

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

FORM 10-Q

(X) QUARTERLY REPORT PURSUANT TO SECTION 13 or 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2000

OR

( ) TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number 000-19182

Nord Pacific Limited  
(Exact name of registrant as specified in its charter)

New Brunswick  
(State or other jurisdiction of  
incorporation or organization)

Not Applicable  
(I.R.S. Employer Identification No.)

40 Wellington Row, Suite 2100, Scotia Plaza  
Saint John, New Brunswick  
(Address of principal executive officers)

E2L 4S3  
(Zip Code)

Registrant's telephone number, including area code

(506) 633-3800

Indicated by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding twelve months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES\_\_\_ NO X

The number of shares of Common Stock outstanding as of November 30, 2000 was 12,960,803.

NORD PACIFIC LIMITED

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PART I. FINANCIAL INFORMATION  
ITEM 1. Condensed Consolidated Financial Statements

NORD PACIFIC LIMITED  
BALANCE SHEETS  
ASSETS  
(Unaudited)  
(In Thousands of U.S. Dollars)

	September 30, 2000	December 31, 1999
CURRENT ASSETS:		
Cash and cash equivalents	\$ 360	\$ 102
Accounts receivable:		
Trade	779	950
Nord Resources Corporation	145	--
Other, including joint venture partner	414	146
Inventories:		
Copper	217	260
Supplies	164	175
Prepaid expenses	<u>65</u>	<u>79</u>
TOTAL CURRENT ASSETS	2,144	1,712
DEFERRED COSTS ASSOCIATED WITH ORE UNDER LEACH, net of accumulated amortization of \$27,104 in 2000 and \$22,740 in 1999	5,017	8,228
PROPERTY, PLANT AND EQUIPMENT - at cost less accumulated depreciation of \$8,935 in 2000 and \$8,175 in 1999	1,620	2,282
DEFERRED EXPLORATION AND DEVELOPMENT COSTS		
Girilambone, net of accumulated amortization of \$5,362 in 2000 and \$4,434 in 1999	1,117	2,045
Exploration and development prospects	14,281	15,591
OTHER ASSETS	<u>86</u>	<u>103</u>
	<u>\$24,265</u>	<u>\$29,961</u>

SEE NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NORD PACIFIC LIMITED  
BALANCE SHEETS (Continued)  
LIABILITIES AND  
STOCKHOLDERS' EQUITY  
(Unaudited)  
(In Thousands of U.S. Dollars)

	September 30, 2000	December 31, 1999
CURRENT LIABILITIES:		
Accounts payable:		
Trade	\$ 794	\$ 1,356
Affiliates, including advances	272	2,091
Accrued expenses	283	1,058
Advance on copper sales	103	-
Current maturities of long-term debt	722	2,400
Payable on foreign currency contracts	<u>1,096</u>	<u>1,150</u>
TOTAL CURRENT LIABILITIES	3,270	8,055
LONG-TERM LIABILITIES:		
Long-term debt	722	-
Deferred income taxes	3,347	4,019
Retirement benefits	<u>284</u>	<u>270</u>
TOTAL LONG-TERM LIABILITIES	4,353	4,289
STOCKHOLDERS' EQUITY:		
Common shares	47,375	47,375
Accumulated deficit	(31,531)	(30,556)
Foreign currency translation adjustment	<u>798</u>	<u>798</u>
TOTAL STOCKHOLDERS' EQUITY	<u>16,642</u>	<u>17,617</u>
	<u>\$ 24,265</u>	<u>\$ 29,961</u>

SEE NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NORD PACIFIC LIMITED  
STATEMENTS OF OPERATIONS  
(Unaudited)  
(In Thousands of U.S. Dollars, except per share amounts)

	Three Months Ended September 30,	
	<u>2000</u>	<u>1999</u>
SALES	\$ 2,418	\$ 2,473
COSTS AND EXPENSES:		
Cost of sales	2,270	2,928
General and administrative	<u>518</u>	<u>515</u>
TOTAL COSTS AND EXPENSES	<u>2,788</u>	<u>3,443</u>
OPERATING EARNINGS (LOSS)	(370)	(970)
OTHER INCOME (EXPENSE):		
Interest and other income	8	27
Interest and amortization of debt issuance costs	(52)	(79)
Foreign currency forward exchange contract gains (losses)	(214)	(182)
Foreign currency transaction gains (losses)	<u>248</u>	<u>(48)</u>
TOTAL OTHER INCOME (EXPENSE)	<u>(10)</u>	<u>(282)</u>
LOSS BEFORE INCOME TAXES	(380)	(1,252)
INCOME TAX BENEFIT	<u>107</u>	<u>338</u>
NET LOSS	\$ <u>(273)</u>	\$ <u>(914)</u>
LOSS PER SHARE	\$ <u>(.02)</u>	\$ <u>(.07)</u>
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	<u>12,961</u>	<u>12,961</u>

SEE NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NORD PACIFIC LIMITED  
STATEMENTS OF OPERATIONS  
(Unaudited)  
(In Thousands of U.S. Dollars, except per share amounts)

	Nine Months Ended September 30,	
	<u>2000</u>	<u>1999</u>
SALES	\$9,569	\$ 8,096
COSTS AND EXPENSES:		
Cost of sales	8,916	9,026
General and administrative	<u>1,735</u>	<u>1,718</u>
TOTAL COSTS AND EXPENSES	<u>10,651</u>	<u>10,744</u>
OPERATING EARNINGS (LOSS)	(1,082)	(2,648)
OTHER INCOME (EXPENSE):		
Interest and other income	62	78
Interest and amortization of debt issuance costs	(193)	(204)
Foreign currency forward exchange contract gains (losses)	(845)	986
Foreign currency transaction gains (losses)	399	(330)
Gain on sale of assets	<u>12</u>	<u>--</u>
TOTAL OTHER INCOME (EXPENSE)	<u>(565)</u>	<u>530</u>
LOSS BEFORE INCOME TAXES	(1,647)	(2,118)
INCOME TAX BENEFIT	<u>672</u>	<u>338</u>
NET LOSS	<u>\$(975)</u>	<u>\$(1,780)</u>
LOSS PER SHARE	<u>\$ (.08)</u>	<u>\$ (.14)</u>
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	<u>12,961</u>	<u>12,961</u>

SEE NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NORD PACIFIC LIMITED  
STATEMENTS OF CASH FLOWS  
(Unaudited)  
(In Thousands of U.S. Dollars)

	Nine Months Ended September 30,	
	<u>2000</u>	<u>1999</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (975)	\$ (1,780)
Deferred income taxes	(672)	(338)
Depreciation and amortization	6,066	6,318
Unrealized loss/(gain) on foreign currency contracts	(54)	(1,424)
Loss/(gain) on sale of assets	(12)	--
Provision for retirement benefits, net	14	46
Changes in non-cash working capital	<u>(2,563)</u>	<u>724</u>
Net cash provided by operating activities	<u>1,804</u>	<u>3,546</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Deferred exploration and development costs	(3,945)	(964)
Deferred costs associated with ore under leach	(1,152)	(4,297)
Capital expenditures, net of disposals	(114)	59
Proceeds from sale of Ramu and other assets	<u>5,268</u>	<u>--</u>
Net cash used in investing activities	<u>57</u>	<u>(5,202)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of advances from affiliate	(750)	750
Advances from copper cathode sales	103	200
Addition to long-term debt	1,444	400
Payments of long-term debt	<u>(2,400)</u>	<u>(20)</u>
Net cash provided by (used in) financing activities	<u>(1,603)</u>	<u>1,330</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	258	(326)
CASH AND CASH EQUIVALENTS - beginning of period	<u>102</u>	<u>1,416</u>
CASH AND CASH EQUIVALENTS - end of period	\$ <u>360</u>	\$ <u>1,090</u>
CASH PAID FOR INTEREST	\$ <u>226</u>	\$ <u>204</u>

SEE NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NORD PACIFIC LIMITED  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
QUARTERS ENDED SEPTEMBER 30, 2000 AND 1999

A. FINANCIAL STATEMENTS OF NORD PACIFIC LIMITED (the "Company")

These interim consolidated financial statements are unaudited. In the opinion of management, all adjustments, which consist of normal recurring accruals, necessary to present fairly the financial position and results of operations for the interim periods presented have been made. The results shown for the third quarter of 2000 are not necessarily indicative of the results that may be expected for the entire year.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been omitted. It is suggested that these financial statements be read in conjunction with the financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 1999.

B. GIRILAMBONE

The Company is a 40% joint venturer in the Girilambone Copper Property and a 50% joint venturer in the Girilambone North Copper Property (collectively "Girilambone") in Australia. All costs incurred during mine development have been capitalized and are being amortized using the units of production method over the estimated reserves. Following is summarized combined balance sheet information for Girilambone:

	September 30, 2000	December 31, 1999
	(In Thousands of U.S. Dollars)	
Current assets	\$ 1,842	\$ 3,625
Deferred costs associated with ore under leach, net	10,034	16,456
Property, plant and equipment, net	2,577	4,450
Deferred exploration and development costs, net	<u>5,156</u>	<u>5,751</u>
Total assets	19,609	30,282
Current liabilities	<u>(1,229)</u>	<u>(2,983)</u>
Partners' equity	<u>\$ 18,380</u>	<u>\$ 27,299</u>
Company's share of equity	8,587	13,682
Less: Eliminations	<u>(1,182)</u>	<u>(1,284)</u>
Net assets recorded by the Company	<u>\$ 7,405</u>	<u>\$ 12,398</u>



Debt incurred related to Girilambone is the separate responsibility of each venturer and is not included in the joint ventures' financial statements. Copper production is distributed to each venturer based on its respective ownership interest. Sale of copper is the responsibility of each venturer. Cost and expense information related to the operations of the mine is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	<u>2000</u>	<u>1999</u>	<u>2000</u>	<u>1999</u>
	(In Thousands of US Dollars)		(In Thousands of US Dollars)	
Cost of copper sales	\$4,646	\$6,164	\$18,180	\$19,114
General and administrative expense	\$ 21	\$ 106	\$ 85	\$ 308

#### C. LONG-TERM DEBT

Long-term debt consists of the following:

	<u>September 30, 2000</u>	<u>December 31, 1999</u>
	(In Thousands of US Dollars)	(In Thousands of US Dollars)
Girilambone financing agreement	\$ ---	\$2,400
Tritton financing agreement (A\$ 2,659)	<u>1,444</u>	<u>---</u>
Total long-term debt	1,444	2,400
Less current maturities	<u>(722)</u>	<u>(2,400)</u>
Net long-term debt	<u>\$ 722</u>	<u>----</u>

The Tritton financing agreement provides for four installment payments of principal and interest totaling US\$1,444,000 beginning December 1, 2000. An additional A\$3 million is payable in six equal annual installments beginning twelve months after commencement of copper production. These amounts are payable in Australian dollars.

#### D. NORD RESOURCES CORPORATION

Nord Resources Corporation ("Resources") owns approximately 28.5% of the outstanding common stock of the Company. Under the term of a cost sharing agreement, the Company shares office space, administrative personnel and expenses with Resources on a 50/50 basis.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of Operations

Safe Harbor Statement under the Private Securities Litigation Act of 1995: The statements contained in this Form 10-Q are not historical fact are "forward looking statements" that involve various important risks, uncertainties and other factors which could cause the Company's actual results to differ materially from those expressed in such forward looking statements. These factors include, without limitation, the risk factors disclosed in the Company's annual report on Form 10-K and the Company's other Securities Exchange Act filings with the SEC.

The Company recorded a net loss of \$273,000 and \$975,000 for the three and nine months ended September 30, 2000 compared to a net loss of \$914,000 and \$1,780,000 for the same periods in 1999, as improved copper revenues were offset by higher noncash production costs and by losses related to foreign currency forward exchange contracts. The Company's share of copper sold in the three and nine months ended September 30, 2000 totaled 2,936,000 and 11,705,000 pounds, respectively, compared to 3,266,000 and 10,936,000 pounds sold in the same period of 1999. Copper revenue, including the effect of copper hedging contracts, decreased by \$55,000 and increased by \$1,473,000 for the three and nine months ended September 30, 2000 compared to the same periods in 1999. During the nine months ended September 30, 2000, the Company received a net price of \$0.76 per pound of copper sold compared to \$0.69 received for the same period in 1999. The Company's copper hedging programs increased copper sales by \$638,000 for the nine months ended September 30, 2000 compared to an increase of \$551,000, for the same period in 1999. Including the effect of the hedging programs, the realized net average sales price was \$0.82 per pound of copper sold for the nine months ended September 30, 2000 compared to \$0.74 per pound for the same period in 1999.

Copper cost of sales decreased to \$0.76 per pound for the nine months ended September 30, 2000 compared to \$0.83 per pound for the same period in 1999. The decrease is primarily due to fixed costs being spread over higher copper production from the Girilambone North ore bodies resulting in lower per pound costs.

General and administrative expenses of \$518,000 and \$1,735,000 increased by \$3,000 and \$17,000 for the three and nine months ended September 30, 2000 compared to 1999. The changes were principally due to changes in the costs of temporary contractors and professional services.

Interest income decreased by \$19,000 and \$16,000 for the three and nine months ended September 30, 2000 compared to the same periods in 1999 due to decreased funds available for investment. Interest expense and amortization of debt issuance costs decreased by \$27,000 and \$11,000 for the three and nine months ended September 30, 2000 compared to 1999 due to a decrease in the amount of debt outstanding. Fluctuations in gains and losses in the foreign currency forward exchange contracts and from foreign currency transactions are primarily a result of fluctuations in the exchange rate between the Australian dollar and the U.S. dollar. The Company recorded a loss of \$214,000 and \$845,000 on foreign currency forward exchange contracts for the three and nine months ended September 30, 2000 compared to a loss of \$182,000 and a gain of \$986,000 for the same periods in

1999 and gains on foreign currency transactions of \$248,000 and \$399,000 for the three and nine month periods compared to losses of \$48,000 and \$330,000 for the same periods in 1999.

The Company will adopt Financial Accounting Standards Board Statement No. 133, *Accounting for Derivative Instruments and Hedging Activities* (FAS 133) beginning January 1, 2001. The Company currently has foreign currency forward exchange contracts and swap agreements on future copper production. The copper swap agreements do not extend beyond December 31, 2000. The foreign currency contracts are marked to market. Therefore, the Company does not anticipate there to be any impact on its financial statements from the adoption of FAS 133.

### Liquidity and Capital Resources

Cash provided by operations totaled \$1,804,000 for the nine months ended September 30, 2000 compared to cash provided by operations of \$3,546,000 for the same period in 1999. Cash provided by operating activities for the nine months ended September 30, 2000 includes a \$2,563,000 net use of cash for changes in non-cash working capital, while the corresponding period in 1999 included a net source of cash of \$724,000 for changes in non-cash working capital. Cash used in investing activities for the nine months ended September 30, 2000 included \$3,369,000 for the purchase of the remaining 50% interest in the Tritton Copper project, offset by proceeds from the sale of Ramu of \$5,250,000.

Cash used by financing activities of \$1,603,000 for the nine months ended September 30, 2000 includes a \$2,400,000 repayment under a long-term bank financing agreement and a \$750,000 repayment of advances from Resources. In the nine months ended September 30, 2000, cash provided from financing activities included \$1,444,000 borrowed under a long-term financing agreement to purchase the Tritton property, and a cash advance on future copper cathode sales of \$103,000.

At September 30, 2000 the Company had a working capital deficit of \$1,126,000 compared to a working capital deficit of \$6,343,000 at December 31, 1999. Continuing operations should generate sufficient cash to meet the current working capital requirements during the next year. The foreign currency contracts of \$1,096,000 are due December 31, 2000. The company is currently re-negotiating the payment schedule of these contracts to be made during the next calendar year.

In order to develop Tritton as a long-term project, the company will require additional long-term financing. The debt being considered consists of a number of debt and credit support instruments, including cash advance facilities for up to A\$35 million (US\$19 million at September 30, 2000). The financing is contingent on a number of factors, including a technical review by the banks external independent engineer, syndication with other banks and completion of formal documentation. There can be no assurance that the financing will be obtained.

## PART II. OTHER INFORMATION

ITEMS 1.-3. NOT APPLICABLE

### ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

The Annual General Meeting of the stockholders was held on September 8, 2000. The following matters were acted upon and passed at the meeting.

A proxy was sent out August 7, 2000 to do the following:

1. Election of seven Directors
2. Ratify the appointment of independent auditors and authorize the board to set their compensation

#### VOTE TABULATION

	<u>Votes For</u>	<u>Votes Against</u>	<u>Votes Abstained</u>
1. Directors			
W. Pierce Carson	11,084,482	80,505	--
Ray W. Jenner	10,862,255	302,432	--
Lucile Lansing	11,107,582	57,405	--
John Roberts	11,108,482	56,505	--
2. Ratify Auditors	11,124,328	33,820	6,839

Three previous directors of Nord Pacific Limited, namely Edgar F. Cruft, Terence H. Lang and Leonard Lichter, resigned from the Board of Directors and did not stand for re-election at the annual meeting of shareholders. As described in the management information circular to shareholders, their resignations were a condition of a settlement of a shareholder derivative lawsuit filed April 26, 2000 on behalf of Nord Resources Corporation, a 28.5% owner of the Company. Their resignations from the boards of both the Company and Nord Resources Corporation became effective September 7, 2000 upon Court approval of a Settlement Agreement. The Company was not named in the lawsuit but was a party to the Settlement Agreement.

### ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

A Form 8-K was filed on July 17, 2000 related to the purchase of the remaining 50% interest in the Tritton Copper Project.

EXHIBIT 27. FINANCIAL DATA SCHEDULE – filed herewith as part of this Report on Form 10-Q.

SIGNATURES

Pursuant to the requirements of the Security Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

NORD PACIFIC LIMITED

December 14, 2000

By:/s/ W. Pierce Carson  
W. Pierce Carson  
President & CEO  
Acting Chief Financial Officer