

NORD RESOURCES CORP
Form PRE 14A
August 27, 2007

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

SCHEDULE 14A

**Proxy Statement Pursuant to Section 14(a)
of the Securities Exchange Act of 1934**

Filed by the Registrant [x]
Filed by a Party other than the Registrant []

Check the appropriate box:

[x] Preliminary Proxy Statement
 [] **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
 [] Definitive Proxy Statement [] Definitive Additional Materials
 [] Soliciting Material Pursuant to Section 240.14a -12

**NORD RESOURCES CORPORATION
(Name of Registrant as Specified In Its Charter)**

(Name of Person(s) Filing Proxy Statement if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

[x] No fee required.
 [] Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

- 1) Title of each Class of securities to which transaction applies:

- 2) Aggregate number of securities to which transaction applies:

- 3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

- 4) Proposed maximum aggregate value of transaction:

5) Total fee paid:

Fee paid previously with preliminary materials:

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

1) Amount previously paid:

2) Form, Schedule or Registration Statement No.

3) Filing Party:

4) Date Filed:

NORD RESOURCES CORPORATION
1 West Wetmore Road, Suite 203,
Tucson, Arizona, 85705

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
To be held on October 17, 2007

Dear Stockholder:

The Annual Meeting of Stockholders (the Annual Meeting) of Nord Resources Corporation (the Company) will be held at the Holiday Inn Express, located at 620 East Wetmore Road, Tucson, Arizona 85705, on October 17, 2007 at 10:00 a.m. (Mountain Time).

At the Annual Meeting, stockholders will be asked:

1. To elect Ronald A. Hirsch, John T. Perry, Stephen D. Seymour, Douglas P. Hamilton, John F. Cook and T. Sean Harvey to our Board of Directors;
2. To approve an amendment to the Company s Amended Certificate of Incorporation to increase the number of authorized shares of common stock from 100,000,000 to 200,000,000;
3. To ratify the selection of Mayer Hoffman McCann P.C. as the Company s independent registered public accounting firm for the fiscal year ending December 31, 2007; and
4. To transact any other business properly brought before the Annual Meeting and any adjournment thereof.

The foregoing items of business are more fully described in the proxy statement accompanying this Notice. **Only stockholders of record of the Company s common stock at the close of business on September 6, 2007 are entitled to notice of, and to vote at, the Annual Meeting and any adjournment thereof.**

It is important that your shares be represented and voted at the Annual Meeting. If you are the registered holder of the Company s common stock, you can vote your shares by completing and returning the enclosed proxy card, even if you plan to attend the Annual Meeting. Please review the instructions on the proxy card or the information forwarded by your broker, bank or other nominee regarding the voting instructions. You may vote your shares of common stock in person even if you previously returned a proxy card. Please note, however, that if your shares of common stock are held of record by a broker, bank or other nominee and you wish to vote in person at the Annual Meeting, you must obtain a proxy issued in your name from such broker, bank or other nominee.

If you are planning to attend the Annual Meeting in person, you will be asked to register before entering the Annual Meeting. **All attendees will be required to present government-issued photo identification** (e.g., driver s license or passport) to enter the Annual Meeting. **If you are a stockholder of record**, your ownership of the Company s common stock will be verified against the list of stockholders of record as of September 6, 2007 prior to being admitted to the Annual Meeting. **If you are not a stockholder of record and hold your shares of common stock in street name (that is, your shares of common stock are held in a brokerage account or by a bank or other nominee) you must also provide proof of beneficial ownership as of September 6, 2007, such as your most recent**

account statement prior to September 6, 2007, and a copy of the voting instruction card provided by your broker, bank or nominee, or similar evidence of ownership.

By Order of the Board of Directors

Ronald A. Hirsch

Chairman of the Board
September 14, 2007

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NORD RESOURCES CORPORATION
1 West Wetmore Road, Suite 203,
Tucson, Arizona, 85705

PROXY STATEMENT
FOR THE 2007 ANNUAL MEETING OF THE STOCKHOLDERS
TO BE HELD ON OCTOBER 17, 2007

THE ANNUAL MEETING

General

This proxy statement is furnished in connection with the solicitation of proxies by the Board of Directors of Nord Resources Corporation (we , the Company or Nord) for use at the 2007 annual meeting of the stockholders to be held on October 17, 2007 at 10:00 a.m. (Mountain Time) at the Holiday Inn Express located at 620 East Wetmore Road, Tucson, Arizona, 85705 and at any adjournment thereof, for the purposes set forth in the accompanying notice of annual meeting.

This proxy statement, the notice of meeting, the enclosed form of proxy and our Annual Report on Form 10-KSB for the year ended December 31, 2006 are expected to be mailed to our stockholders on or about September 14, 2007.

Our principal executive office is located at 1 West Wetmore Road, Suite 203, Tucson, Arizona, 85705.

Entitlement to Vote

If you are a registered holder of shares of our common stock on the record date, you may vote those shares of our common stock in person at the annual meeting or by proxy in the manner described below under Voting of Proxies. If you hold shares of our common stock in street name through a broker or other financial institution, you must follow the instructions provided by your broker or other financial institution regarding how to instruct your broker or financial institution to vote your shares.

Voting of Proxies

You can vote the shares that you own of record on the record date by either attending the annual meeting in person or by filling out and sending in a proxy in respect of the shares that you own. Your execution of a proxy will not affect your right to attend the annual meeting and to vote in person.

You may revoke your proxy at any time before it is voted by:

- (a) filing a written notice of revocation of proxy with our corporate secretary at any time before the taking of the vote at the annual meeting;
- (b) executing a later-dated proxy relating to the same shares and delivering it to our corporate secretary at any time before the taking of the vote at the annual meeting; or
- (c) attending at the annual meeting, giving affirmative notice at the annual meeting that you intend to revoke your proxy and voting in person. Please note that your attendance at the annual meeting will not, in and of itself, revoke your proxy.

All shares of common stock represented by properly executed proxies received at or prior to the annual meeting that have not been revoked will be voted in accordance with the instructions of the stockholder who has executed the proxy. If no choice is specified in a proxy, the shares represented by the proxy will be voted FOR the election of all the nominees to serve as our directors and FOR the approval of all of the other proposals set forth in the accompanying notice of meeting. The shares represented by each proxy will also be voted for or against such other matters as may properly come before the annual meeting in the discretion of the persons named in the proxy as proxy holders. We are not aware of any other matters to be presented for action at the annual meeting other than those described herein.

Any written revocation of proxy or subsequent later-dated proxy should be delivered to Nord Resources Corporation, 1 West Wetmore Road, Suite 203, Tucson, Arizona, 85705, Attention: John T. Perry, President.

Record Date And Shares Entitled To Vote

Our Board of Directors has fixed the close of business on September 6, 2007 as the record date for the determination of stockholders entitled to notice of and to vote at the annual meeting. At the record date, there were approximately <> shares of our common stock issued, outstanding, and entitled to vote at the annual meeting. Holders of common stock are entitled to one vote at the annual meeting for each share of common stock held of record at the record date. There are no separate voting groups or separate series of stock. There is no cumulative voting in the election of directors.

Quorum

A quorum is necessary to hold a valid meeting of our stockholders. The required quorum for the transaction of business at the annual meeting is one-third of our issued and outstanding shares as of the record date.

In order to be counted for purposes of determining whether a quorum exists at the annual meeting, shares must be present at the annual meeting either in person or represented by proxy. Shares that will be counted for purposes of determining whether a quorum exists will include:

1. shares represented by properly executed proxies for which voting instructions have been given, including proxies which are marked Abstain or Withhold for any matter;
2. shares represented by properly executed proxies for which no instruction has been given; and
3. broker non-votes.

Broker non-votes occur when shares held by a broker for a beneficial owner are not voted with respect to a particular proposal because the broker has not received voting instructions from the beneficial owner and the broker does not have discretionary authority to vote such shares.

Votes Required

Proposal One Election of Directors: The affirmative vote of the holders of a plurality of the shares of common stock voting is required for the election of our directors. This means that the nominees who receive the greatest number of votes for each open seat will be elected. Votes may be cast in favor of the election of directors or withheld. A vote is withheld when a properly executed proxy is marked WITHHOLD for the election of one or more directors. Votes that are withheld and broker non-votes will

be counted for the purposes of determining the presence or absence of a quorum but will have no other effect on the election of directors.

Proposal Two Changes to Amended Certificate of Incorporation: The affirmative vote of the holders of a majority of the shares of our common stock outstanding on the record date is required for the approval of the amendment to our Amended Certificate of Incorporation to increase the authorized number of shares of our common stock. Stockholders may vote in favor of or against this proposal, or they may abstain. Abstentions and broker non-votes will be counted for purposes of determining the presence or absence of a quorum, and will have the same effect as a vote against this proposal.

Proposal Three Appointment of Accountants: The affirmative vote of the holders of a majority of our common stock represented at the annual meeting in person or by proxy is required for the ratification of the appointment of our independent registered public accountants. Stockholders may vote in favor or against any proposal, or they may abstain. Abstentions and broker non-votes will be counted for purposes of determining the presence or absence of a quorum. Abstentions are deemed to be votes cast, and have the same effect as a vote against this proposal. Broker non-votes are not deemed to be votes cast and, therefore, have no effect on the vote with respect to this proposal.

Stockholder Proposals

No proposals have been received from any stockholder to be considered at the annual meeting.

Other Matters

It is not expected that any matters other than those referred to in this proxy statement will be brought before the annual meeting. If other matters are properly presented, however, the persons named as proxy appointees will vote in accordance with their best judgment on such matters. The grant of a proxy also will confer discretionary authority on the persons named as proxy appointees to vote in accordance with their best judgment on matters incident to the conduct of the annual meeting.

Solicitation of Proxies

This proxy solicitation is being made on behalf of our Board of Directors. We will solicit proxies initially by mail. Further solicitation may be made by our directors, officers and employees personally, by telephone, facsimile, e-mail, Internet or otherwise, but they will not be specifically compensated for these services. Upon request, we will reimburse brokers, dealers, banks or similar entities acting as nominees for their reasonable expenses incurred in forwarding copies of the proxy materials to the beneficial owners of the shares of our common stock they hold as of the record date. We will bear the expenses incurred in connection with printing, filing and mailing of this proxy statement.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information as of July 31, 2007 regarding the beneficial ownership of our common stock by:

- each person who is known by us to beneficially own more than 5% of our shares of common stock; and
- each named executive officer, each director and all of our directors and executive officers as a group.

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The number of shares beneficially owned and the percentage of shares beneficially owned are based on 35,271,685 shares of common stock outstanding as of July 31, 2007.

For the purposes of the information provided below, shares that may be issued upon the exercise or conversion of options, warrants and other rights to acquire shares of our common stock that are exercisable or convertible within 60 days following July 31, 2007, are deemed to be outstanding and beneficially owned by the holder for the purpose of computing the number of shares and percentage ownership of that holder, but are not deemed to be outstanding for the purpose of computing the percentage ownership of any other person.

| Name and Address of Beneficial Owner | As of July 31, 2007 | |
|--|----------------------------|---------|
| | Shares ⁽¹⁾ | Percent |
| <i>Named Executive Officers and Directors⁽²⁾</i> | | |
| Ronald A. Hirsch ⁽³⁾ Chairman | 7,265,526 ⁽⁴⁾ | 19.9% |
| John T. Perry ⁽⁵⁾ President, Chief Executive Officer, Chief Financial Officer, Secretary and Treasurer and Director | 2,022,381 ⁽⁶⁾ | 5.6% |
| Stephen D. Seymour Director | 4,904,853 ⁽⁷⁾ | 13.4% |
| Douglas P. Hamilton ⁽⁸⁾ Director | 183,333 ⁽⁹⁾ | 0.5% |
| John F. Cook ⁽⁸⁾ Director | 351,842 ⁽¹⁰⁾ | 1.0% |
| T. Sean Harvey ⁽¹¹⁾ Director | 50,000 ⁽¹²⁾ | 0.1% |
| Erland A. Anderson ⁽¹³⁾ Executive Vice President and Chief Operating Officer | 1,600,001 ⁽¹⁴⁾ | 4.4% |
| <i>Directors and Executive Officers as a Group (Eight Persons)</i> | 16,377,936 ⁽¹⁵⁾ | 40.9% |
| <i>Beneficial Owners of in Excess of 5% (other than Named Executive Officers and Directors)</i> | | |
| John F. Champagne | 3,105,000 | 8.8% |
| Auramet Trading, LLC | 2,568,640 ⁽¹⁶⁾ | 7.1% |

- (1) Based on 35,271,685 shares of common stock issued and outstanding as of July 31, 2007. Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission and generally includes voting or investment power with respect to securities. This table does not reflect up to 30,666,700 shares of common stock issuable, 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; nor does it reflect up to 15,333,350 shares of common stock issuable upon the exercise of common stock purchase warrants, which in turn are issuable upon the conversion of the special warrants. Except as otherwise indicated, we believe that the beneficial owners of

the common stock listed above, based on information furnished by such owners, have sole investment and voting power with respect to such shares, subject to community property laws where applicable, and except as noted below.

- (2) The address of the executive officers and directors is c/o Nord Resources Corporation, 1 West Wetmore Road, Suite 203, Tucson, Arizona, 85705.
- (3) Mr. Hirsch also held the position of Chief Executive Officer of the Company until February 15, 2006. Mr. Hirsch remains Chairman of the Board of Directors.
- (4) Includes warrants to acquire up to 1,130,000 shares of common stock exercisable within sixty days. Also includes options to acquire up to 141,668 shares of common stock exercisable within 60 days.

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- (5) Mr. Perry was appointed to the Board of Directors on June 11, 2007 and was appointed President and Chief Executive Officer of the Company effective April 23, 2007.
- (6) Includes options to acquire up to 716,667 shares of common stock and warrants to acquire up to 142,857 shares of common stock exercisable within 60 days.
- (7) Includes warrants to acquire up to 1,130,000 shares of common stock and options to acquire up to 225,001 shares of common stock exercisable within 60 days, 1,575,000 shares of common stock held by Mr. Seymour as a co-trustee of a trust, 320,757 shares of common stock held jointly with his spouse, and 36,300 owned by his spouse. Mr. Seymour disclaims beneficial ownership of the 36,300 shares of common stock owned by his spouse.
- (8) Messrs. Hamilton and Cook were appointed to the Board of Directors on February 15, 2006.
- (9) Includes options to acquire up to 183,333 shares of common stock exercisable within 60 days.
- (10) Includes warrants to acquire up to 71,429 shares of common stock exercisable within sixty days and 97,080 shares of common stock, all of which are owned by Tormin Resources Limited, a company owned and controlled by Mr. Cook. Also includes options to acquire up to 183,333 shares of common stock exercisable within 60 days.
- (11) Mr. Harvey was appointed to the Board of Directors on June 11, 2007.
- (12) Includes options to acquire up to 50,000 shares of common stock exercisable within 60 days.
- (13) Mr. Anderson was also President and a director of the Company until February 15, 2006. Mr. Anderson was appointed Executive Vice President and Chief Operating Officer on February 15, 2006, and succeeded Mr. Tintor as President and Chief Executive Officer, on an interim basis, on August 21, 2006. Mr. Nicholas Tintor served as President and Chief Executive Officer from February 15, 2006 until August 21, 2006 when he was succeeded by Mr. Anderson. At the time of his resignation on August 21, 2006, Mr. Tintor held 233,614 shares of common stock and warrants to acquire up to 57,143 shares of common stock exercisable within 60 days. On April 23, 2007, Mr. Anderson resigned as interim President and Chief Executive Officer and was appointed Executive Vice President and Chief Operating Officer.
- (14) Includes options to acquire up to 775,001 shares of common stock exercisable within 60 days.
- (15) Includes options to acquire up to 2,275,003 shares of common stock and warrants to acquire up to 2,474,286 shares of common stock exercisable within 60 days.
- (16) Includes warrants to acquire up to 968,640 shares of common stock exercisable within 60 days.

We have no knowledge of any arrangements, including any pledge by any person of our securities, the operation of which may at a subsequent date result in a change in our control.

We are not, to the best of our knowledge, directly or indirectly owned or controlled by another corporation or foreign government.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

None of the following persons has any substantial or material interest, directly or indirectly, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the annual meeting except for our current and future directors and executive officers inasmuch as they may be elected to office:

1. each person who has been one of our directors or executive officers at any time since the beginning of our last fiscal year;
2. each nominee for election as one of our directors; or
3. any associate of any of the foregoing persons.

None of the above persons has any extra or special benefit in their capacity as a security holder of the Company.

PROPOSAL NUMBER ONE:**ELECTION OF DIRECTORS TO OUR BOARD OF DIRECTORS****Election of Directors**

We propose to elect six directors, each to hold office until each director's successor is elected and qualified at our next annual meeting.

The persons named in the enclosed proxy will vote it for the election of the nominees listed under "Nominees for Election of Directors" below unless you instruct them otherwise, or unless a nominee is unwilling to serve as a director of our Company. Our Board of Directors has no reason to believe that any nominee will be unwilling to serve, but if a nominee should determine not to serve, the persons named in the proxy may vote for another candidate nominated by our Board of Directors.

The affirmative vote of a plurality of the votes present in person or by proxy at the annual meeting and entitled to vote on the election of directors is required for election of each nominee as a director. Our Amended Certificate of Incorporation does not provide for cumulative voting in the election of directors.

Nominees for Election as Directors

Ronald A. Hirsch, John T. Perry, Stephen D. Seymour, John F. Cook, Douglas P. Hamilton and T. Sean Harvey, each of whom are current directors, have been nominated by our Board of Directors for election. It is the intention of the persons named in the accompanying form of proxy to vote proxies for the election of these individuals and each of the nominees has consented to being named in this proxy statement and to serve, if elected. In the event that any or all of these individuals should for some reason, presently unknown, become unavailable for election, the persons named in the form of proxy intend to vote for substitute nominees.

Directors and Executive Officers

The following table and information that follows sets forth the names and positions of our directors and executive officers:

| Name and Municipality of Residence | Age | Current Office with Nord Resources Corporation | Director Since |
|--|------------|--|-----------------------|
| Ronald A. Hirsch ⁽¹⁾ Laguna Beach, CA | 64 | Director and Chairman | September 7, 2000 |
| John T. Perry ⁽²⁾ Tucson, AZ | 41 | President, Chief Executive Officer, Chief Financial Officer, Secretary, Treasurer and a Director | June 11, 2007 |
| Stephen D. Seymour Baltimore, MD | 65 | Director | October 15, 2003 |
| Douglas P. Hamilton North Chatham, MA | 65 | Director | February 15, 2006 |
| John F. Cook Roslin, ON | 67 | Director | February 15, 2006 |

| Name and Municipality of Residence | Age | Current Office with Nord Resources Corporation | Director Since |
|--|------------|---|-----------------------|
| T. Sean Harvey Toronto, ON | 48 | Director | June 11, 2007 |
| Erland A. Anderson ⁽³⁾ Tucson, AZ | 64 | Executive Vice President and Chief Operating Officer | N/A |

- (1) Mr. Hirsch also held the position of Chief Executive Officer of the Company until February 15, 2006. Mr. Hirsch remains Chairman of the Board of Directors.
- (2) Mr. Perry was appointed to the Board of Directors on June 11, 2007 and was appointed President and Chief Executive Officer of the Company effective April 23, 2007.
- (3) Mr. Anderson was also President and a director of the Company until February 15, 2006. Mr. Anderson was appointed Executive Vice President and Chief Operating Officer on February 15, 2006, and succeeded Mr. Tintor as President and Chief Executive Officer, on an interim basis, on August 21, 2006. Mr. Nicholas Tintor served as President and Chief Executive Officer from February 15, 2006 until August 21, 2006 and was succeeded by Mr. Erland Anderson on an interim basis. On April 23, 2007, Mr. Anderson resigned as interim President and Chief Executive Officer and was appointed Executive Vice President and Chief Operating Officer.

The following is a description of the business background of the directors, director nominees and executive officers of our company.

Ronald A. Hirsch Mr. Hirsch has been a director of our company since September 7, 2000 and Chairman since October 20, 2003. He was also Chief Executive Officer from October 20, 2003 until February 15, 2006. Mr. Hirsch has over 30 years experience in the investment and corporate finance community. From January 2000 to October 2003, he was the President of Hirsch Enterprises, a private investment firm based in Laguna Beach, California. Until 1997, Mr. Hirsch was Senior Vice President -Investments with Lehman Brothers in New York where he was employed for 20 years, and previous to that was with Dean Witter for five years. He holds a bachelors degree in economics from Michigan State University and pursued advanced studies in Finance at New York University.

John T. Perry Mr. Perry has been a director of our company since June 11, 2007 and President and Chief Executive Officer since April 23, 2007. Mr. Perry was appointed as our Senior Vice President and Chief Financial Officer on April 1, 2005 and Secretary and Treasurer in September 2005. Mr. Perry has over 17 years (1989 to present) of mining and metals industry experience. Before joining our company, Mr. Perry was Vice President, Director with CB Richard Ellis, International Mining and Metals Group from December 2003 to August 2005. Prior to that, he held various positions with BHP Billiton Base Metals and BHP Copper Inc., including Vice President Finance with BHP Billiton Base Metals from August 2002 to November 2003, President, BHP Copper, Inc. from August 1999 to August 2002, and Vice President Finance and Administration for BHP Copper, Inc. He is a Certified Public Accountant and holds an undergraduate degree in Accounting and Finance as well as an MBA from the University of Arizona.

Stephen D. Seymour Mr. Seymour was appointed a director of our company on October 15, 2003. He has over 30 years experience in sales, marketing and finance. Mr. Seymour has owned and been employed by Rockland Investments since 1986. He spent 15 years with Westinghouse Broadcasting where he was head of all television sales and marketing and a member of the board of the Broadcasting Division. Since 1980, he has specialized in leveraged buy outs, turn around situations and under managed and under capitalized ventures. Mr. Seymour holds an undergraduate degree from Rutgers University and an MBA from Columbia University.

Douglas P. Hamilton Mr. Hamilton has been a director of our company since February 15, 2006. He has over 30 years of experience in operations and finance in the power generation, automotive

and aerospace industries. Mr. Hamilton has been retired since 1997. Prior to his retirement, he was Senior Vice President Finance and Chief Financial Officer of Barnes Group Inc. (1996-1997) and Vice President Finance and Control of U.S. Power Generation Businesses for Asea Brown Boveri, Inc. (1993-1996). Prior to that, he held various executive and management positions at United Technologies, Corporation and Ingersoll-Rand Company. Mr. Hamilton holds an AB degree in Engineering Science from Dartmouth College and an MBA in accounting from Columbia University.

John F. Cook Mr. Cook has been a director of our company since February 15, 2006. Prior to that, for the past five years Mr. Cook has been the President of Tormin Resources Limited, a private company providing consulting services to the mining industry. He holds a Bachelor of Engineering (Mining), C. Eng UK, and P. Eng Ontario, and brings to Nord more than 40 years of experience in the operations and management of mining companies. Mr. Cook's positions included Senior Mining and Managing Consultant, RTZ Consultants Ltd. (1974-78), Associate and Principal, Golder Associates Ltd. (1978-83), Senior Project Manager, General Manager, and Vice President Engineering, Lac Minerals Ltd. (1983-90), Vice President Operations, Goldcorp Inc. (1990-94), and Navan Resources Plc, Operations Director (1994-96). Currently, Mr. Cook serves as the Chairman of Wolfden Resources Inc. and of Anaconda Gold Corp. He is also a director of GLR Resources Inc., Uranium City Resources Inc. and MBMI Resources Inc.

T. Sean Harvey Mr. Harvey was appointed as a director of the Company on June 11, 2007. He is a co-founder and, since January 2004, has served as the Non-Executive Chairman of Andina Minerals, Inc., a Toronto-based exploration-stage mining company listed on the TSX Venture Exchange. Mr. Harvey also served as the President, Chief Executive Officer and a director of Orvana Minerals Corp. (April 2005 - May 2006), a mining company listed on the Toronto Stock Exchange, and as the President, Chief Executive Officer and a director of Atlantico Gold Inc. (May 2003 - January 2004), a private company that acquired the Amapari gold project in Brazil in 2003, and that was subsequently acquired by Wheaton River Minerals Ltd. Prior to that, Mr. Harvey served as: the President, Chief Executive Officer, Chief Operating Officer and a director of TVX Gold Inc. (April 2001 - January 2003), a mining company listed on the Toronto and New York Stock Exchanges; a financial consultant to the EBX Group of Companies based in Rio de Janeiro (April 2000 - March 2001); a Director at Deutsche Bank Securities Limited (August 1998 - March 2000) in Toronto, where he was a member of the Investment Banking Group and the Global Mining and Metals team; a Director at Nesbitt Burns Inc. (Burns Fry Ltd.) (February 1990 - July 1998) in Toronto, where he was a member of the Investment Banking Group; a Financial Analyst at IBM Canada Limited (February 1989 - February 1990); and an Assistant Manager, CIBC (March 1988 - February 1989). Mr. Harvey holds an Honours Bachelor of Arts degree (Economics and Geography) and a Master of Arts degree (Economics) from Carleton University, a Bachelor of Laws degree from the University of Western Ontario and an MBA from the University of Toronto. He is also a member of the Law Society of Upper Canada.

Erland A. Anderson Mr. Anderson was appointed Executive Vice President and Chief Operating Officer on April 23, 2007. Prior to that, he served as interim President and Chief Executive Officer from August 21, 2006 to April 23, 2007. Prior to this, Mr. Anderson had served as our Chief Operating Officer and Executive Vice President since February 15, 2006, and as our President and a director from October 2003 until February 15, 2006. Mr. Anderson has over 35 years operational experience in the mining industry. From December 30, 2002 to October 2003, he was our Vice President. From June, 1999 to December 30, 2002, he served as the Company's Operations Manager and from 1994 to 1999 was North American Operations Manager for Nord Pacific Limited. Prior to 1994, Mr. Anderson was Vice President of Minera Roca Roja, S.A. de C.V., Walhalla Mining Company and Keweenaw Copper Company and a Director of Technical Services for St. Joe Minerals Corporation where he was employed for 14 years and had responsibility for mine planning and technical services. Mr. Anderson holds a degree in Civil Engineering Technology from Michigan Technological University and is a

member of the Society for Mining, Metallurgy, and Exploration of the American Institute of Mining, Metallurgical, and Petroleum Engineers.

Our directors hold office until the next annual meeting of the stockholders and the election and qualification of their successors. Officers are elected annually by the Board of Directors and serve at the direction of the Board of Directors.

Meetings of Directors During the Last Fiscal Year

The Company's Board of Directors held 22 meetings during the fiscal year ended December 31, 2006. Each director except Wade Nesmith attended at least 75% of the aggregate of: (i) the total number of board meetings held while he was a director; and (ii) total meetings held by committees on which he served during the periods that he served. Mr. Nesmith attended 73% of the board and committee meetings held during the fiscal year ended December 31, 2006.

The Company does not have a formal policy with respect to director attendance at annual stockholders meetings, however, all directors are encouraged to attend. A total of three directors from the Board of Directors as it was comprised at the time attended the annual stockholders meeting last year.

Board Independence

The Board of Directors determined that Douglas P. Hamilton, John F. Cook, Stephen Seymour and T. Sean Harvey each qualify as independent directors under the listing standards of the American Stock Exchange (the AMEX). Our former director, Mr. Wade Nesmith, was also determined to be independent under these standards during his service on the Board of Directors until his resignation in March of 2007.

In determining Mr. Stephen Seymour's independence, the Board of Directors considered certain loans and advances that Mr. Seymour had previously made to the Corporation and which have been repaid by the Corporation. For further details on these transactions, please refer to the section entitled "Certain Relationships and Related Transactions" under the headings "TMD Acquisition", "Revolving Line of Credit" and "Convertible Promissory Notes". The Board of Directors determined that since these transactions relate to the repayment of outstanding loans or advances made by Mr. Seymour to or on behalf of the Corporation, that such transactions were not compensatory in nature and do not interfere with Mr. Seymour's ability to exercise independent judgment.

Committees of the Board of Directors

Our Board of Directors currently has three board committees: an Audit Committee, a Compensation Committee and a Corporate Governance and Nominating Committee. These Committees were established in February 2006.

The information below sets out the current members of each of the Company's board committees and summarizes the functions of each of the committees.

Audit Committee

Our Audit Committee has been structured to comply with Rule 10A-3 under the *Securities Exchange Act of 1934*, as amended. Our Audit Committee is comprised of Douglas P. Hamilton, John F. Cook, and T. Sean Harvey, all of whom qualify as independent directors under the rules of the AMEX. Douglas P. Hamilton is the Chairman of the Audit Committee and our Board of Directors has determined

that he satisfies the criteria for an audit committee financial expert under Item 407(d)(5) of Regulation S-B of the rules of the Securities and Exchange Commission (SEC). Each Audit Committee member is able to read and understand fundamental financial statements, including the Company s consolidated balance sheet, consolidated statement of operations and consolidated statement of cash flows.

The Audit Committee will meet with management and our external auditors to review matters affecting the Company s financial reporting, the system of internal accounting and financial controls and procedures and the audit procedures and audit plans. The Audit Committee will review our significant financial risks, will be involved in the appointment of senior financial executives and will annually review our insurance coverage and any off balance sheet transactions.

The Audit Committee is mandated to monitor our Company s audit and the preparation of financial statements and to review and recommend to the Board of Directors all financial disclosure contained in our company s public documents. The Audit Committee is also mandated to appoint external auditors, monitor their qualifications and independence and determine the appropriate level of their remuneration. The external auditors report directly to the Audit Committee and to the Board of Directors. The Audit Committee and Board of Directors each have the authority to terminate the external auditor s engagement (subject to confirmation by our stockholders). The Audit Committee will also approve in advance any permitted services to be provided by the external auditors which are not related to the audit.

We will provide appropriate funding as determined by the Audit Committee to permit the Audit Committee to perform its duties and to compensate its advisors. The Audit Committee, at its discretion, has the authority to initiate special investigations, and if appropriate, hire special legal, accounting or other outside advisors or experts to assist the Audit Committee to fulfill its duties.

The Audit Committee operates pursuant to a written charter, which complies with the applicable provisions of the *Sarbanes-Oxley Act of 2002* and related rules of the SEC and the AMEX. A copy of the Audit Committee charter was attached as an exhibit to our proxy statement for the 2006 annual meeting of stockholders.

The Audit Committee discharged its mandate in respect of the financial year ended December 31, 2006, including the review and recommendation to the Board all financial disclosure contained in our company s public documents. The Audit Committee held one meeting during the year ended December 31, 2006, and also acted through the adoption of written consent resolutions as permitted under the Delaware General Corporation Law and our company s Amended and Restated Bylaws.

Report of the Audit Committee

The Audit Committee has reviewed and discussed the audited financial statements for the year ended December 31, 2006 with the Company s management. In addition, the Audit Committee has discussed with the Company s independent registered public accounting firm, Mayer Hoffman McCann P.C., the matters required by Statement on Auditing Standards No. 61, *Communication with Audit Committees*. The Audit Committee has received the written disclosures and the letter from Mayer Hoffman McCann P.C. required by Independence Standards Board Standard No. 1, *Independence Discussions with Audit Committees*, and has discussed, with Mayer Hoffman McCann P.C., their independence. The Audit Committee considered the compatibility of non-audit services with the auditors independence. Based on the discussions and reviews referenced above, the Audit Committee recommended to the Company s Board of Directors that the audited financial statements for the year ended December 31, 2006 be included in the Company s Annual Report on Form 10-KSB for the year ended December 31, 2006. The Audit Committee has selected Mayer Hoffman McCann P.C. to serve as the Company s Independent Registered Public Accounting Firm for the year 2007.

The Audit Committee of the Board of Directors of Nord Resources Corporation:

Douglas P. Hamilton (Chairman)

T. Sean Harvey

John F. Cook

Compensation Committee

The Compensation Committee is comprised of Douglas P. Hamilton, John F. Cook and T. Sean Harvey, all of whom qualify as independent directors under the rules of the AMEX. John F. Cook is the Chairman of the Compensation Committee. The Compensation Committee is responsible for considering and authorizing terms of employment and compensation of directors, executive officers and providing advice on compensation structures in the various jurisdictions in which our Company operates. In addition, the Compensation Committee reviews our overall salary objectives and any significant modifications made to employee benefit plans, including those applicable to directors and executive officers, and proposes any awards of stock options and incentive and deferred compensation benefits.

The Compensation Committee does not currently have a written charter.

The Compensation Committee held no meetings during the year ended December 31, 2006.

Corporate Governance and Nominating Committee

The Corporate Governance and Nominating Committee is comprised of Stephen Seymour, Douglas P. Hamilton and John F. Cook, each of whom qualify as independent directors under the rules of the AMEX. Mr. Seymour is the Chairman of the Corporate Governance and Nominating Committee. The Corporate Governance and Nominating Committee is responsible for developing our approach to corporate governance issues and compliance with governance rules. The Corporate Governance and Nominating Committee is also mandated to plan for the succession of our company, including recommending director candidates, review of board procedures, size and organization, and monitoring of senior management with respect to governance issues. The Committee is responsible for the development and implementation of corporate communications to ensure the integrity of our disclosure controls and procedures, internal control over financial reporting and management information systems. The purview of the Corporate Governance and Nominating Committee also includes the administration of our Board of Directors relationship with our management.

The Corporate Governance and Nominating Committee identifies individuals believed to be qualified to become board members and recommends individuals to fill vacancies. There are no minimum qualifications for consideration for nomination to be a director of the Company. The Committee will assess all nominees using the same criteria. In nominating candidates, the Committee takes into consideration such factors as it deems appropriate, including judgment, experience, skills and personal character, as well as the needs of the Company. The Corporate Governance and Nominating Committee will consider nominees recommended by stockholders if such recommendations are made in writing to the Committee and will evaluate nominees for election in the same manner whether the nominee has been recommended by a stockholder or otherwise. To recommend a nominee, please write to the Corporate Governance and Nominating Committee c/o Nord Resources Corporation, Attn: Secretary, 1 West Wetmore Road, Suite 203, Tucson, Arizona, 85705.

The Corporate Governance and Nominating Committee does not currently have a written charter.

The Corporate Governance and Nominating Committee held no meetings during the year ended December 31, 2006.

Executive Committee

We determined that it was no longer necessary to have an Executive Committee on the basis that the entire Board of Directors as it is currently comprised will oversee the matters previously delegated to the Executive Committee.

Stockholder Communications

Stockholders may contact an individual director, the Board of Directors as a group, or a specified board committee or group, including the non-employee directors as a group, either by: (a) writing to Nord Resources Corporation, 1 West Wetmore Road, Suite 203, Tucson, Arizona, 85705, Attn: Board of Directors; or (b) sending an e-mail message to info@nordresources.com.

Our Secretary will conduct an initial review of all such stockholder communications and will forward the communications to the persons to whom it is addressed, or if no addressee is specified, to the appropriate committee of the Board of Directors or the entire Board of Directors depending on the nature of the communication. Such communications will be assessed by the recipients as soon as reasonably practical taking into consideration the nature of the communication and whether expedited review is appropriate.

Code of Ethics

We have a Code of Ethics that applies to all directors and officers. This code summarizes the legal, ethical and regulatory standards that must be followed and is a reminder to the directors and officers of the seriousness of that commitment. Compliance with this Code of Ethics and high standards of business conduct is mandatory for each director and officer. As adopted, the Code of Ethics sets forth written standards that are designed to deter wrongdoing and to promote:

1. honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
2. compliance with applicable governmental laws, rules and regulations;
3. the prompt internal reporting of violations of the Code of Ethics to the appropriate person or persons identified in the Code of Ethics; and
4. accountability for adherence to the Code of Ethics.

The Company will provide a copy of the Code of Ethics to any person without charge, upon request. Requests can be sent to: Nord Resources Corporation, at 1 West Wetmore Road, Suite 203, Tucson, Arizona, 85705.

Involvement in Certain Legal Proceedings

Except as disclosed in this proxy, during the past five years none of our directors or executive officers is, or has been, a general partner or executive officer of any business that filed a bankruptcy petition (or had a bankruptcy petition filed against it), either at the time of filing or within two years prior to such time.

None of our directors or executive officers has, within the past five years, been convicted in a criminal proceeding or been the subject of a pending criminal proceeding (excluding traffic violations and other minor offenses).

None of our directors or executive officers has, within the past five years, been subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities or banking activities.

None of our directors or executive officers has, within the past five years, been found by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission or the Commodity Futures Trading Commission to have violated a federal or state securities or commodities law, and the judgment has not been reversed, suspended or vacated.

There are currently no legal proceedings to which any of our directors or officers is a party adverse to us or in which any of our directors or officers has a material interest adverse to us.

Certain Relationships and Related Transactions

Except for the transactions described below, since the beginning of our last fiscal year, none of our directors, nominees, officers or principal stockholders, nor any immediate family member of the foregoing, have any material interest, direct or indirect, in any transaction, or in any proposed transaction, in which our company was or is to be a participant and in which the amount involved exceeds the lesser of \$120,000 or one percent of the average of our total assets at year-end for the last three completed fiscal years.

TMD Acquisition

In May 2004, we commenced pursuing an opportunity to acquire assets comprising ASARCO Inc.'s Tennessee Mines Division zinc business. Ronald Hirsch, the Chairman of our Board of Directors, and Stephen Seymour, a director of our company, subsequently agreed to assist us to preserve this opportunity by assuming the right to acquire ASARCO's zinc assets, and assigning such right to TMD Acquisition, a corporation formed specifically to facilitate an asset purchase agreement with ASARCO dated March 21, 2005 in respect of the zinc assets. The principals of TMD Acquisition are Ronald Hirsch and Stephen Seymour.

Pursuant to a Settlement Agreement and a related Assignment Agreement dated as of October 18, 2006 between our company and TMD Acquisition, we took an assignment of the asset purchase agreement between TMD Acquisition and ASARCO. We also agreed to reimburse TMD Acquisition for certain expenses in the aggregate amount of \$365,000, and to assume certain accounts payable in the aggregate amount of \$101,442, which had been incurred by TMD Acquisition in the preservation of the opportunity to acquire ASARCO's zinc assets. We had previously advanced to TMD Acquisition the aggregate amount of \$50,000 (evidenced by demand promissory notes dated February 27, 2006 and May 8, 2006, each in the principal amount of \$25,000) to cover certain expenses that TMD Acquisition has incurred in preserving the opportunity to acquire ASARCO's zinc assets. The loan was repaid by TMD Acquisition on December 27, 2006.

Although ASARCO's trustee in bankruptcy sold the zinc assets, we instructed counsel to preserve any right of action that we might have against ASARCO and ASARCO's trustee in bankruptcy. On December 12, 2006 we entered into a settlement agreement with ASARCO pursuant to which ASARCO paid us \$475,000 in consideration of the execution and delivery by the parties of mutual general releases.

The TMD Settlement Agreement provided that we would reimburse the \$365,000 in expenses incurred by TMD Acquisition upon the earlier of certain specified events but no later than December 22, 2006. In addition, if we received any cash payment on account of the claim against ASARCO, we were required to first remit such portion of the cash payment to TMD Acquisition as will be required to fully pay the outstanding balance of TMD's expenses. However, TMD Acquisition agreed to defer reimbursement of its expenses until our company's financial position had improved. We repaid all outstanding amounts owed to TMD Acquisition on June 13, 2007, out of the net proceeds of the special warrant financing which closed on June 5, 2007.

Revolving Line of Credit

On June 21, 2005, we entered into a \$600,000 revolving line of credit agreement with Ronald Hirsch and Stephen Seymour. The line of credit was subject to interest at 6.0% per annum, and was to have matured on December 31, 2005. It was collateralized by accounts receivable, inventory, property and equipment, and other assets, but was later subordinated to our secured bridge loan from Nedbank. The maturity date was extended several times and ultimately was agreed to be the earlier of: (a) July 12, 2007; or (b) the closing of (i) an equity offering in which our company raised not less than \$20,000,000, or (ii) a significant corporate transaction which resulted in a change of control of our company, or which involved a sale, lease, exchange or other transfer of all or substantially all of our company's assets or assets valued at \$12,000,000 or greater. In addition, commencing May 1, 2006, the interest rate was changed from 6.0% per annum to M&T Bank's prime rate.

In consideration for the issuance of the line of credit, our company agreed to issue to the lenders four shares of common stock and four warrants for every \$1 loaned to our company. Each warrant entitles the lender to purchase one share of common stock at an exercise price of \$0.25 for a period of three years. We drew down a total of \$564,812 in principal, and we issued a total of 2,260,000 fully paid and non-assessable shares of common stock and 2,260,000 common stock warrants, under this facility. These shares, and the shares issuable upon exercise of these warrants, were made subject to registration rights.

We repaid the outstanding principal and interest under this facility, totaling \$569,664, on June 7, 2007.

Convertible Promissory Notes

We issued a convertible promissory note dated August 19, 2004 to Stephen Seymour in the principal amount of \$66,000, and a convertible promissory note dated October 4, 2004 to Ronald Hirsch in the principal amount of \$106,000. We applied the proceeds from the loans evidenced by these notes to our working capital. The loans were subject to interest at 10% per annum, were unsecured and were extended several times, but ultimately were extended to mature on the earlier of: (a) July 12, 2007; or (b) the closing of (i) a registered equity offering and/or a debt project financing in which we raise not less than \$25,000,000, or (ii) a significant corporate transaction which results in a change of control of our company, or which involves a sale, lease, exchange or other transfer of all or substantially all of our company's assets or assets valued at \$12,000,000 or greater. These loans were repayable upon maturity: (a) in the case of an equity offering or a debt financing, as to 50% in cash and as to the balance in fully paid shares of common stock at a deemed price of \$0.20 per share; (b) in the case of a significant corporate transaction or a sale, lease or transfer of assets, solely in fully paid shares of common stock at a deemed price of \$0.20 per share; and (c) in any other case, in such mix of cash and/or fully paid shares of common stock at a deemed price of \$0.20 per share as the holder could determine. These loans were subordinated to our bridge loan from Nedbank Limited.

On June 29, 2004, Ronald Hirsch exercised 1,750,000 stock options at an exercise price of \$0.02 per share, for a total of \$35,000. Subsequently, during April 2005, we agreed to rescind this stock option exercise and to reinstate the original 1,750,000 options at the exercise price and with the expiration date of the options under the original grant, in order to facilitate tax planning by Mr. Hirsch. Mr. Hirsch agreed that we could retain the \$35,000 that he had paid to exercise the stock options as working capital, and we issued Mr. Hirsch a convertible promissory note for \$35,000, dated as of June 29, 2004, being the date of the rescinded option exercise. The promissory note was subject to interest at 10% per annum, was unsecured and was extended several times, but ultimately was extended to mature on the earlier of: (a) July 12, 2007; or (b) the closing of (i) a registered equity offering and/or a debt project financing in which we raise not less than \$25,000,000, or (ii) a significant corporate transaction which results in a change of control of our company, or which involves a sale, lease, exchange or other transfer of all or substantially all of our company's assets or assets valued at \$12,000,000 or greater. This loan was repayable upon maturity: (a) in the case of an equity offering or a debt financing, as to 50% in cash and as to the balance in fully paid shares of common stock at a deemed price of \$0.175 per share; (b) in the case of a significant corporate transaction or a sale, lease or transfer of assets, solely in fully paid shares of common stock at a deemed price of \$0.175 per share; and (c) in any other case, in such mix of cash and/or fully paid shares of common stock at a deemed price of \$0.175 per share as the holder may determine. This loan was subordinated to the Bridge Loan with Nedbank Limited.

We repaid the loans evidenced by these convertible promissory notes on June 29, 2007. We repaid 50% of the outstanding principal and interest, amounting in total to \$132,636, in cash, and we issued: (a) 130,000 fully paid and non-assessable shares of common stock to Mr. Hirsch upon conversion of 50 percent of the outstanding principal and interest under the \$35,000 convertible promissory note dated June 29, 2004, at a conversion price of \$0.175 per share; (b) 212,195 fully paid and non-assessable shares of common stock to Mr. Seymour upon conversion of 50 percent of the outstanding principal and interest under the \$66,000 convertible promissory note dated August 19, 2004, at a conversion price of \$0.20 per share; (c) 337,458 fully paid and non-assessable shares of common stock to Mr. Hirsch upon conversion of 50 percent of the outstanding principal and interest under the \$106,000 convertible promissory note dated October 4, 2004, at a conversion price of \$0.20 per share. These shares were issued subject to registration rights.

Compensatory Arrangements

On June 14, 2007 we paid a total of \$1,942,623 in accrued and outstanding consulting fees, salaries and bonuses which have accrued over the past four years to Ronald Hirsch, the Chairman of our Board of Directors, John Perry, our President, Chief Executive Officer, Chief Financial Officer Secretary and Treasurer, and Erland Anderson, our Executive Vice President and Chief Operating Officer, as follows:

| Name of Officer | Amount Paid | Nature of Payment |
|------------------------|--------------------|--------------------------|
| Ronald Hirsch | \$ 145,000 | Accrued consulting fees |
| | 954,157 | Accrued salary and bonus |
| John Perry | 150,000 | Accrued bonus |
| Erland Anderson | 693,466 | Accrued salary and bonus |
| | \$ 1,942,623 | |

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Participation By Officers and Directors in Private Placements

In September 2005, we commenced a private placement of equity securities up to a maximum of 1,428,571 units, whereby one unit, consisting of one share of common stock and a warrant to purchase one share of common stock, was offered for \$0.35 per unit. We sold 899,644 units for a total of \$314,875. The stock purchase warrants have an exercise price of \$0.40 and expire in three years. We issued these securities to accredited investors, relying on Rule 506 of Regulation D and/or Section 4(2) of the Securities Act of 1933, as amended. Certain of our executive officers and former or current directors participated in the private placement as follows: Nicholas Tintor (57,143 units), Wade D. Nesmith (30,000 units), John T. Perry (142,857 units) and Tormin Resources Limited, a company owned and controlled by John F. Cook, (71,429 units). All insiders participated on the same terms as third party purchasers.

In June 2007, we completed an unregistered private placement offering of 30,666,700 special warrants. The special warrants were offered and sold at a price of \$0.75 per special warrant, for aggregate gross proceeds of \$23,000,025. Each special warrant is convertible into one fully-paid and non-assessable share of common stock and one-half of one common share purchase warrant for no additional consideration. The special warrants are governed by the terms of a special warrant indenture among the Company, Computershare Trust Company of Canada, as the special warrant trustee, and Blackmont Capital Inc., dated June 5, 2007. The holder of a special warrant will not be deemed a holder of the underlying common stock or warrants until the special warrant is converted.

Under the terms of the special warrant indenture, we are required to:

- (a) file and obtain a receipt for a Canadian non-offering prospectus to qualify the issuance in Canada of (i) the shares of common stock and the warrants issuable upon conversion of the special warrants, and (ii) the shares of common stock issuable upon exercise of the warrants, and
- (b) file a registration statement under the *Securities Act of 1933*, as amended, in order to register the resale of (i) the shares issuable upon conversion of the special warrants, and (ii) the shares issuable upon exercise of the warrants.

If we fail to obtain a receipt for a final Canadian prospectus and effectiveness of the U.S. registration statement no later than 5:00 p.m. (Pacific time) on December 3, 2007, being the 180th day following the closing date of the special warrant offering, we will be liable for a liquidity incentive payment to the investors equal to 1% per month (pro-rated), subject to a maximum liquidity incentive payment equal to an aggregate of 12% of the gross proceeds of the offering.

The special warrants will expire at 5:00 p.m. (Pacific time) on the earlier of:

- (a) the third business day following the date on which we obtain a receipt for the final Canadian prospectus;
 - (b) the date that is four months and one day following the date on which we become a reporting issuer under the securities legislation of any province or territory of Canada; and
 - (c) June 5, 2009, being the date which is two years following the date of the special warrant indenture.
-

The holder of a special warrant that has not expired in accordance with its terms may elect to convert its special warrant into the underlying shares of common stock and warrants at any time after 5:00 p.m. (Pacific time) on December 3, 2007. Each special warrant that has not been converted by the holder will be converted by the special warrant trustee immediately prior to the time of its expiry without the need for any action on the part of the holder.

A total of 15,333,350 warrants are issuable upon conversion of the special warrants. Each warrant, when issued, will entitle the holder to purchase one share of common stock until 5:00 p.m. (Pacific time) on June 5, 2012 at a price of \$1.10 per share. The warrants are governed by the terms of a warrant indenture between us and Computershare Trust Company of Canada, as the warrant agent, dated June 5, 2007.

Mr. Harvey purchased 187,500 Special Warrants. He was subsequently appointed to our Board of Directors on June 11, 2007, and has agreed to stand for re-election as a director for the ensuing year.

Other than compensatory arrangements described under Executive Compensation, we have no other transactions, directly or indirectly, with our promoters, directors, senior officers or principal stockholders, which have materially affected or will materially affect us.

Conflicts of Interest

To our knowledge, and other than as disclosed in this proxy, there are no known existing or potential conflicts of interest among us, our promoters, directors and officers, or other members of management, or any proposed director, officer or other member of management as a result of their outside business interests except that certain of the directors and officers serve as directors and officers of other companies, and therefore it is possible that a conflict may arise between their duties to us and their duties as a director or officer of such other companies.

Compliance with Section 16(A) of the Securities Exchange Act

Section 16(a) of the *Securities Exchange Act of 1934*, as amended, requires our executive officers and directors, and persons who beneficially own more than ten percent of our equity securities, to file initial reports of ownership and reports of changes in ownership of our common stock and our other equity securities with the SEC. Based on our review of the reports furnished to us by our officers, directors and greater than ten percent stockholders, during the fiscal year ended December 31, 2006, all such reports were timely filed.

EXECUTIVE COMPENSATION

Summary Compensation Table

Particulars of compensation awarded to, earned by or paid during the last two fiscal years to:

- (a) the person(s) serving as our company's principal executive officer during the year ended December 31, 2006;
- (b) each of our company's two most highly compensated executive officers, other than the principal executive officer, who were serving as executive officers at the end of the year ended December 31, 2006, and whose total compensation exceeds \$100,000 per year; and

(c) individuals for whom disclosure would have been provided under (b) but for the fact that the individual was not serving as an executive officer of our Company at the end of the year ended December 31, 2006;

(the named executive officers) are set out in the summary compensation table below.

| Name and Principal Position | Year | Salary (\$) | Bonus (\$) | Stock Awards (\$) | Option Awards (\$) ⁽¹⁾ | Non-Equity Incentive Plan Compensation (\$) | Non-qualified Deferred Compensation Earnings (\$) | All Other Compensation (\$) | Total (\$) |
|--|------|-------------------------|---------------------------|-------------------|-----------------------------------|---|---|-----------------------------|------------|
| Ronald A. Hirsch Chairman and Chief Executive Officer ⁽²⁾ | 2006 | 200,000 ⁽³⁾ | 300,000 ⁽⁴⁾ | - | - | - | - | 11,538 ⁽⁶⁾ | 511,538 |
| | 2005 | 200,000 ⁽³⁾ | - | - | 515,826 ⁽⁵⁾ | - | - | - | 715,826 |
| John T. Perry President, Chief Executive Officer, Chief Financial Officer, Secretary and Treasurer | 2006 | 203,000 ⁽⁷⁾ | 375,000 ⁽⁴⁾⁽⁸⁾ | - | - | - | - | 10,096 ⁽⁶⁾ | 588,096 |
| | 2005 | 52,700 ⁽⁷⁾ | 75,000 ⁽⁸⁾ | - | 143,835 | - | - | - | 271,535 |
| Nicholas Tintor President and Chief Executive Officer ⁽⁹⁾ | 2006 | - | 88,235 | - | - | - | - | 233,000 ⁽¹⁰⁾ | 321,235 |
| | 2005 | - | - | - | - | - | - | - | - |
| Erland A. Anderson Executive Vice President and Chief Operating Officer ⁽¹¹⁾ | 2006 | 150,000 ⁽¹²⁾ | 300,000 ⁽⁴⁾ | - | 126,633 ⁽¹³⁾ | - | - | 8,654 ⁽⁶⁾ | 585,287 |
| | 2005 | 150,000 ⁽¹²⁾ | - | - | - | - | - | - | 150,000 |

Notes

- (1) This column represents the dollar amount recognized for financial statement reporting purposes with respect to the 2006 fiscal year for the fair value of stock options granted to each of the named executive officer, in 2006 as well as prior fiscal years, in accordance with SFAS 123R. Pursuant to SEC rules, the amounts shown exclude the impact of estimated forfeitures related to service-based vesting conditions. For additional information on the valuation assumptions with respect to the options, refer to Note 1 under the heading **Stock-Based Compensation** and Note 8 under the heading **Stock Options** in our consolidated financial statements in the Form 10-KSB for the year ended December 31, 2006 as filed with the SEC.
- (2) Mr. Hirsch resigned as Chief Executive Officer of the Company effective February 15, 2006, but remains Chairman of the Board.
- (3) \$200,000 of salary deferred in each of 2006 and 2005. This amount was paid on June 11, 2007. See **Certain Relationships and Related Party Transactions** **Compensatory Arrangements** .
- (4) On October 16, 2006, our company's board of directors declared bonuses of \$300,000 to each of Mr. Hirsch, Mr. Anderson and Mr. Perry for their success in bringing our company back into compliance with its SEC reporting obligations and