31, 2012 resulting in the entire remaining balance to Fisher being reclassified from a long-term note payable to a current liability. Accordingly, in our Company s estimate of copper production for the next twelve months, the weekly level of copper sales is such that the payments to Fisher, as determined in accordance with the agreement, will be comprised of interest only. However, this estimate is subject to change based upon changes made to the Company s mining operations, namely, the resumption of the mining of new ore.

Financial Advisory and Consulting Services Agreement with FTI Consulting Inc.

In June 2010, the Company engaged FTI Consulting, Inc., to provide financial advisory and consulting services. In accordance with the Agreement, the Company agreed to pay FTI an initial fee of $100,000 payable in four equal installments between June 1 and July 15, 2010. In addition, the Company agreed to pay FTI a success fee ranging between from 0.75% to 5.0% of the capital raised for the Company during the twelve month period ending May 31, 2011 as well as certain amounts payable should other specified transactions occur. As of September 30, 2011, the Company had paid FTI the initial fee of $100,000 and a success fee of $191,333 related to the closing of the $8,200,000 promissory note with Fisher Industries in July 2010. No other success fees have been paid under the terms of the Agreement.

In March 2011, the Company engaged Olympus Securities, LLC to provide financial advisory and consulting services. The Company has agreed to pay Olympus a success fee ranging between 2.5% and 7.2% of the capital raised for the Company depending on the type of transaction consummated. To date no success fees have been paid under the terms of the agreement with Olympus which has an initial term of nine months.

Delisting From TSX and OTCBB

In connection with the private placement of the units in November 2009, we received an exemption from certain shareholder approval requirements of the Toronto Stock Exchange (the TSX), on the basis of financial hardship. Reliance on this exemption automatically triggered a TSX de-listing review to confirm that we continued to meet the TSX listing requirements. We were unable to meet the TSX s continued listing requirements and, effective as of the close of the market on July 30, 2010; our Company s common stock was delisted from the TSX.

On February 23, 2011, our common stock was de-listed from the OTC Bulletin Board (the OTCBB), and now trades exclusively on the OTC Pink Market. According to the notice published on the OTCBB website (www.otcbb.com), our common stock is no longer eligible for quotation on the OTCBB due to quoting inactivity under SEC Rule 15c2-11. The stock will remain ineligible for quotation on the OTCBB until the Financial Industry Regulatory Authority, Inc. accepts a Form 211 filed pursuant to SEC Rule 15c2-11 by a market maker who wishes to resume quotations in the stock on the OTCBB.

Our Plan of Operations

Overview

We commenced the reactivation process at the Johnson Camp Mine in late June 2007. Our current operational plan includes resumption of mining and crushing activities at the Mine with the view to realizing our estimated full production rate of 25 million pounds of copper cathode per annum. However, our operational plan is subject to availability of sufficient financing to cover the estimated $18 to $24 million in capital costs that we expect we would have to incur during the next year, primarily for the construction of a new liner on our existing three leaching pads, and the development and construction of a new leach pad.

Since reactivating the Johnson Camp Mine and commencing commercial production from newly mined ore in April 2009, we made considerable progress both in our mining and processing operations. However, we have also encountered a number of challenges that have caused us to miss our targets with respect to copper output, earnings, and cash flow. Some of the challenges that we incurred are not unusual for a start-up or reactivation of a mining operation, but some were unexpected, such as the failure of a well casing in a primary water supply well in late October 2009 which contributed to several months of lower-than-forecasted flow rates of pregnant leach solution through our SX plant. This, together with unusually dry weather in the last quarter of 2009, resulted in lower-than-expected copper production.

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In early January 2010, we placed two new wells into operation at a capital cost of approximately $400,000. This resulted in significantly increased flow rates that now are at the levels that we forecasted as necessary to achieve our production targets. In the first quarter of 2010, however, we experienced periods of heavier-than-usual rainfall, which resulted in dilution of the leach solution and turbidity problems in the solvent extraction plant, again causing some lower-than-expected production.

In addition, forecasting copper production during a ramp-up period is difficult for any reactivation of a leaching operation where residual leaching was previously done for an extended period of time. During residual leaching, copper is extracted from ore that was retained in the pads during normal operations. When new ore is placed on top of these pads, some of this new copper is retained in the old pads until a more steady state is reached. This copper will eventually be extracted over time, but during a ramp-up period, it is difficult to forecast production. During the ramp up, we underestimated the magnitude of copper that was retained in the pads.

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 temporarily suspended the mining and crushing of new ore 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.

Effective December 31, 2010, based upon the historical results of the Johnson Camp Mine, with specific focus on the recovery rates of copper mined from January 1, 2009 September 30, 2010, we revised our estimated metallurgical recovery rate from 76.5% to 60%. Accordingly, based upon this estimate change, we took a one-time non-cash charge to cost applicable to sales for $8,551,783 due to the reduction of an estimated 7,260,159 pounds of recoverable copper in the current leach heaps.

Although we are now in default under our Credit Agreement with Nedbank and our Copper Hedge Agreement with Nedbank Capital, Nedbank and Nedbank Capital have not exercised their respective rights to note us in default, and we intend to continue with our operations in the ordinary course, as we aggressively pursue certain opportunities that we have generated to refinance and/or recapitalize our Company.

As indicated above, we are continuing to target a production rate of 25 million pounds of copper per year. However, we now believe that we cannot achieve this until we have completed and put into full operation our planned new leaching pad. We expect that the new pad, which will be about double the size of two of our existing three pads, could be operational approximately 150 days after we have obtained the financing needed to build it (which cannot be assured at this time), assuming that the permitting that we applied for in the fall of 2010 is also in place by that time. We estimate that we would incur approximately $18 million in capital costs for the development and construction of the new leach pad, and will require an additional $2 million in working capital.

Our business, and our ability to realize our business objectives and implement our operating plan, are subject to a number of additional risks and uncertainties, including those referenced under the heading Risk Factors and included within the Form 10-K as of and for the year ended December 31, 2010.

Capital Costs

The initial capital costs to complete the reactivation of the Johnson Camp Mine were approximately $36 million. Such costs relate primarily to: (a) the rehabilitation of solution ponds; (b) refurbishment and a modest expansion of the SX-EW copper production facility; (c) the installation of our primary stage crusher, and the purchase and installation of two secondary stage crushers, an agglomerator and conveying equipment; and (d) other project-related items. Additional capital costs of approximately $8 million have been incurred to modify certain existing equipment and to enhance the material handling portion of the operation.

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We estimate we will incur an additional $18 million in capital costs during the next year, primarily for the development and construction of a new leach pad as described above. This cost figure does not include estimated reclamation bonding requirements, and does not account for inflation, interest and other financing costs. In addition, the Company must raise a substantial portion of this capital from external sources and we cannot be assured that we will be successful in our endeavors.

Results of Operations Three and Nine month Periods Ended September 30, 2011 and 2010

The following table sets forth our operating results for the three and nine month periods ended September 30, 2011, as compared with our operating results for the three and nine month periods ended September 30, 2010.

	Three Months Ended			**Nine months Ended**		
	September 30, 2011 (unaudited)	**September 30, 2010** (unaudited)	**Change Increase/ (Decrease)** (unaudited)	**September 30, 2011** (unaudited)	**September 30, 2010** (unaudited)	**Chan Increa (Decre** (unaudi
Net sales	$ 3,845,199	$ 7,896,253	$ (4,051,054)	$ 11,985,373	$ 22,604,645	$ (10,619
Costs applicable to sales	4,480,918	5,676,743	(1,195,825)	13,142,763	13,345,989	(203
General and administrative expenses	534,959	326,505	208,454	1,729,415	1,572,901	156
Depreciation, depletion and amortization	253,161	470,321	(217,160)	743,148	1,328,262	(585
Income (loss) from operations	(1,423,839)	1,422,684	(2,846,523)	(3,629,953)	6,357,493	(9,987
Other income (expense):						
Interest expense	(925,312)	(874,497)	(50,815)	(2,734,798)	(2,360,840)	(373
Unrealized loss on de- designation of cash flow hedges	-	(319,542)	319,542	-	(13,712,395)	13,712
Gain (loss) on derivatives classified as trading securities	602,402	(4,165,463)	4,767,865	(788,807)	(226,852)	(561
Miscellaneous income (expense), net	12,024	5,691	6,333	68,035	(142,382)	210
Total other income (expense)	(310,886)	(5,353,811)	5,042,925	(3,455,570)	(16,442,469)	12,986
Loss before income taxes	(1,734,725)	(3,931,127)	2,196,402	(7,085,523)	(10,084,976)	2,999
Provision for income taxes	-	-	-	-	-	
Net loss	$ (1,734,725)	$ (3,931,127)	$ 2,196,402	$ (7,085,523)	$ (10,084,976)	$ 2,999

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 temporarily 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. The agreement runs through December 31, 2012 with renewable extensions by mutual agreement of both parties. Pursuant to the agreement, Red Kite accepts delivery of the cathodes at the Johnson Camp Mine. Pricing is based on the closing COMEX price for high grade copper on date of sale.

We recorded revenues of $3,845,199 (including $11,398 in amortization of deferred revenue) from the sale of 960,864 pounds of copper cathode for the three months ended September 30, 2011 and revenues of $11,985,373 (including $36,448 in amortization of deferred revenue) from the sale of 2,861,378 pounds of copper cathode for the nine months ended September 30, 2011. The average realized price of copper sold during the three and nine month periods ended September 30, 2011 was $4.00 and $4.19 per pound, respectively.

We recorded revenues of $7,896,253 (including $31,548 in amortization of deferred revenue) from the sale of 2,393,591 pounds of copper cathode for the three months ended September 30, 2010 and revenues of $22,604,645 (including losses of ($1,866,237) from the settlement of copper hedges and $99,441 in amortization of deferred revenue) from the sale of 7,544,721 pounds of copper cathode for the nine months ended September 30, 2010. The average realized price of copper sold during the three and nine month periods ending September 30, 2010 was $3.29 and $2.99 per pound, respectively. The average realized price of copper sold during the three and nine month periods ending September 30, 2010 would have been $3.29 and $3.24 per pound, respectively, if the effective copper hedges in place during the first three months of 2010 were not classified as cash flow hedges.

Costs Applicable to Sales

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

For the three months ended September 30, 2011, we incurred $4,480,918 of costs applicable to sales (including $3,038,489 in abnormal production costs due to the underutilization of plant capacity) from the sale of copper. For the nine months ended September 30, 2011, we incurred $13,142,763 (including $9,012,899 in abnormal production costs due to the underutilization of plant capacity) of costs applicable to sales from the sale of copper. For the three months ended September 30, 2010, we incurred $5,676,743 (including $2,849,091 in abnormal costs due to the underutilization of plant capacity) of costs applicable to sales from the sale of copper. For the nine months ended September 30, 2010, we incurred $13,345,989 (including $4,675,851 in abnormal 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, 2011 was $4.66 and $4.59, respectively. The average cost per pound of copper sold excluding abnormal production costs was $1.50 and $1.44, respectively, during the same periods. The average cost per pound of copper sold during the three and nine month periods ending September 30, 2010 was $2.37 and $1.77 per pound, respectively. The average cost per pound excluding abnormal costs of copper sold during the three and nine month periods ended September 30, 2010 was $1.18 and $1.15 per pound, respectively. The increase in the average cost per pound of copper sold during the three and nine month periods ended September 30, 2011 versus the same periods in 2010 is due primarily to the absorption of increased abnormal production cost resulting from the underutilization of plant capacity. The cost of mining new ore increased during 2010 but, since our Company ceased the mining of new ore in July of 2010, such cost increases caused a corresponding increase in the average cost per pound inventoried which were subsequently charged to cost of goods sold upon sale of the related inventory.

General and Administrative Expenses

Our general and administrative expenses increased to $534,959 for the three months ended September 30, 2011, compared to $326,505 for the three months ended September 30, 2010. The increase was primarily due to a $292,351 write off of accrued bonuses resulting in lower than normal wages in the three months ended September 30, 2010. This increase was partially offset by a decrease of $111,215 in wages and salaries from $246,128 to $134,913 for the three months ended September 30, 2010 and 2011 respectively.

Our general and administrative expenses increased to $1,729,415 for the nine months ended September 30, 2011, as compared to $1,572,901 for the nine months ended September 30, 2010. The increase was primarily due to a $292,351 write off of accrued bonuses resulting in lower than normal wages in the nine months ended September 30, 2010. Amortization of stock options also increased by $87,359 from $71,847 to $159,206 for the nine months ended September 30, 2010 and 2011 respectively. These increases were partially offset by a decrease of $230,951 in wages and salaries from $659,547 to $428,596 for the nine months ended September 30, 2010 and 2011 respectively.

Depreciation, Depletion and Amortization

Our depreciation, depletion and amortization (DD&A) expenses decreased by $217,160 and $585,114 respectively, for the three and nine month periods ended September 30, 2011, as compared to the three and nine month periods ended September 30, 2010. The decrease was primarily due to the decrease in the amount of tons mined (as the Company halted the mining of new ore in July 2010) and the amount of copper produced in comparison to the same period in the prior year when the Company was mining and crushing new ore.

Other Income (Expense)

The decrease in net other (expense) of $5,042,925 for the three months ended September 30, 2011 in comparison to the same period in the prior year was primarily due to the unrealized losses on cash flow hedges that were de-designated from cash flow hedges to trading securities of ($319,542) and an increase in gains on derivatives classified as trading securities of $4,767,865.

The decrease in net other (expense) of $12,986,899 for the nine months ended September 30, 2011 in comparison to the same period in the prior year was primarily due to the unrealized losses on copper hedges that were de-designated from cash flow hedges to trading securities of ($13,712,395) offset by an increase in interest expense of ($373,958) and an increase in losses on derivatives classified as trading securities of ($561,955).

Net Income

The Company incurred a net loss of ($1,734,725) for the three months ended September 30, 2011 as compared to a net loss of ($3,931,127) for the three months ended September 30, 2010. The decrease of $2,196,402 in net loss between these periods is primarily related to the unrealized loss of ($4,165,463) on derivatives classified as trading securities in 2010 versus a gain of $602,402 during the same period in 2011, offset in part by a $2,846,523 decrease in income from operations. The decrease in operating income is due to continued decrease in copper production from residual leaching.

The Company incurred a net loss of ($7,085,523) for the nine months ended September 30, 2011 as compared to a net loss of ($10,084,976) for the nine months ended September 30, 2010. The decrease of $2,999,453 in net loss between these periods is primarily related to the ($13,712,395) unrealized loss incurred in the 2010 period related to the de-designation of cash flow hedges which was offset by a decrease in income from operations of ($9,987,446) primarily due to a continued decrease in copper production.

Liquidity and Financial Resources

We are currently in default under our Credit Agreement with Nedbank and our Copper Hedge Agreement with Nedbank Capital. Nedbank and Nedbank Capital 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 the Credit Agreement and the Copper Hedge Agreement, 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, Nedbank and Nedbank Capital may take steps to enforce their rights under the Credit Agreement and the Copper Hedge Agreement, or we may find it necessary to dispose of assets, or undertake other actions as may be appropriate. Our condensed consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

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 upon the closing of a substantial capital infusion into the Company for the proposed construction of a new leach pad.

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 nor Nedbank Capital 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.

If our residual leaching and solvent extraction/electro-winning operations become economically unviable (for example, due to a significant drop in copper prices, a significant 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 and/or Nedbank Capital elect to note us in default and enforce their security interests, we will not be able to continue as a going concern.

Cash and Working Capital

The following table sets forth our cash and working capital as of September 30, 2011 and December 31, 2010:

		As of September 30, 2011 (Unaudited)		As of December 31, 2010
Cash reserves	$	338,386[(1)]	$	1,120,023[(1)]
Working capital surplus (deficiency)	$	(49,766,551)[(2)]	$	(39,829,666)[(3)]

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

(2) Includes $1,818,445 in current maturities of derivative contracts, $19,691,084 in current portion of senior long-term debt, $14,093,847 in copper derivatives settlement payable and $3,566,742 of senior long-term debt that was classified as current liabilities due to our Company defaulting on the related agreements.

(3) Includes $8,677,926 in current maturities of derivative contracts, $14,320,788 in current portion of senior long-term debt, $7,660,508 in copper derivatives settlement payable and $8,937,038 of senior long-term debt that was classified as current liabilities due to our Company defaulting on the related agreements.

Cash Flows from Operating Activities

Our cash flows from operating activities during the nine months ended September 30, 2011 and 2010 were $159,681 and $1,765,878, respectively.

Our Company recognized net losses of ($7,085,523) and ($10,084,976) for the nine month periods ended September 30, 2011 and 2010, respectively. Cash provided (used) in the mining and processing of inventory amounted to $3,481,895 and $(9,402,057) during the nine month periods ending September 30, 2011 and 2010, respectively. This change was due to the Company s decision to cease the mining and crushing of new ore in July of 2010 which has allowed the Company to decrease its copper inventories resulting in increased operating cash flow related to the sale of copper.

The net losses incurred for the nine month periods ending September 30, 2011 and 2010 include realized losses on the settlement of copper derivative contracts in the amounts of $7,648,289 and $6,015,293 (of which $1,886,237 was deferred in AOCI due to being designated as a cash flow hedge which was included in the $13,712,395 realized loss on the 2010 de-designation of cash flow hedges), respectively. These realized losses were offset by mark to market unrealized gains on the copper derivatives of $(6,720,450) and $(3,877,826) during the nine months ended September 30, 2011 and 2010, respectively. Due to cash flow constraints, the Company was unable to make the requisite contractual payments on the monthly copper derivative settlements (realized losses) during these periods, and the related liability from these settlements was recognized in copper derivatives settlement payable on the Company s condensed consolidated balance sheet as of September 30, 2011 ($14,093,847 liability, an increase of $6,433,339 from December 31, 2010) and 2010 ($7,660,508 liability, an increase of $4,154,852 from December 31, 2009), respectively. Therefore, the actual net cash flow activity on the Company s copper derivatives during the nine months ended September 30, 2011 and 2010 was the aggregate payment of $(1,214,950) and $(1,188,369), respectively, on the copper derivatives settlement payable. The Company s copper derivatives mature in totality as of December 31, 2011.

The $2,431,896 and $1,606,434 increases in accrued interest during the nine month periods ended September 30, 2011 and 2010 respectively, are primarily the result of interest incurred but not paid on the Company s Credit Agreement with Nedbank. The $4,152,121 increase in accounts payable during the nine month period ended September 30, 2010 was primarily due to an increase in operations and a lack of working capital during the period to pay the related amounts.

The Company s current operations are funded through the contemporaneous sale of copper produced from the residual leaching of existing copper inventories. Outstanding accounts payable, accrued expenses and other liabilities from prior periods are being paid as cash flow becomes available and with informal arrangements with material vendors and service providers.

Cash Flows from Investing Activities

Our cash flows used in investing activities during the nine months ended September 30, 2011 decreased by $119,696 from $(747,308) in 2010 to ($627,612) in 2011. Investing activities were exclusively comprised of capital expenditures. Absent the planned expenditures on the proposed new leach pad, which is contingent upon the Company s ability to raise the requisite capital, or an unforeseen change in circumstances, the Company does not anticipate any material capital expenditures over the next twelve months.

Cash Flows from Financing Activities

Our cash flows used in financing activities during the nine months ended September 30, 2011 decreased by $726,281 from ($1,039,987) in 2010 to ($313,706) in 2011. The change in net cash used by financing activities is primarily due to a reduction of $575,345 in principal payments made on the Fisher Promissory Note from $(876,413) in 2010 to

$(301,068) in 2011.

Accounting Developments

There were no material changes to the Company s significant accounting policies disclosed in Note 2 to the Company s Audited Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2010, as filed with the SEC on March 31, 2011.

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.

PART II OTHER INFORMATION

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

31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14 and Rule 15d-14(a), promulgated under the *Securities and Exchange Act of 1934*, as amended[15]

31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14 and Rule 15d-14(a), promulgated under the *Securities and Exchange Act of 1934*, as amended[15]
32.1	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the *Sarbanes-Oxley Act of 2002*[15]
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[14]
101.SCH	XBRL Schema File[14]
101.CAL	XBRL Calculation File[14]
101.DEF	XBRL Definition File[14]
101.LAB	XBRL Label File[14]
101.PRE	XBRL Presentation File[14]

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.

(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 quarterly report on Form 10–Q for the quarter ended September 30, 2011, filed with the SEC on November 14, 2011.

(15) 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

January 27, 2012

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