NORD RESOURCES CORP
Form SB-2
October 19, 2007

As filed with the Securities and Exchange Commission on October 18, 2007.
Registration Statement No. 333-<>

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM SB-2

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933, AS AMENDED

Nord Resources Corporation

(Name of Small Business Issuer in its charter)

Delaware	**1000**	**85-0212139**
(State of jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employee Identification No.)

1 West Wetmore Road, Suite 203
Tucson, Arizona 85705
(520) 292-0266
(Address and telephone number of principal executive offices)

Mr. John Perry, President and
Chief Executive Officer
1 West Wetmore Road, Suite 203
Tucson, Arizona 85705
Phone: (520) 292-0266
(Name, address and telephone number of agent for service)

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Approximate date of proposed sale to the public: From time to time after the effective date of this registration statement.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act of 1933, as amended, please check the following box and list the Securities Act of 1933, as amended, registration statement number of the earlier effective registration statement for the same offering. [   ]

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act of 1933, as amended, check the following box and list the Securities Act of 1933, as amended, registration statement number of the earlier effective registration statement for the same offering. [   ]

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act of 1933, as amended, check the following box and list the Securities Act of 1933, as amended, registration statement number of the earlier effective registration statement for the same offering. [   ]

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. [   ]

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered[(1)]	Proposed Offering Price per Share[(2)]	Proposed Maximum Aggregate Offering Price[(2)]	Amount of Registration Fee[(3)]
Shares of Common Stock, Par Value $0.01 per Share, to be offered for resale by holders of Special Warrants assuming the conversion of such Special Warrants[(4)]	30,666,700	1.33	$40,786,711.00	$1,252.15
Shares of Common Stock, Par Value $0.01 per Share, to be offered for resale by holders of Warrants assuming the exercise of such Warrants, which in turn are issuable upon the conversion of Special Warrants[(5)]	15,333,350	1.33	$20,393,355.50	$626.08
Shares of Common Stock, Par Value $0.01 per Share, issuable upon exercise of Agents Compensation Options[(6)]	1,840,002	1.33	$2,447,202.66	$75.13
Shares of Common Stock, Par Value $0.01 per Share, to be offered for resale by a selling stockholder[(7)]	250,000	1.33	$332,500.00	$10.21
Shares of Common Stock, Par Value $0.01 per Share, to be offered for resale by a selling stockholder[(8)]	256,410	1.33	$341,025.30	$10.47
Shares of Common Stock, Par Value $0.01 per Share, to be offered for resale	743,590	1.33	$988,974.70	$30.36

by a holder of Warrants assuming the exercise of such Warrants(9)				
Shares of Common Stock, Par Value $0.01 per Share, to be offered for resale by the holders of Warrants assuming the exercise of such Warrants(10)	100,000	1.33	$133,000.00	$4.08
Shares of Common Stock, Par Value $0.01 per Share, to be offered for resale by a holder of Warrants assuming the exercise of such Warrants(11)	250,000	1.33	$332,500.00	$10.21
Shares of Common Stock, Par Value $0.01 per Share, to be offered for resale by the holders of Warrants assuming the exercise of such Warrants(12)	150,000	1.33	$199,500.00	$6.12
Shares of Common Stock, Par Value $0.01 per Share, to be offered for resale by the holders of Warrants assuming the exercise of such Warrants(13)	300,000	1.33	$399,000.00	$12.25
Shares of Common Stock, Par Value $0.01 per Share, to be offered for resale by a selling stockholder(14)	250,000	1.33	$332,500.00	$10.21
Shares of Common Stock, Par Value $0.01 per Share, to be offered for resale by a holder of Warrants assuming the exercise of such Warrants(15)	250,000	1.33	$332,500.00	$10.21

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered(1)	Proposed Offering Price per Share(2)	Proposed Maximum Aggregate Offering Price(2)	Amount of Registration Fee(3)
Shares of Common Stock, Par Value $0.01 per Share, to be offered for resale by a selling stockholder(16)	130,000	1.33	$172,900.00	$5.31
Shares of Common Stock, Par Value $0.01 per Share, to be offered for resale by a selling stockholder(17)	212,195	1.33	$282,219.35	$8.67
Shares of Common Stock, Par Value $0.01 per Share, to be offered for resale by a selling stockholder(18)	337,458	1.33	$448,819.14	$13.78
Shares of Common Stock, Par Value $0.01 per Share, to be offered for resale by certain selling stockholders(19)	2,260,000	1.33	$3,005,800.00	$92.28
Shares of Common Stock, Par Value $0.01 per Share, to be offered for resale by a holder of Warrants assuming the exercise of such Warrants(20)	2,260,000	1.33	$3,005,800.00	$92.28
Total	55,589,705		$73,934,307.65	$2,269.80

(1) In accordance with Rule 416 under the Securities Act of 1933, as amended, this registration statement shall also cover a presently indeterminable number of shares of common stock which may be issued in the event of stock splits, stock dividends, the triggering of any anti-dilution provisions in the Special Warrants or the Warrants, or similar transactions that may involve an increase in the number of the registrant s outstanding shares of common stock without the receipt of consideration.

(2) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(c) under the Securities Act of 1933, as amended, based upon the average of the high and low prices for our common stock on the Pink Sheets LLC on October 15, 2007.

(3) Fee calculated in accordance with Rule 457(c) of the Securities Act of 1933, as amended.

(4) Represents shares of common stock issuable by our company upon conversion of 30,666,700 issued and outstanding special warrants. Each special warrant entitles the holder to acquire, for no additional consideration, one share of common stock and one-half of one warrant. The special warrants are governed by a special warrant indenture dated June 5, 2007, and will expire at 5:00 p.m. (Vancouver time) on June 5, 2009, subject to expiration earlier in accordance with their terms. The holder of a special warrant may elect to convert the special warrant into the underlying share of common stock and one-half warrant at any time after 5:00 p.m. (Vancouver time) on December 3, 2007. Each special warrant that has not been converted by the holder will be converted by the special warrant trustee appointed under the special warrant indenture immediately prior to the time of its expiry without the need for any action on the part of the holder.

(5) Represents shares of common stock issuable by our company upon exercise of the common stock purchase warrants that will be issued upon conversion of the special warrants. Each warrant, when issued, will entitle the holder to purchase one share of our common stock until 5:00 p.m. (Vancouver time) on June 5, 2012 at a price of $1.10 per share. The warrants are governed by a warrant indenture dated June 5, 2007.

(6) Represents shares of common stock issuable by our company upon exercise of the agent s compensation options issued as partial consideration for services rendered by the placement agents in connection with the unregistered private placement of special warrants. Each agent s compensation option entitles the holder to purchase one share of our common stock until 5:00 p.m. (Vancouver time) on June 5, 2009 at a price of $0.75 per share.

(7) Represents shares of common stock issued by our company upon exercise of 250,000 common stock purchase warrants issued to Auramet Trading, LLC in connection with a secured bridge loan in the principal amount of $2,850,000 dated October 17, 2005. Each warrant entitled the holder to purchase one share of our common stock until 5:00 p.m. (Central time) on October 17, 2007, at an exercise price of $0.56 per share.

(8) Represents shares of common stock issued by our company upon exercise of 256,410 common stock purchase warrants issued to Auramet Trading in connection with a secured bridge loan in the principal amount of $2,850,000 dated October 17, 2005. Each warrant entitled the holder to purchase one share of our common stock until 5:00 p.m. (Central time) on April 17, 2008, at an exercise price of $0.56 per share.

(9) Represents shares of common stock issuable by our company upon exercise of 743,590 common stock purchase warrants issued to Nedbank Limited in connection with a secured bridge loan in the principal amount of $3,900,000 dated November 8, 2005. Each warrant entitles the holder to purchase one share of our common stock until 5:00 p.m. (Central time) on May 8, 2008, at an exercise price of $0.88 per share.

(10) Represents shares of common stock issuable by our company upon exercise of 100,000 common stock purchase warrants issued in connection with the extension of the maturity date of the secured bridge loan by Nedbank. Each warrant entitles the holder to purchase one share of our common stock until 5:00 p.m. (Central time) on May 15, 2008, at an exercise price of $1.00 per share.

(11) Represents shares of common stock issuable by our company upon exercise of 250,000 common stock purchase warrants issued to Auramet Trading in connection with an additional $1,000,000 advance on May 31, 2006 that was added to the principal amount of the secured bridge loan by Nedbank. Each warrant entitles the holder to purchase one share of our common stock until 5:00 p.m. (Central time) on May 31, 2008, at an exercise price of $1.15 per share.

(12) Represents shares of common stock issuable by our company upon exercise of 150,000 common stock purchase warrants issued in connection with the extension of maturity date of the secured bridge loan by Nedbank. Each warrant entitles the holder to purchase one share of our common stock until 5:00 p.m. (Central time) on September 30, 2008, at an exercise price of $0.83 per share.

(13) Represents shares of common stock issuable by our company upon exercise of 300,000 common stock purchase warrants issued in connection with the extension of maturity date of the secured bridge loan by Nedbank, and an increase of the principal amount of the bridge loan to $5,000,000, effective September 30, 2006. Each warrant entitles the holder to purchase one share of our common stock until 5:00 p.m. (Central time) on September 30, 2008, at an exercise price of $0.66 per share.

(14) Represents shares of common stock issued pursuant to a settlement agreement and general release dated April 22, 2005 with a former chief executive officer of our company.

(15) Represents shares of common stock issuable by our company upon exercise of 250,000 common stock purchase warrants issued pursuant to a settlement agreement and general release dated April 22, 2005 with a former chief executive officer of our company. Each warrant entitles the holder to purchase one share of our common stock until April 22, 2008, at an exercise price of $0.50 per share.

(16) Represents outstanding shares of common stock issued to Ronald Hirsch, the Chairman of our board of directors, on June 29, 2007 upon conversion of 50 percent of the outstanding principal and interest under a $35,000 convertible promissory note dated June 29, 2004, as amended, at a conversion price of $0.175 per share.

(17) Represents outstanding shares of common stock issued to Stephen Seymour, a director of our company, on June 29, 2007 upon conversion of 50 percent of the outstanding principal and interest under a $66,000 convertible promissory note dated August 19, 2004, as amended, at a conversion price of $0.20 per share.

(18) Represents outstanding shares of common stock issued to Mr. Hirsch on June 29, 2007 upon conversion of 50 percent of the outstanding principal and interest under a $106,000 convertible promissory note dated October 4, 2004, as amended, at a conversion price of $0.20 per share.

(19) Represents outstanding shares of common stock issued pursuant to our secured $600,000 revolving line of credit agreement with Mr. Hirsch and Mr. Seymour. In consideration for the issuance of the line of credit, our

company agreed to issue to the Mr. Hirsch and Mr. Seymour four shares of common stock and four warrants for every $1 loaned to our company.

(20) Represents shares of common stock issuable by our company upon exercise of the 2,260,000 common stock purchase warrants issued pursuant to our secured $600,000 revolving line of credit agreement with Mr. Hirsch and Mr. Seymour. Each warrant entitles the holder to purchase one share of common stock at an exercise price of $0.25 for a period of three years. Of the 2,260,000 warrants issued pursuant to the revolving line of credit: 100,000 will expire on June 21, 2008; 100,000 will expire on June 29, 2008; 900,000 will expire on July 8, 2008; 400,000 will expire on August 1, 2008; 200,000 will expire on September 22, 2008; 60,000 will expire on October 5, 2008; 40,000 will expire on October 11, 2008; and 460,000 will expire on October 20, 2008.

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

(Subject to Completion) Dated October 18, 2007

PRELIMINARY PROSPECTUS

NORD RESOURCES CORPORATION

55,589,705 SHARES OF COMMON STOCK

This prospectus relates to the resale of up to 55,589,705 shares of common stock of Nord Resources Corporation that may be offered and sold, from time to time, by the selling stockholders identified in this prospectus. These shares consist of:

1. up to 30,666,700 shares of common stock issuable to certain selling stockholders, without the payment of any additional consideration, upon the conversion of 30,666,700 special warrants that were offered and sold in an unregistered private placement that closed on June 5, 2007;
2. up to 15,333,350 shares of common stock issuable to certain selling stockholders upon the exercise of common stock purchase warrants, which in turn are issuable upon the conversion of the 30,666,700 special warrants that were offered and sold in the unregistered private placement that closed on June 5, 2007;
3. up to 1,840,002 shares of common stock issuable to certain selling stockholders upon the exercise of stock options issued in partial consideration of services rendered in connection with the unregistered private placement of special warrants that closed on June 5, 2007;
4. up to 4,053,590 shares of common stock issuable to certain selling stockholders upon the exercise of outstanding common stock purchase warrants; and
5. up to 3,696,063 outstanding shares of common stock held by certain selling stockholders.

These transactions are described in this prospectus under Selling Stockholders.

The selling stockholders may offer to sell the shares of common stock being offered in this prospectus at fixed prices, at prevailing market prices at the time of sale, at varying prices or at negotiated prices. We will not receive any proceeds from the resale of shares of our common stock by the selling stockholders. We may receive proceeds from the exercise of warrants, if exercised, and will use such proceeds for general corporate purposes and potentially to repay corporate debt.

Our common stock is quoted on the Pink Sheets LLC under the symbol “NRDS”. On October 15, 2007 the closing bid price for one share of our common stock was $1.31. We do not have any securities that are currently traded on any other exchange or quotation system.

We agreed to bear substantially all of the expenses in connection with the registration and resale of the shares offered hereby (other than selling commissions).

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

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

NORD RESOURCES CORPORATION
PRELIMINARY PROSPECTUS
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You should rely only on the information contained in this prospectus. We have not authorized anyone to provide you with information different from the information contained in this prospectus. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of when this prospectus is delivered or when any sale of our shares occurs. We and the selling stockholders are offering to sell, and seeking offers to buy, the securities only in jurisdictions where offers and sales are permitted.

In this prospectus all references to $ or dollars means U.S. dollars, and unless otherwise indicated all currency amounts in this prospectus are stated in U.S. dollars. Our financial statements have been prepared in accordance with accounting principles generally accepted in the United States and are reported in U.S. dollars.

For convenience in this prospectus, Nord Resources , the company , we , us and our refer to Nord Res Corporation and its subsidiaries, taken as a whole.

SUMMARY

This summary does not contain all of the information you should consider before buying any of our securities. You should read the entire prospectus carefully, especially the Risk Factors and Forward-Looking Statements sections and our consolidated financial statements and the related notes appearing at the end of this prospectus, before deciding to invest in our securities.

Our Business

Overview

We are in the business of exploring for and developing mineral properties. Our principal asset is the property commonly referred to as the Johnson Camp property located in Cochise County, Arizona. The Johnson Camp property includes the Johnson Camp Mine which is an existing open pit copper mine and 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. The Johnson Camp property also includes a decorative and structural stone operation, which produces landscape and aggregate rocks from the overburden piles at the Johnson Camp Mine. We currently lease this landscape and aggregate rock operation to JC Rock, LLC in exchange for a sliding scale royalty.

We acquired the Johnson Camp property from Arimetco, Inc. in June 1999. We continued production of copper from ore that had been mined and placed on leach pads until August 2003, when we placed the Johnson Camp Mine on a care and maintenance program due to weak market conditions for copper at that time. Although mining ceased in 1997, the Johnson Camp Mine leach pads and SX-EW operation remained active until mid-2003, producing approximately 6.7 million pounds of copper cathode from residual copper in the heaps during the period in which the mine was not in production. Since 2003, we have been rinsing the existing Johnson Camp leach dumps in a limited manner with the goal of managing solution inventories.

We believe the resumption of mining activities at the Johnson Camp Mine is warranted based on the recent increase in the market price of copper. The market for copper is cyclical and over the last fifteen years the price of copper has fluctuated between $0.60 and $3.98 per pound. We believe that the strengthening market for copper has created an opportunity for us to reactivate the Johnson Camp Mine, despite the anticipated high costs that this will involve.

On June 5, 2007, we completed an unregistered private placement offering of 30,666,700 special warrants for aggregate proceeds of approximately $23 million (net proceeds of approximately $21.5 million). In addition, we have entered into a credit agreement dated as of June 28, 2007 with Nedbank Limited, as administrative agent and lead arranger, which provides for a $25 million secured term loan credit facility. All or a portion of the funds available under such facility will be used by us to finance the construction, start-up and operation of mining and metal operations at the Johnson Camp Mine.

We believe that the proceeds of the special warrant financing and proceeds available under the credit facility will be sufficient to meet the capital requirements to reactivate the Johnson Camp Mine. Accordingly, on June 28, 2007, our board of directors adopted a resolution authorizing our company to proceed with the reactivation of the Johnson Camp Mine. In addition, we commenced further exploratory drilling on the Johnson Camp property in mid-July 2007. We do not anticipate results from our current drilling program to be available until the fourth quarter of 2007.

In order for us to resume full mining operations, we will have to complete the mine development schedule contained in an updated feasibility study prepared by Bikerman Engineering & Technology Associates, Inc. The feasibility study forms part of a technical report dated September 2007 that was completed by Bikerman Engineering & Technology Associates, Inc. in accordance with National

Instrument 43-101 *Standards of Disclosure for Mineral Projects* (NI 43-101) of the Canadian Securities Administrators (as required for us to comply with provincial securities laws in Canada that are applicable to our company) and Industry Guide No. 7 of the Securities and Exchange Commission. The feasibility study includes an economic analysis of the Johnson Camp Mine based on the mine plan, current capital and operating cost estimates, and a three-year trailing average copper price of $2.45 per pound over the life of the mine. Bikerman Engineering & Technology Associates has concluded in the feasibility study that resumption of operations at the Johnson Camp Mine in accordance with the mine plan will generate positive discounted cash flows over a 16 year mine life at 8%, 15% and 20% discount rates.

Our immediate goal is to complete the first copper cathode sale by December 2007. We also plan on taking over the landscape and aggregate rock operation through our subsidiary, Cochise Aggregates and Materials, Inc., within the first year following the reactivation of the Johnson Camp Mine.

Corporate Strategy and Strengths

Our corporate strategy is to resume mining and leaching operations at the Johnson Camp Mine with a view to producing approximately 25 million pounds of copper per year.

We believe that we have the following business strengths that will enable us to achieve our objectives:

- the Johnson Camp Mine is expected to have a mine life of 16 years, and to be capable of producing approximately 25 million pounds of copper per year;
- direct cathode production with no exposure to smelting and refining costs, and reduced transportation costs;
- our company has a strong, experienced and proven management team;
- a strong global copper market currently experiencing a deficit in domestic copper production;
- mining operations in the United States, and Arizona in particular, have a stable political base;
- sufficient financing to facilitate reactivation of our Johnson Camp Mine with the view to commencing copper cathode production from previously-mined ore in December 2007, and resumption of open-pit mining activities during the second quarter of 2008.

Reserves Johnson Camp Mine

The following table summarizes the reserves for the Johnson Camp Mine. In the opinion of Bikerman Engineering & Technology Associates, Inc., the reported reserves are reasonable based on the economics used. (See Johnson Camp Property Reserves).

	Reserves[1]	
Description	**Tons (thousands)**	**Grade (% Cu)**
Proven Reserves	54,977	0.338
Probable Reserves	18,410	0.327
Total	73,387	0.335

(1) The ore reserves were estimated in accordance with Industry Guide 7 of the Securities Act of 1933, as amended, and are also in accordance with the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) guidelines.

Other Mineralized Material

In addition to the above mentioned reserves, mineralized material is contained in the Burro and Copper Chief deposits at the Johnson Camp property and was estimated using the guidelines established

in, and is compliant with, Canadian NI 43-101 standards. In addition, there are numerous other prospects of mineralized material that remain to be explored and tested.

Project Feasibility

We expect the Johnson Camp Mine to produce approximately 25 million pounds of copper per year (with estimated copper cathode production of 12.5 million pounds for calendar year 2008), for an anticipated mine life of 16 years and estimated initial capital expenditures of approximately $28 million. The figures and tables below are derived from the feasibility study and technical report. For a description of the facts, assumptions and other information incorporated in the model used to produce these results, see Johnson Camp Property Economic Analysis.

The table below indicates the net present value (NPV) and internal rate of return (IRR), of the Johnson Camp Mine at various copper prices using reserve estimates included in this prospectus. The calculations are on an after tax basis, and include the discounted sums of the positive cash flows from production at the Johnson Camp Mine and the negative cash flows for the initial project-development capital expenditure, ongoing capital expenditures during the life of the mine, reclamation and closure costs. The calculations are on an unleveraged basis, without provision for debt financing.

Table 1: NPV and IRR at Various Copper Prices(1)

Copper Price/lb	$2.13	$2.45	$2.82	$3.19	$3.55
NPV @ 8%(2)	$118	$176	$243	$310	$377
IRR	60%	77%	93%	108%	122%

(1) The economic analysis does not reflect the impact, if any, of the company s federal and state net operating loss carryforwards.

(2) $ in millions

Incorporation and Principal Business Offices

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

The Offering

This prospectus covers the resale by the selling stockholders named in this prospectus of:

1. up to 30,666,700 shares of common stock issuable to certain selling stockholders, without the payment of any additional consideration, upon the conversion of 30,666,700 special warrants of the company that were offered and sold in an unregistered private placement that closed on June 5, 2007;

2. up to 15,333,350 shares of common stock issuable to certain selling stockholders upon the exercise of common stock purchase warrants, which in turn are issuable upon the conversion of the 30,666,700 special warrants that were offered and sold in the unregistered private placement that closed on June 5, 2007;

3. up to 1,840,002 shares of common stock issuable to certain selling stockholders upon the exercise of stock options issued in partial consideration of services rendered in connection with the unregistered private placement of special warrants that closed on June 5, 2007;

4. up to 4,053,590 shares of common stock issuable to certain selling stockholders upon the exercise of outstanding common stock purchase warrants; and

5. up to 3,696,063 outstanding shares of common stock held by certain selling stockholders.

For further particulars of these securities, see Selling Stockholders .

Number of Shares Outstanding

There were 35,921,095 shares of our common stock issued and outstanding as of October 12, 2007.

Use of Proceeds

We will not receive any of the proceeds from the sale of the shares of common stock being offered for sale by the selling stockholders. We may receive proceeds from the exercise of warrants, if exercised, and will use such proceeds for general corporate purposes and potentially the repayment of debt. We will, however, incur all costs associated with this registration statement and prospectus.

Dividend Policy

We currently intend to retain any future earnings to fund the development and growth of our business. Therefore, we do not anticipate paying cash dividends in the near future.

Summary Consolidated Financial Data

The summary consolidated data set forth below are derived from our consolidated financial statements. The selected consolidated statement of operating data for the years ended December 31, 2006 and 2005 and the summary consolidated balance sheet data as of December 31, 2006 are derived from the audited consolidated financial statements and related notes thereto included elsewhere in this prospectus. The consolidated statements of operations data for the six months ended June 30, 2007 and 2006 and the consolidated balance sheet as of June 30, 2007 are derived from our unaudited consolidated financial statements included elsewhere in this prospectus. The unaudited consolidated financial statements include, in the opinion of management, all adjustments that management considers necessary for the fair presentation of the financial information set forth in those statements. The following data should be read in conjunction with Management s Discussion and Analysis and the consolidated financial statements and related notes included elsewhere in this prospectus.

	Operating Data			
	Six months ended June 30,		**Year ended December 31,**	
	2007	**2006**	**2006**	**2005**
	(Unaudited)			
Revenue	$	$	$	$
Net loss	(1,515,987)	(3,521,229)	(6,283,878)	(3,084,166)
Basic and diluted loss per common share	(0.04)	(0.11)	(0.19)	(0.11)
Weighted average number of shares outstanding	34,323,544[1]	33,344,902	33,643,738	28,087,513

(1) As of June 30, 2007, we had 35,210,935 shares of common stock outstanding. Such number does not include the 30,666,700 shares issuable to certain selling stockholders upon conversion of the special warrants, or any other

shares underlying options, warrants or other rights to acquire our shares.

	Balance Sheet Data	
	June 30,	December 31,
	2007	2006
	(Unaudited)	
Cash and cash equivalents	$ 12,844,943	$ 1,007,835
Marketable securities held for trading.		
Working capital surplus (deficiency)	11,345,693[(1)]	(8,980,904)[(2)]
Total assets	16,016,219	3,656,713
Total current liabilities	1,567,578	10,024,609
Total long-term liabilities	257,380	191,497
Total liabilities	1,824,958	10,216,106
Stockholders equity (deficit)	14,191,261	(6,559,393)

(1) Includes $64,551 in current portion of long-term debt.
(2) Includes $5,736,364 in current portion of long-term debt.

Investing in our securities involves risks more specifically described under Risk Factors .

RISK FACTORS

Prospective investors should carefully consider the risks and uncertainties described below before deciding whether to invest in our securities.

The occurrence of any of the risks described below could have a material adverse effect on our business, financial condition and/or results of operations, and the trading price of our common stock may decline and investors may lose all or part of their investment. We cannot guarantee that we will successfully address these risks or other unknown risks that may affect our business.

In evaluating us, our business and any investment in our business, readers should carefully consider the following factors.

Risks Related to Our Company

We have a history of losses, and expect to incur losses in the future as we currently have no commercial production at the Johnson Camp Mine.

We have a history of losses and expect to incur losses in the future. We had no revenues and net losses of $6,283,878 for the year ended December 31, 2006, and additional net losses of $1,515,987 during the six months ended June 30, 2007. As of June 30, 2007, we had no revenues and a working capital surplus of $11,345,693, but we expect to incur in excess of $28 million in initial capital costs within the first two years of start up of the Johnson Camp Mine (including working capital), and an additional $3 million in capital costs in the following two years. The Johnson Camp Mine produced copper during the 1975 to 2003 period, but is currently not producing. Accordingly, we expect to continue to incur losses until such time as the Johnson Camp Mine enters into commercial production and generates sufficient revenues to fund our continuing operations. We cannot guarantee that we will successfully bring the Johnson Camp Mine or any of our other properties into commercial production or, if we do, that we will be able to generate sufficient revenues to fund our operations or achieve or sustain profitability.

Our future profitability will depend on the successful reactivation and operation of the Johnson Camp Mine, which cannot be assured. Our operating expenses and capital expenditures will be significant and will likely increase in the future.

We are focused on the reactivation of the Johnson Camp Mine. Accordingly we are dependent upon the success of the Johnson Camp Mine as a source of future revenue and profits, if any. We cannot provide any assurance that we will successfully commence mining operations on the Johnson Camp property. Even if we are successful in achieving production, an interruption in operations of the Johnson Camp Mine may have a material adverse effect on our business.

The reactivation of the Johnson Camp Mine and the development of new mining operations on the Johnson Camp property will require the commitment of substantial resources for operating expenses and capital expenditures, which may increase in subsequent years as consultants, personnel and equipment associated with advancing exploration, development and commercial production are added. The amounts and timing of expenditures will depend in part on the progress of ongoing exploration and development, the results of consultants analysis and recommendations, the rate at which operating losses are incurred, the execution of any joint venture agreements or similar arrangements with strategic partners, our acquisition of additional properties, and other factors, many of which are beyond our control.

There are numerous activities that need to be completed to facilitate reactivation of the Johnson Camp Mine, including, without limitation, optimizing the mine plan, negotiating contracts for the supply of power, for the sale and shipping of copper, handling and any other infrastructure issues. At the same

time, we must recruit and train personnel, and hire and mobilize a mining contractor who will purchase all the required large scale mining equipment we do not already own. There is no certainty that we will be able to retain appropriate personnel or a suitable mining contractor on a timely basis, if at all, or that we will be able to negotiate supply and sales agreements on terms acceptable to us.

Most of these activities require significant lead times and must be advanced concurrently. We will be required to manage all of these matters using our existing resources while at the same time expanding our permanent staff and using outside consultants to assist in these matters. Because all of these matters must be completed before any production begins, a failure or delay in the completion of any one of these matters may delay production, possibly indefinitely, at the Johnson Camp Mine. Any delay in the restart process may cause an increase in costs for us and could have a material adverse effect on our financial condition or results of operations.

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

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

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

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

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

Our operations are affected by the cost of commodities and goods such as electrical power, fuel and supplies. Management prepares its cost and production guidance and other forecasts based on its review of current and estimated future costs. A major increase in any of these costs may have an adverse impact on our financial condition. In addition, it is currently anticipated that the Johnson Camp Mine will require an average of 36,500 tons of sulphuric acid per year. Sulphuric acid supply for SX-EW projects in the southwest U.S. is produced primarily as a smelter by-product at smelters in the southwest U.S. and in Mexico. We hope to negotiate a long term supply contract for sulphuric acid with the owner of one or more of these smelters, however there can be no assurances that we will be successful.

Our operations at the Johnson Camp Mine are dependent on certain equipment that may not be available.

We intend to use equipment we already own for operations at the Johnson Camp Mine. However, our mine plan calls for the acquisition or installation of certain additional equipment, including an overland conveyor system and certain equipment needed to rehabilitate and upgrade the existing SX-EW plant at the Johnson Camp Mine. There can be no assurance that we will be able to source the additional equipment that we require, that the transportation costs of equipment to be relocated to the Johnson Camp Mine will not be higher than anticipated by us, or that such equipment will arrive in good working condition.

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

The Johnson Camp Mine has no recent operating history upon which to base estimates of proven and probable ore reserves and estimates of future cash operating costs. Estimates are, to a large extent, based upon the interpretation of geological data obtained from drill holes and other sampling techniques performed by third parties, the methodologies and results of which we have assumed are reasonable and accurate, which results form the basis for, and constitute a fundamental variable in, the feasibility study and technical report completed by Bikerman Engineering & Technology Associates, Inc. Bikerman Engineering & Technology Associates derived its estimates of cash operating costs at the Johnson Camp Mine from information provided by our company and other information they considered, including anticipated tonnage and grades of ore to be mined and processed, the configuration of the ore body, expected recovery rates of the mineral from the ore, comparable facility and equipment operating costs, anticipated climatic conditions and other factors.

As a result, actual cash operating costs and economic returns based upon development of proven and probable ore reserves may differ significantly from those originally estimated. Until reserves are actually mined and processed, the quantity of reserves must be considered as estimates only.

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

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

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

Copper sulfide minerals are not as amenable to heap leach recovery techniques as copper oxides. Since copper sulfide mineralization is evident below an elevation of 4,560 feet in both the Burro and Copper Chief pits of the Johnson Camp Mine, we caution that copper recovery rates for ore anticipated to

be mined below that elevation (approximately 15% of estimated total ore reserves) may be inhibited. In addition, although the column test on the sample of Abrigo ore (a type of copper bearing host rock at the Johnson Camp Mine) taken from an elevation of 4,620 feet which contained 4.49% sulfides exhibited good copper recoveries, the leaching of copper from ore mined at this depth may be less than optimal.

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

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

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

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

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

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

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

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

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

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

Although we have secured a number of permits for the restart and operation of the Johnson Camp Mine, we still need to obtain certain additional permits. Some permits have expired and application for renewal has been made. In addition, certain permits will require applications for renewal from time to time during the life of the project, and certain permits may be suspended or require additional applications in the event of a significant or substantial change to the Johnson Camp Mine operations or prolonged inactivity. To the extent other approvals are required and not obtained, we may (i) be prohibited from commencing or continuing mining operations, (ii) forced to reduce the scale of our mining operations, or (iii) be prohibited or restricted from proceeding with planned exploration or development of mineral properties.

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

We have entered into a Credit Agreement dated as of June 28, 2007 with Nedbank Limited, as administrative agent and lead arranger, which provides for a $25 million secured term loan credit facility that will be used by our company to assist in financing the construction, start-up and operation of mining and metal operations at the Johnson Camp Mine. The Credit Agreement contemplates a series of term loans to be funded from time to time by a syndicate of lenders in response to draw-down requests by our company, with the aggregate amount of all term loans being $25 million. The term loans will be available until the earlier of (i) the date of termination of the lender commitments; (ii) the first principal repayment date, and (iii) June 30, 2008. The loans bear interest, payable in arrears, at an annual rate equal to the London Interbank Offered Rate (LIBOR) for the interest period in effect plus a margin of 3.0% (3.5% during the initial reactivation period). If we default under the Credit Agreement, an additional 3.0% interest will be payable in addition to such annual rate and all interest will be payable on demand.

The Credit Agreement must be repaid over a period beginning one year after the first draw down under the facility and ending four years after the date of such first draw down, subject to certain prepayment provisions set forth in the Credit Agreement. We have delivered a deed of trust, a collateral account agreement and certain other security agreements that grant to the lenders a first priority lien encumbering all of the real and personal property associated with the Johnson Camp property, including all patented mining claims, fee lands and unpatented mining claims in which we have an interest. The lenders would be entitled to realize upon their security interests and seize our assets if we are unable to repay or refinance the loans as they become due. In addition, pursuant to the terms of the Credit Agreement, during the period that the term loans are available we are restricted from incurring exploration expenses on the Coyote Springs and Mimbres properties in amounts in excess of $1,500,000 and $100,000 respectively. There is no assurance that we will be able to internally generate or raise sufficient financing to repay this loan as it becomes due, or that we will be able to refinance the loans on acceptable terms, or at all.

We may require additional financing to complete the development and reactivation of the Johnson Camp Mine, the availability of which cannot be assured.

We expect that the initial capital costs within the first two years of start-up of the Johnson Camp Mine will exceed $28 million (including working capital). Our estimated capital costs, and our estimated operating expenses, may change with our actual experience as our mine plan is implemented. If the change is substantial, we may still require additional financing to carry out our mine plan. We cannot guarantee that we will be able to obtain any additional financing on commercially reasonable terms or at all. If we fail to obtain the necessary financing when needed, we may not be able to execute our mine plan and we may again be forced to place the Johnson Camp Mine on care and maintenance status.

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

Although we believe we have exercised commercially reasonable due diligence with respect to determining title to the properties that we own or in which we hold an interest, we cannot guarantee that title to these properties will not be challenged or impugned. The Johnson Camp property may be subject to prior unrecorded agreements or transfers or native land claims and title may be affected by undetected defects. There may be valid challenges to the title of the Johnson Camp property which, if successful, could impair development and/or operations.

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

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

Our insurance will not cover all the potential risks associated with a mining company s operations. We may also be unable to obtain or maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, we expect that insurance against risks such as environmental pollution

or other hazards as a result of exploration and production may be prohibitively expensive to obtain for a company of our size and financial means. We might also become subject to liability for pollution or other hazards for which insurance may not be available or for which we may elect not to insure against because of premium costs or other reasons. Losses from these events may cause us to incur significant costs that could have a material adverse effect upon our financial condition and results of operations.

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

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

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

Our success depends on our key executives, John Perry and Erland Anderson, and key operating personnel at the Johnson Camp Mine, Eric Ivey and Mathew Williams. We face intense competition for qualified personnel, and the loss of the services of one or more of such key personnel could have a material adverse effect on our business or operations. Our ability to manage exploration and development activities, and hence our success, will depend in large part on the efforts of these individuals. We cannot be certain that we will be able to retain such personnel or attract a high caliber of personnel in the future.

If we succeed in reactivating the Johnson Camp Mine, we will have to significantly expand our workforce. We may not be successful in recruiting the necessary personnel, or in managing the new challenges that we will face with any significant growth.

In executing our plan to reactivate the Johnson Camp Mine, we plan to expand our workforce at the Johnson Camp Mine to approximately 70 employees, and hire various contractors. This growth will place substantial demands on our company and our management. Our ability to assimilate new personnel will be critical to our performance. We will be required to recruit additional personnel and to train, motivate and manage employees. We will also have to adopt and implement new systems in all aspects of our operations. We have no assurance that we will be able to recruit the personnel required to execute our programs or to manage these changes successfully.

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

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

Our directors and officers may have conflicts of interest.

Some of our directors and officers serve currently and have served in the past as officers and directors for other companies engaged in natural resource exploration and development (see Directors

and Officers Directors and Executive Officers), and may also serve as directors and/or officers of other companies involved in natural resource exploration and development in the future. We do not believe that any of our directors and officers currently have any conflicts of interest of this nature.

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

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

We will be required to evaluate our internal controls over financial reporting under Section 404 of the Sarbanes-Oxley Act of 2002, which could result in a loss of investor confidence in our financial reports and have an adverse effect on the price of our shares of common stock.

We expect that beginning with our annual report on Form 10-KSB for the year ending December 31, 2007, we will be required to furnish a report by management on our internal controls over financial reporting. Such report will contain, among other matters, an assessment of the effectiveness of our internal control over financial reporting, including a statement as to whether or not our internal control over financial reporting is effective. This assessment must include disclosure of any material weaknesses in our internal control over financial reporting identified by our management.

We have identified certain material weaknesses in our internal controls over financial reporting that we are in the process of addressing. We cannot be certain that we will be able to complete our evaluation of our internal controls, testing and any required remediation in a timely fashion once we become subject to the requirements mandated by Section 404 of the Sarbanes-Oxley Act of 2002. During the evaluation and testing process, if we identify one or more material weaknesses in our internal control over financial reporting, we will be unable to assert that such internal control is effective. If we are unable to assert that our internal control over financial reporting is effective as of December 31, 2007 (or if our auditors are unable to express an opinion on the effectiveness of our internal controls beginning with the year ending December 31, 2008), we could lose investor confidence in the accuracy and completeness of our financial reports, which may have a material adverse effect on our stock price.

Failure to comply with the new rules may also make it more difficult for us to obtain certain types of insurance, including director and officer liability insurance, and we may be forced to accept reduced policy limits and coverage and/or incur substantially higher costs to obtain the same or similar coverage. The impact of these events could also make it more difficult for us to attract and retain qualified personnel to serve on our board of directors, on committees of our board of directors, or as executive officers.

Risks Related to Our Industry

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

Copper prices fluctuate widely and are affected by numerous factors beyond our control such as interest rates, exchange rates, inflation or deflation, fluctuation in the value of the United States dollar and foreign currencies, global and regional supply and demand (including that related to housing), and the political and economic conditions of copper producing countries throughout the world. The aggregate effect of these factors on copper price is impossible to predict. Because mining operations are conducted

over a number of years, it may be prudent to continue mining for some periods during which cash flows are temporarily negative for a variety of reasons including a belief that the low price is temporary and/or the greater expense incurred in closing an operation permanently. The value and price of our common shares, our financial results, and our exploration, development and mining activities may be significantly adversely affected by declines in the price of copper and other metals.

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

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

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

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

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

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

In North America there are organizations opposed to mining, particularly open pit mines such as the Johnson Camp Mine. We anticipate that there may be opposition to the restart of operations at the Johnson Camp Mine. We believe our company has the support of representatives from the communities in the immediate vicinity of Johnson Camp Mine including the cities of Benson and Wilcox and the community of Dragoon, and from various levels of government in the State of Arizona having jurisdiction over the Johnson Camp Mine. Although we intend to comply with all environmental laws and permitting obligations in conducting our business, there is still the possibility that those opposed to the operation of the Johnson Camp Mine will attempt to interfere with the restart and operation of the Johnson Camp Mine, whether by legal process, regulatory process or otherwise. Such interference could have an impact on our ability to restart and operate the Johnson Camp Mine in the manner that is most efficient or appropriate, or at all, and any such impact would have a material adverse effect on our financial condition and results of operations.

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

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

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

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

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

Risks Related to this Offering

You may lose your entire investment in our securities.

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

Our officers and directors, and a shareholder holding more than 5% of our common stock, hold a significant amount of our issued and outstanding stock which may limit your ability to influence corporate matters.

Our officers and directors as a group beneficially own approximately 41% of our issued and outstanding common stock, and one additional shareholder holds approximately 9% of our issued and outstanding common stock. An additional 30,666,700 shares of common stock will be issued immediately upon conversion of our outstanding special warrants, but our officers and directors as a group could then continue to beneficially own approximately 23% of our issued and outstanding common stock (assuming non-exercise of certain outstanding options, warrants and other rights to acquire shares of our common stock). This may limit the ability of our non-affiliated stockholders to influence corporate matters.

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

The market price of our common stock could decline as a result of sales of substantial amounts of our common stock in the public market, or the perception that these sales could occur. In addition, these factors could make it more difficult for us to raise funds through future offerings of common stock. All of the shares of common stock resold by the selling stockholders pursuant to this prospectus will be freely transferable without restriction or further registration under the Securities Act of 1933, as amended.

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

We believe that we currently are a United States real property holding corporation under Section 897(c) of the Internal Revenue Code, referred to as a USRPHC, and that there is a substantial likelihood that we will continue to be a USRPHC. Generally, gain recognized by a Non-U.S. Holder on the sale