

GEOVIC MINING CORP.  
Form 10-K  
March 29, 2011  
Table of Contents

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-K**

(Mark One)

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

For the fiscal year ended December 31, 2010

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 000-52646

**GEOVIC MINING CORP.**

(Exact name of registrant as specified in its charter)

Edgar Filing: GEOVIC MINING CORP. - Form 10-K

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)  
**1200 17th Street, Suite 980**

**20-5919886**  
(I.R.S. Employer  
Identification No.)

**Denver, Colorado**  
(Address of principal executive offices)

**80202**  
(Zip Code)

**Registrant's telephone number, including area code: (303) 476-6455**

**Securities registered pursuant to Section 12(b) of the Exchange Act:**

None

**Securities registered pursuant to Section 12(g) of the Exchange Act:**

Common Stock, par value \$0.0001 per share

**Title of each class to be so registered**

Indicate by check mark whether the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

Indicate 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 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files). Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company

Large Accelerated Filer  Accelerated Filer  Non-accelerated Filer  Smaller Reporting Company.

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Act) Yes  No

The aggregate market value of the Registrant's common stock held by non-affiliates, computed by reference to the closing price of the common stock as of June 30, 2010, the last business day of the Registrant's most recently completed second fiscal quarter, was approximately \$45,743,720.

## Edgar Filing: GEOVIC MINING CORP. - Form 10-K

At March 24, 2010, there were 104,577,512 shares of the Registrant's common stock outstanding.

### **DOCUMENTS INCORPORATED BY REFERENCE**

Part III is incorporated by reference from the Registrant's definitive Proxy Statement for its 2011 Annual Meeting of Stockholders to be filed pursuant to Regulation 14A, no later than 120 days after the end of the Registrant's fiscal year.

**Table of Contents**

**GEOVIC MINING CORP.**

**2010 ANNUAL REPORT ON FORM 10-K**

**TABLE OF CONTENTS**

	<b>Page</b>
<u>Forward-Looking Statements</u>	2
<b><u>Part I</u></b>	
Item 1. <u>Business</u>	4
Item 1A. <u>Risk Factors</u>	10
Item 1B. <u>Unresolved Staff Comments</u>	19
Item 2. <u>Properties</u>	20
Item 3. <u>Legal Proceedings</u>	38
Item 4. <u>[Reserved]</u>	39
<b><u>Part II</u></b>	
Item 5. <u>Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities</u>	40
Item 6. <u>Selected Financial Data</u>	43
Item 7. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	44
Item 7A. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	47
Item 8. <u>Financial Statements and Supplementary Data</u>	48
Item 9. <u>Changes in and Disagreements with Accountants on Accounting and Financial Disclosure</u>	48
Item 9A. <u>Controls and Procedures</u>	48
Item 9B. <u>Other Information</u>	49
<b><u>Part III</u></b>	
Item 10. <u>Directors, Executive Officers and Corporate Governance</u>	50
Item 11. <u>Executive Compensation</u>	50
Item 12. <u>Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters</u>	50
Item 13. <u>Certain Relationships and Related Transactions, and Director Independence</u>	50
Item 14. <u>Principal Accounting Fees and Services</u>	50
<b><u>Part IV</u></b>	
Item 15. <u>Exhibits, Financial Statement Schedules</u>	51
<u>Signatures</u>	54

In this Annual Report on Form 10-K, all dollar amounts are in thousands of United States Dollars unless otherwise indicated.

---

**Table of Contents**

**CAUTIONARY LANGUAGE ABOUT FORWARD-LOOKING STATEMENTS**

Certain statements in this report constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities and Exchange Act of 1934 and applicable Canadian securities laws. Certain, but not necessarily all, of such forward-looking statements can be identified by the use of forward-looking terminology such as believes, expects, may, will, should, or anticipates or the negative thereof or other variations thereon or comparable terminology, or by discussions of strategy that involve risks and uncertainties. All statements other than statements of historical fact, included in this report regarding our financial position, business and plans or objectives for future operations are forward-looking statements. Without limiting the broader description of forward-looking statements above, we specifically note that statements regarding exploration and mine development, construction and expansion plans, costs, grade, production and recovery rates, permitting, financing needs, the availability of financing on acceptable terms or other sources of funding, if needed, and the timing of additional tests, feasibility studies and environmental permitting are all forward-looking in nature.

Statements contained in this annual report that are not historical facts are forward-looking statements that involve risks and uncertainties. Forward-looking statements include, but are not limited to, statements with respect to the expected completion of the feasibility study for the Nkamouna Project; the estimation of mineral reserves and mineralized material and the timing of completion of such estimations; our expectations regarding the amount of capital required prior to production at the Nkamouna Project and our ability to source the required capital; success of exploration activities; permitting time lines; construction and capital costs; operating expenses; currency fluctuations; requirements for additional capital; our expectations regarding processing and marketing of future production from the Nkamouna Project; ability to enter into off-take arrangements; government regulation of mining operations; environmental risks; unanticipated reclamation expenses; title disputes or claims; limitations on insurance coverage; commencement of mine production, anticipated expenditures in 2011; and our plans with respect to future debt and equity financing. Forward-looking statements involve known and unknown risks, uncertainties, and other factors which may cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such risks and other factors include, among others, the risk factors discussed below in *Item 1A Risk Factors*, and other factors described herein and in other filings with the U.S. Securities and Exchange Commission (the SEC) and Canadian securities regulatory authorities. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The forward-looking statements in this annual report speak only as of the date hereof. The Company does not undertake any obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date hereof to reflect the occurrence of unanticipated events.

**CAUTIONARY NOTE REGARDING DISCLOSURE OF MINERAL PROPERTIES**

Geovic Mining Corp. is subject to the reporting requirements of the Securities Exchange Act of 1934, as amended ( Exchange Act ), and applicable Canadian securities laws, and as a result we report our mineral reserves according to two different standards. Canadian reporting requirements for disclosure of mineral properties are governed by National Instrument 43-101 *Standards of Disclosure for Mineral Projects* ( NI 43-101 ). The definitions of NI 43-101 are adopted from those given by the Canadian Institute of Mining, Metallurgy and Petroleum. U.S. reporting requirements are governed by the SEC Industry Guide 7 ( Guide 7 ). These reporting standards have similar goals in terms of conveying an appropriate level of confidence in the disclosures being reported, but embody different approaches and definitions. Under Guide 7, mineralization may not be classified as a reserve unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the reserve determination is made.

**Table of Contents**

We disclose mineral reserves and mineral resources according to the definitions set forth in NI 43-101 and modify them as appropriate to confirm to Guide 7 for reporting in the U.S. In this Form 10-K, we use the term "mineralized material" to describe the amount of mineralization in mineral deposits that do not constitute "reserves" by United States standards. This is substantially equivalent to the total measured mineral resources and indicated mineral resources (disclosed as exclusive of reserves), which we disclose for reporting purposes in Canada. U.S. investors are cautioned that, while the terms "measured mineral resources," "indicated mineral resources" and "inferred mineral resources" are recognized and required by Canadian securities laws, rules adopted by the SEC do not recognize them. U.S. investors are also cautioned not to assume that all or any part of measured or indicated resources will ever be converted into Guide 7 compliant reserves.

**Table of Contents**

**PART I**

**ITEM 1. BUSINESS**

Geovic Mining Corp. was incorporated under the *Business Corporations Act* (Alberta) on August 27, 1984 and was continued into Ontario on November 8, 2001. On November 21, 2006, we became domesticated as a Delaware corporation and changed our name to Geovic Mining Corp. In this Form 10-K, the Company, Geovic Mining, we, our and us refer to Geovic Mining Corp. and one or more of its subsidiaries as indicated by the context.

We completed a reverse take-over transaction (the RTO) on December 1, 2006, with the result that we hold 100% of the issued and outstanding shares of Geovic, Ltd., a Cayman Islands corporation ( Geovic ). Geovic owns 60.5% of Geovic Cameroon PLC ( GeoCam ), a private corporation existing under the laws of the Republic of Cameroon which holds our mining prospect in Cameroon.

**Intercorporate Relationships**

Geovic is our principal operating subsidiary, and employs all our employees. The following chart illustrates the inter-corporate relationships among the Company and its subsidiaries as of March 24, 2011.

(1) GeoCam minority interest owners are described below under GeoCam Shareholder and other Agreements.

Our principal business is conducted through Geovic by which we hold rights to several cobalt-nickel-manganese deposits in the Republic of Cameroon in Africa through its ownership interest in GeoCam. Our principal business focus since 1994 has been to advance our interest in the deposits. GeoCam's Mining Permit (the Mining Permit) establishes exclusive mining rights to develop the Nkamouna, Mada and other cobalt-nickel-manganese deposits within a 1,250 square kilometer area in southeastern Cameroon (the Cameroon Properties). The Cameroon Properties are described in *Item 2. Properties*. GeoCam plans to develop and mine the Nkamouna and Mada deposits (together, the Nkamouna Project) before the other deposits are developed.

**Business Operations**

Qualified independent consulting firms identified and retained by either Geovic or GeoCam completed engineering pre-feasibility studies and technical reports on the Nkamouna deposit in 2006, a feasibility study in

## Table of Contents

November 2007, a NI 43-101 compliant technical report in January 2008, a feasibility optimization study in September 2008 ( 2008 OS ), and an updated NI 43-101 compliant technical report on the Nkamouna Project in November 2009 (the Nkamouna Technical Report ). A final, independent feasibility study including a NI 43-101 technical report is expected in April 2011.

Beginning in late 2008 and continuing through early 2011, several process improvement programs were initiated to enhance the Nkamouna Project's economics and reduce technical and financial risks, including adopting conventional leaching technology using readily available pilot scale laboratory tests completed in 2010 by independent third parties validated the improvements and planned production.

In mid-2009 GeoCam retained three well-known, highly qualified and experienced metallurgical and chemical engineers to serve as its Technical Advisory Panel ( TAP ). The TAP was engaged to provide high-level metallurgical processing input to the Geovic technical design team as well as provide independent expert feedback to GeoCam and its shareholders. Based on recommendations of the TAP and the results of preliminary marketing performed, we intend to produce two intermediate products (a mixed cobalt and nickel sulfide product, referred to as MSP, and manganese carbonate) at the mine site. These intermediate products would be sold in the international marketplace or shipped offshore for processing into finished products. These decisions were made to try to limit initial process plant capital costs and process risk at the remote mine site, and to address product preferences learned from potential off-take customers.

In December 2009 GeoCam engaged Lycopodium Pty Ltd. ( Lycopodium ), an international engineering firm based in Perth, Australia to prepare an independent feasibility study for the Nkamouna Project. The feasibility study, first expected in late 2010 is now expected to be completed in April 2011. This feasibility study will include updated reserves, estimated construction and capital costs, operating expenses and future net cash flow from mining operations for the Nkamouna Project. Once the pending feasibility study is completed and accepted, we will continue to work with GeoCam to obtain project financing.

During 2010, GeoCam undertook the following activities to advance the Nkamouna Project:

Appointed a new General Manager of GeoCam with significant mine development and operating experience in rural areas of Africa;

Improved the field compound at Kongo camp near the Nkamouna Project;

Progressed, tested and finalized the metallurgical processing to be utilized at the Nkamouna Project;

Conducted metallurgical testing and engineering design for a possible refinery at Nkamouna Project site;

Advanced the engineering design of the storage facility to receive tailings from the physical upgrading of ore and the leaching of concentrates;

Completed an interim update to the Project Environmental and Social Assessment ( ESA ) and progressed the final ESA update which is due for completion in April 2011;

Formed a Steering committee of local stakeholders to guide and focus community development initiatives;

Continued to support socio-humanitarian programs in the local communities in the health, education, agriculture and animal husbandry disciplines;

## Edgar Filing: GEOVIC MINING CORP. - Form 10-K

Assisted Lycopodium and other consultants in working toward completion of the feasibility study. Please refer to *Item 2. Properties* for more detailed information on the Nkamouna Project and other deposits held by GeoCam, and by other subsidiaries of the Company.

## **Table of Contents**

### *GeoCam Shareholder and Other Agreements*

Geovic is party to a shareholders agreement with the other GeoCam shareholders, Societe Nationale d Investissement du Cameroun ( SNI ) (the owner of a 20% interest in GeoCam), and four Cameroonian individuals (collectively, the owners of a 19.5% interest in GeoCam and represented by SNI) (the Shareholders Agreement ). The Shareholders Agreement reflects the historic ownership and management arrangements among the shareholders and sets forth the terms, conditions and fiscal arrangement for continued participation by the shareholders in GeoCam. The Shareholders Agreement includes provisions in accordance with Cameroon business laws for all shareholders to contribute their proportionate share of future GeoCam capital required to meet its annual operating expenditures, as approved periodically by the GeoCam Board of Directors.

As provided in the Shareholders Agreement, in 2007 GeoCam began to operate autonomously from Geovic. Geovic and GeoCam also have entered into annual Technical Services Contracts under which Geovic provides certain staff, services and management to assist GeoCam to carry out its budgeted work program at rates set forth in the Technical Services Contracts. SNI also provides services to GeoCam under similar annual agreements.

By exercising an option we held, in 2010 we acquired the 0.5% ownership interest in GeoCam previously held by William A. Buckovic, the founder of Geovic, in exchange for 139,000 shares of our stock with an estimated fair value of approximately \$85.

All the Cameroon Properties are held by GeoCam, and the Mining Convention and Mining Permit are issued to GeoCam. Pursuant to the Shareholders Agreement, the GeoCam Board of Directors consists of five directors, three of whom are selected by Geovic and two by the other Cameroonian shareholders. Under the Shareholders Agreement, Geovic is entitled to nominate the General Manager/Managing Director and one Deputy General Manager while other shareholders are entitled to nominate the other Deputy General Manager. It is the GeoCam Board of Directors that appoints these positions. Although we are a majority shareholder and our representatives form a majority of the Board of Directors of GeoCam, we generally seek concurrence from the other shareholders for material policy and operational decisions.

### *Nkamouna Project Financing Activities*

In December 2009, we engaged Standard Chartered Bank as the Company's financial advisor in connection with preparing and planning for project financing, reviewing documentation, considering early-stage efforts to locate potential purchasers of the MSP and manganese carbonate products we expect to produce, and related activities. In August 2010, GeoCam assumed the engagement with Standard Chartered Bank. During 2010 we began meeting with various large international businesses that have indicated an interest in the future off-take from the Nkamouna Project.

### *Cameroon Properties*

Our business plan is to use our available management, technical expertise and talent to develop our interests in the Cameroon Properties into a high quality mining and mineral production operation. Assuming external financing in sufficient amounts to complete construction and start-up activities is available on a timely basis, we will continue to focus on the Nkamouna Project where our plan is to begin initial mine production by late 2014. The remaining steps to production include completing the final feasibility study to support the construction of mining and processing facilities at the Nkamouna Project, securing project debt and equity financing, negotiating product off-take sales agreements and completing the mine and plant construction. We will complete construction of the initial mine and facilities in a socially and environmentally responsible manner.

When in full production, we believe that the Nkamouna Project will be the largest primary cobalt producing mine in the world.

## **Table of Contents**

We presently have no current revenue from operations and we expect to continue to generate losses and negative cash flows until after mine and milling operations begin on the Nkamouna Project. See *Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations*.

### *Other Activities*

We are also evaluating other mineral properties and prospects in the United States and elsewhere to diversify our business activities. We believe that opportunities exist to acquire interests suitable for mineral exploration and development.

Through our subsidiary Geovic Energy Corp. we acquired uranium leases, exploration permits and claims in Colorado and Wyoming during 2007, 2008 and 2010. During 2010 we mapped and analyzed these and nearby properties using existing data.

Through our subsidiary Geovic Mineral Sands Corp. we identified chromite deposits in New Caledonia, a French overseas territory (collectivity) northeast of Australia in the South Pacific in 2009. In 2010 we applied for exploration licenses covering approximately 100 square kilometers on and offshore. These licenses were granted in early 2011. After completion of the required environmental surveys, we plan to explore these areas in 2011 and 2012.

Also in 2010 we conducted additional prospecting in southeastern Arizona near our existing state permits and federal mining claims. We leased additional tracts and filed additional mining claims. By year-end 2010 we held about 68 square miles of surface prospects for further exploration for gold under leases, exploration permits or claims.

In late 2010 and early 2011 we filed mining claims on federal land in southeastern New Mexico where our prospecting activities during the year showed possible deposits of certain rare earth minerals and zirconium. Additional claims are being staked to fill out the exploration prospect area.

Please refer to *Item 2. Properties* for more information on these other mineral prospects.

### *Competitive Conditions*

We expect that GeoCam will compete with other cobalt and nickel producers around the world, including those with projects now under development. Other producers with ongoing operations have established production and demonstrated feasibility and have greater financial strength than we do. These competitors include such current producers as Xstrata Nickel, Vale, Tenke Fungurume (Freeport McMoRan-Lundin Mining Corp.-Gecamines), Sherritt and Murrin Murrin (Minara-Glencore). Significant mines expected to produce cobalt as a by-product during the next few years include Ambatovy (Sherritt, Sumitomo, Korea Resources and SNC Lavalin), Weda Bay (Eramet), Goro Nouvelle-Calédonie (Vale), and Boleo (Baja Mining Corp.). Operating expenses, reserve quantities and qualities, operating efficiencies, and location may affect the long-term success of all competing producers, including GeoCam.

### *Social and Environmental Policies*

Geovic Mining Corp is committed to sustainable development and social responsibility. We understand that our long-term business security is directly related to the welfare of the people and communities in the areas where we operate. In the end, these are the people who should be the main beneficiaries of our activities. We are also committed to excellence in stewardship of the environment. We believe that a strong sense of corporate social and environmental responsibility is essential for our success.

Applicable environmental protection requirements will affect the financial condition, operating performance and earnings of the Company as a result of capital expenditures and operating costs required to meet or exceed these requirements. These expenditures and costs may also have an impact on our competitive position to the extent that our competitors are subject to less rigorous requirements. Through 2010 the effect of these

## Table of Contents

requirements was limited due to the early stage of the Nkamouna Project. While these costs are expected to have a larger effect in future years as we move toward and commence production at the Project, we are providing for them to the best of our knowledge in the upcoming feasibility study.

GeoCam is subject to ongoing obligations under its mining and environmental permits in Cameroon to provide social and educational assistance to persons and in areas impacted by the mining activities. These obligations will be handled both directly and by engaging third parties, such as GeoAid International ( GeoAid ), to provide specified services.

An ESA, comprised of an Environmental and Social Impact Assessment ( ESIA ) and an Environmental and Social Action Plan ( ESAP ), has been prepared to document the existing environmental and social conditions, describe the proposed operation, identify potential impacts, develop mitigation measures to reduce or minimize the impact of the operation, and the actions needed to assure the measures are undertaken at the Nkamouna Project. Knight Piésold and Co. ( Knight Piésold ) and Rainbow Environment Consult ( REC ) were retained by Geovic Ltd. in 2004 to develop the ESA, which was completed and submitted to the Ministry of Environment and Protection of Nature in 2006 and approved by the Ministry in May 2007. Both Knight Piésold and REC continue to provide environmental and social program services to the Project today.

Since approval of the ESA, GeoCam has been diligently moving the Project forward toward construction. As part of that process, a number of Project elements have been modified and optimized since finalizing the ESA in 2006. Consequently, Knight Piésold and REC prepared the Geovic Cameroon PLC, Nkamouna Project, Environmental and Social Assessment 2010 Update dated March 31, 2010 based on more recent Project plans. This update was presented to the Ministry in May 2010.

The Ministry notified GeoCam in September 2010 that the ESA 2010 Update report provides an appropriate demonstration that the Project continues to move forward and therefore remains in conformity with regulatory requirements. However, the Ministry required that GeoCam consolidate the 2007 ESA, the ESA 2010 Update, and any other Project modifications that may be put forward in the final feasibility study into a single document. GeoCam intends to consolidate and reissue the approved ESA, with updates, to provide consistency with the content of the feasibility study and furnish it to the Ministry in the first half of 2011. Given that the Ministry has already acknowledged that the Project remains in full conformity with the regulatory requirements, the review process for this ESA update is expected to be routine.

Geovic collaborates with GeoAid, an IRS-recognized 501(c)(3) non-profit humanitarian corporation. GeoAid has domestic operations in Oregon and on-going humanitarian and social programs in Cameroon. Its mission is focused on reducing poverty by meeting the needs of people and communities impacted by mining and extractive operations in the developing nations of the world. Originally conceived and fully funded by the Company, GeoAid now is an independent entity that partners with Geovic and other private donors to further its mission. This collaboration, along with services from other contractors, satisfies certain ESAP commitments, but Geovic has been committed to GeoAid and its social and humanitarian initiatives since well before there was a regulatory requirement to do so, and GeoAid's activities with the Nkamouna Project area go beyond GeoCam's regulatory commitments.

GeoAid operates in Cameroon through its implementing partner, GeoAid Cameroon. GeoCam has retained GeoAid Cameroon under a service contract to assist with the planning, management, implementation, monitoring and reporting on certain of its community development commitments. The Company also supports GeoAid at the corporate level. Corporate grants made to GeoAid are coupled with other private contributions such that GeoAid has successfully solicited significant gift-in-kind donations from several external donors. This resulted in significant added value for the people of Cameroon, in that for every dollar donated by the Company in 2009, GeoAid was able to raise an additional two dollars in in-kind donations of medical equipment, supplies, and medicines that were shipped to and distributed within Cameroon in 2009 and 2010. That leveraged value ratio nearly doubled to about four dollars for each dollar we contributed in 2010, and is currently expected at six to one ratio for 2011.

## **Table of Contents**

This unique model of development and the partnership between Geovic and GeoAid achieves significant humanitarian and social assistance to beneficiaries in the Nkamouna Project area and throughout Cameroon at important cost-savings. Moreover, we continue to enjoy increasing goodwill at community and national levels for the Company and its subsidiaries.

### ***Employees***

All of our employees are employees of Geovic and our executive officers are also officers of Geovic. Geovic has 16 full time employees in its offices in the United States, and at year-end 2010, GeoCam had 31 full time employees and 6 contract workers in its administrative offices in Yaoundé and 94 contract workers at the Nkamouna Project operations location in the East Province in the Republic of Cameroon.

### ***Offices***

Our principal corporate head office is located at 1200 17<sup>th</sup> Street, Suite 980, Denver, Colorado 80202, Telephone (303) 476-6455. We also maintain an exploration office in Grand Junction, Colorado. GeoCam maintains its head office in the capital city of Yaoundé and a mine area office at Kongo Camp in the East Province, both in the Republic of Cameroon.

### ***Available Information***

Our website address is [www.geovic.net](http://www.geovic.net). Available on this website under Investor Relations free of charge, are links to our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, Forms 3, 4 and 5 filed on behalf of directors and executive officers and amendments to those reports after such materials are electronically filed with or furnished to the SEC.

Also posted on our website, and available in print upon request made by any stockholder to the Secretary, are charters for the Board's Audit Committee, Human Resources and Compensation Committee, and Nominating and Corporate Governance Committee. Copies of the Code of Business Conduct and Ethics ( Code ) and our Whistleblower's Policy are also posted on our website under the About Geovic-Committee Charters section. Within the time period required by the SEC, we will post on our website any modifications to the Code and any waivers applicable to senior officers as defined in the Code, as required by the Sarbanes-Oxley Act of 2002.

---

**Table of Contents**

**ITEM 1A. RISK FACTORS**

We consider the risks set out below to be the most significant risks facing the Company, although these risks should not be considered to be comprehensive. If any of these risks materialize into actual events or circumstances or other possible additional risks and uncertainties of which we are currently unaware or which we consider not to be material in relation to our business, actually occur, our assets, liabilities, financial condition, results of operations (including future results of operations), business and business prospects, are likely to be materially and adversely affected, and as a result, the trading price of our common stock and warrants could be materially and adversely impacted. These risk factors should be read in conjunction with other information set forth in this report, including our Consolidated Financial Statements and the related Notes.

*We are an exploration stage company and have no history as an operating company. Any future revenues and profits are uncertain.*

We have no history of mining or refining any mineral products or metals and none of our properties is currently producing. There can be no assurance that the Nkamouna Project will be successfully placed into production, produce minerals in commercial and processing quantities or otherwise generate operating earnings. We will continue to incur losses at least until mining activities have successfully reached commercial production levels and generate sufficient revenue to fund continuing operations, which is currently estimated to be late 2014. There is no certainty that we will produce revenue from any source, operate profitably or provide a return on investment in the future. If we are unable to generate revenues or profits, our stockholders might not be able to realize returns on their investment in our common stock. Even if we do achieve profitability, we may not be able to sustain or increase profitability on a quarterly, annual or sustaining basis.

The development of the Nkamouna Project will require the commitment of substantial financial resources. The amount and timing of these costs will depend on a number of factors, some of which are beyond the Company's control.

We will be subject to all of the risks associated with establishing new mining operations and business enterprises including: the availability of funds to finance construction and development activities; timing and cost of the construction of mining and processing facilities; the efficacy of planned mineral processing; the availability and costs of skilled labor and mining equipment; the availability and cost of appropriate processing materials and equipment; the need to obtain in a timely manner additional governmental approvals and permits; the likely terms of off-take agreements or metal sales contracts; potential opposition from non-governmental organizations, environmental groups or local groups in Cameroon which may delay or prevent development activities; and potential increases in construction and operating costs due to changes in the cost of fuel, power, equipment, materials and supplies. Further, the costs, timing and complexities of mine construction and development are increased by the remote location of the Cameroon Properties. Accordingly, our activities may not result in profitable mining operations and we may fail to successfully establish or maintain mining operations or profitably produce metals at any of our properties.

*The actual capital costs and mine operating costs to be incurred in connection with opening the Nkamouna Project may be significantly higher than anticipated.*

We expect that estimated initial projected capital costs in the final feasibility study expected in April 2011 will be more than \$650 million, which is significantly higher than was estimated in earlier studies. Estimated future operating expenses are also expected to be higher than estimates made in 2008. These and similar cost and expense increases are beyond our control, and will require significantly more capital to bring the Nkamouna Project into production and could result in a decrease in our anticipated future return from operations. Our actual capital costs and operating costs may be higher than we presently anticipate.

---

**Table of Contents**

*Market events and conditions may adversely affect our business and the mining industry.*

International credit markets or Canadian, United States and global economic conditions, could, among other things, impede access to capital or increase the cost of capital, which would have an adverse effect on our ability to fund the working capital and other capital requirements of GeoCam. Unprecedented disruptions in credit and financial markets in 2008 and 2009 had a significant material adverse impact on a number of financial institutions and limited access to capital and credit for many companies, particularly resource companies such as the Company. While these disruptions have mostly been overcome, it could be more difficult or more expensive for GeoCam to obtain capital and financing for construction and for operations. Access to capital and financing may not be available on terms acceptable to the Company or at all. Nkamouna Project development modifications may be necessary or desirable to secure lending commitments which would also delay the completion of any financing. All delays in completing financing for the Project will delay mine construction, anticipated production activities and future revenue.

The share prices of junior natural resource companies, including Geovic Mining experienced large declines in value from 2008 into 2010. Market forces may render it difficult or impossible for the Company to raise equity capital except on terms which results in severe dilution to existing stockholders, or at all. Therefore, there can be no assurance that significant fluctuations in the trading price of the Company's common stock will not continue, or that such fluctuations will not materially adversely impact the Company's ability to raise equity.

*General economic conditions may adversely affect our growth and profitability.*

A worsened slowdown in the economy and other economic conditions, including but not limited to, consumer spending, employment rates, business conditions, continued inflation, increases in fuel and energy costs, consumer debt levels, interest rates, and tax rates may adversely affect our growth and profitability. Specifically:

the global economic slow down could impact the cost and availability of financing and our overall liquidity;

the volatility of commodity prices could impact our future revenues, profits, losses and cash flow;

increasing energy prices, commodity and consumables prices and adverse currency exchange rates could impact our production costs;

volatility of global stock markets could impact the valuation of our equity and other securities; and

construction related costs could increase and adversely affect economics of the Nkamouna Project.

These factors, among others, could have a material adverse effect on our financial condition and results of operations.

*GeoCam may fail to secure Nkamouna Project financing if lenders or their advisors conclude that changes to the ore processing techniques being considered in the feasibility study are too risky or are otherwise not feasible.*

In response to observations that raised questions about the efficacy of a few aspects of planned ore processing considered in previous feasibility studies, we modified certain of the metallurgical processes planned to be utilized and decided that GeoCam will not refine final metal products from the Nkamouna Project ore at the project site. If potential lenders are not ultimately assured that the modified metallurgical processes will allow the processing facilities to operate successfully as designed, Nkamouna Project debt financing may be delayed until further enhancement testing is performed or funding could be unavailable altogether.

## **Table of Contents**

*If we lose key personnel or are unable to attract and retain additional experienced personnel, we may be unable to establish and develop our business.*

Our development in the future will be highly dependent on the efforts of our key management employees, namely, Michael Mason, Barbara Filas, William A. Buckovic, Timothy Arnold, Gary Morris, Greg Hill, John Sherborne, and Brian Briggs (currently Chief Executive Officer, President, Executive Vice President, Chief Operating Officer, Senior Vice President, Chief Financial Officer, President, New Ventures division and Vice President, Technical Operations, respectively), and Phillip Mason, General Manager of GeoCam and other key employees that we or GeoCam may hire in the future. Loss of any of these executives could have a material adverse effect on our operations and future success. We do not have and currently have no plans to obtain key man insurance with respect to any of our key employees.

*The other shareholders of GeoCam may fail to pay their share of future GeoCam capital.*

Under the Shareholders Agreement, all shareholders agreed to fund their share of capital and operating costs. However, it is possible that the minority shareholders will be unable or unwilling to provide their respective share of future GeoCam funding, and we may be required to delay the project or advance all the shareholder funds necessary to place the Nkamouna Project into production, pursuant to a loan agreement or other arrangement between Geovic and GeoCam.

*Our lack of operating experience may cause us difficulty in managing our growth.*

Geovic has owned a majority interest in GeoCam since its inception more than a decade ago. Geovic employees have managed the exploration of the GeoCam deposits and negotiated the terms of the required Cameroon government approvals and permits and financings we have completed. We will continue to provide many of such services under Technical Services Contracts with GeoCam. Our ability to manage our continued growth will require us to improve and expand our management and our operational and financial systems and controls. If our management is unable to manage our growth and the development of the Cameroon Properties effectively, our business and financial condition could be adversely affected.

*GeoCam's dependence on many outside service providers to place the Nkamouna Project into production may delay mine opening or operation.*

GeoCam's ability to place the Nkamouna Project into production will be dependent to a large part upon using the services of appropriately experienced employees, consultants and contractors working under our supervision and agreements with other major resource companies that can provide required expertise or equipment. In 2010 we recruited and hired a new General Manager for GeoCam with senior level mining and operating experience. Also, a significant local work force will be trained, few of whom currently have any related experience. We may not have available to us, or we may be unable to retain on satisfactory terms, the necessary expertise, equipment or local workers to build the GeoCam facilities and place the Nkamouna Project into production.

*Our development activities in Cameroon may not be commercially successful.*

We currently have no producing properties. Substantial expenditures are required to develop the Nkamouna Project, to drill and analyze for additional ore reserves, to construct facilities to implement the metallurgical processes to extract metal from the mined ore and to develop the mining and processing facilities and infrastructure at each deposit site chosen for mining. Our existing cobalt-nickel-manganese deposits may prove not to be in sufficient quantities to justify commercial operations, and future financing required to commence mining operations may not be obtained on a timely or cost-effective basis or on terms acceptable to us.

## **Table of Contents**

*The prices of cobalt, nickel and manganese are subject to fluctuations which could adversely affect the realizable value of our assets, future results of operations and cash flow.*

Our principal assets are deposits of cobalt, nickel and manganese in the Nkamouna and other six deposits. All of these rights are held by GeoCam. Our potential future revenue is expected to be, in large part, derived from the mining, processing and sale of cobalt, nickel and related mineral products from the Cameroon Properties or from the outright sale or joint venture of some or all of these properties. The value of these reserves and deposits, and the value of any potential production therefrom, will vary in proportion to significant changes in cobalt, nickel and manganese prices. The prices of these commodities have fluctuated widely, peaked and declined significantly in 2008 and only partially recovered through 2010. These commodity prices are affected by numerous factors beyond our control, including, but not limited to, worldwide economic conditions, international economic and political trends, realized or expected levels of inflation, currency exchange fluctuations, central bank activities, interest rates, global or regional consumption patterns and speculative activities. The effect of these factors on the prices of cobalt and nickel, and therefore the economic viability of our Project, cannot accurately be predicted. Significant decreases in the prices of cobalt and nickel, and to a lesser extent, manganese, would adversely affect asset values, cash flows, potential revenues and profits of the Cameroon Properties if they are placed into production.

GeoCam may not be able to produce and sell mineral products at profitable prices. Our future operations are, therefore, more exposed to the impact of future decreases in commodity prices. Conversely, forward sales contracts would limit potential upside market swings. Such upside price swings could have a significant benefit to companies that take added market risk and sell produced mineral product on the open spot metals market. There are no central markets for the intermediate cobalt, nickel and manganese products we intend to produce and sell, and these products will reflect current metal prices of the contained metals. If cobalt or nickel prices decrease significantly at a time when our properties are producing, we would realize reduced revenue. GeoCam may enter into metal sales agreements for process plant off-take with one or more companies. If we contract to sell our planned intermediate products, the selling price would be related to prevailing market prices at time of delivery. Selling intermediate products produced at mine site, while reducing process risk and required capital expense, will also likely result in lower operating profit and cash flow from the mining and processing operations. There may be reduced demand or no market for intermediate products that are expected to be produced at the Nkamouna Project site which could adversely affect prices for such products and operating results.

*Our mining exploration, planned development and operating activities are inherently hazardous and may not be insured or insurable.*

Mineral exploration involves many risks and hazards that even a combination of experience, knowledge and careful evaluation may not be able to overcome. The business of mining is subject to certain types of risks and hazards, including reserve and resource estimates, processing risks, environmental hazards, metallurgical and process risks, industrial accidents, flooding, fire, metal theft, personal injuries, accidents, and periodic disruptions due to force majeure events and inclement weather. Workers are subject to risks associated with large mining equipment operations, slope instability, exposure to indigenous disease, steam and hazardous chemicals, as well as local social unrest. Disruption of exploration, development and production operations may occur. Operations in which we have direct or indirect interests will be subject to all the hazards and risks normally incidental to exploration, development and production of minerals, any of which could result in work stoppages, damage to property and possible environmental damage. The nature of these risks is such that liabilities might exceed any liability insurance policy limits. It is also possible that the liabilities and hazards might not be insurable, or, that we could elect not to insure Geovic Mining or GeoCam against such liabilities due to high premium costs or other reasons, in which event, we could incur significant costs that could have a material adverse effect on our financial condition.

---

## **Table of Contents**

*Our present mineralized material and future reserve estimates may be inaccurate which could adversely affect the estimated value of our future mining activities.*

There is a high degree of uncertainty attributable to the calculation of mineralized material and future reserves and ore grades dedicated to future production because such estimates are expressions of judgment based on knowledge, experience and industry practice, and estimates of reserves may prove to have been inaccurate. Estimates which were valid when made may change significantly when new information becomes available. Accordingly, development and mining plans may have to be altered in a way that adversely affects the Company's operation and profitability. An historical 2008 estimation of reserves and future production from the Nkamouna Project, prepared before the 2008 and 2009 drilling program was completed and analyzed, is included as Table 1 in *Item 2. Properties*. These estimated reserves were changed to mineralized material reflected in Table 2. Metallurgical testing on mineralization at the Cameroon Properties performed by the independent consultants and the Company in late 2009 concluded that revisions to planned processing methods assumed in the 2008 estimate should be made to reduce risk. These revisions are expected to affect the calculations of the Nkamouna Project reserves. There is a risk that full scale production activities may indicate technical and commercial shortcomings to whatever processing methodology is installed. Consequently, actual results may vary materially and adversely affect projected values given to reserves.

Until reserves are actually mined and processed, the quantity of ore and grades must be considered as an estimate only. In addition, the quantity of reserves and ore may vary depending on metal prices. Any material change in the quantity of reserves, grade or overburden stripping ratio or price of cobalt and nickel may affect the economic viability of our properties. In addition, cobalt and nickel recoveries or other metal recoveries in pilot-scale tests may not be duplicated during production.

*Our previously reported historical 2008 estimated reserves were based on assumptions and drilling data that are different from our 2009 estimate of mineralized material and are likely to be revised.*

The estimated proven and probable reserves at the Nkamouna deposit that were previously announced and which are presented in this Annual Report on a historical basis were prepared by independent consultants in January 2008 using drill data obtained before 2008, then-current cost estimates and other information and assumptions described in the Technical Report, Nkamouna Cobalt Project, Feasibility Study dated January 18, 2008 (the "2008 PAH Report"). In November 2009, a different consultant, SRK, completed an estimate of mineralized material at the Nkamouna and Mada deposits, also prepared in compliance with NI 43-101 (the "Nkamouna Technical Report"). This estimate relied on additional information from 2,045 drill holes and over 48,000 additional assay samples that were completed after the 2008 reserve estimate was completed and reflected only mineralized material, with no estimate of reserves.

We expect that SRK will prepare estimates of proven and probable reserves for the Nkamouna and Mada deposits in connection with completion of the pending feasibility study. Because we expect to use a higher cut-off grade for cobalt when we mine the deposits than was used in completing the 2008 PAH Report, and because other project parameters and assumptions have changed, the estimated reserves for the Nkamouna and Mada deposits will likely be different than the historic estimate included in the 2008 PAH Report and previously reported.

*We face intense competition in the mining industry.*

The mining industry in general, and cobalt and nickel mining in particular, are intensely competitive in all phases. A significant number of new cobalt and nickel projects have been announced in recent years and if placed in production, the resulting increased supplies of those commodities could adversely affect prices available for our expected production. Competitors include large established mining companies with experience and expertise and with greater financial and technical resources, and as a result we may be unable to obtain financing, or sell mined and processed products on terms we consider acceptable. We compete with other mining companies in the

## **Table of Contents**

recruitment and retention of qualified managerial and technical employees and in the raising of capital. If we are unable to raise sufficient capital, our exploration and development programs may be jeopardized or we may not be able to develop or operate our projects. Also, our decision to produce and sell intermediate products is likely to reduce significantly the number of customers for our metals produced.

*There presently is a lack of required infrastructure in Cameroon which could delay or prevent completion of our mine development activities or increase operating costs.*

Completion of the development of the Nkamouna Project is subject to various infrastructure requirements, including the availability and timing of acceptable arrangements for site access, power, water, housing, transportation, air services and other facilities at the project site. The lack of availability on acceptable terms or the delay in the availability of any one or more of these items could prevent or delay development. There can be no assurance that construction will be commenced or completed on a timely basis, if at all, that the resulting operations will achieve the anticipated production or that the construction costs and ongoing operating costs associated with the development will not be higher than anticipated.

*Unless we obtain significant additional external financing, enter into a strategic alliance or sell a property interest, we will be unable to develop the Nkamouna Project.*

The Nkamouna Project requires capital, start up and financing expenditures in excess of \$650 million to construct mining and processing facilities and related infrastructure. We likely will require external debt and equity financing to fund development and construction of mining and processing facilities. The expected sources of external financing for these purposes include secured project debt incurred by GeoCam, convertible debt of the Company or GeoCam and equity placements by GeoCam or the Company. In addition, the Company may consider the sale of some or all of its interest in GeoCam and/or GeoCam may consider a sale of an interest in GeoCam or in one or more of the other Cameroon Properties, GeoCam could enter into a strategic alliance with another company or we may utilize some combination of these alternatives. We intend that GeoCam will seek financing from international institutions with significant experience in financing large natural resource ventures in remote locations such as southeastern Cameroon. Such financiers will likely require GeoCam and its owners to comply with costly conditions as a requirement to completion of project financing, including significant additional equity contributions to GeoCam. The financing options chosen may not be available on acceptable terms, or at all. The failure to obtain adequate financing on a timely basis will have a material adverse effect on development of the Nkamouna Project, our growth strategy, results of operations and future financial condition.

*Challenges to our title to mineral properties in which we may have an interest could affect our exploration or development rights.*

GeoCam could be deemed noncompliant with terms or conditions of its Cameroon mining and other permits and authorizations. There may be challenges to title to other mineral properties that we currently control or which we may acquire in the future. Our exploration activities in New Caledonia may not lead to other required permits from the government. If there are title defects with respect to any of our properties, we might be required to satisfy additional government requirements, compensate other persons or perhaps reduce our interest in the affected property or lose our interest completely. Also, in any such case, the investigation and resolution of title issues would divert our management's time from ongoing exploration and development programs.

*Our exploration and development operations are subject to continuously evolving environmental regulations, which could result in incurrence of additional costs and operational delays.*

All phases of our operations are subject to environmental regulation. Environmental legislation is evolving in countries and local jurisdictions in a manner which will likely 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, if any, could adversely affect our projects.

---

**Table of Contents**

*Acquisition of mineral rights from governmental agencies in the United States requires compliance with applicable regulations and could add costs and delays to future development.*

We intend to continue to acquire properties or mineral rights in the United States. All mineral development in the United States is subject to regulation and compliance regardless of land tenure. Development projects are regulated at the state level, and in some states, also at the county level, and we must comply with the regulations relating to mining; land use; air quality; water quality, quantity and supply; and solid and hazardous wastes in the state within which the properties are located. If a state does not have an established program for regulating air, water and waste (pursuant to the federal Clean Air Act, Clean Water Act and the Resource Conservation and Recovery Act), then the U.S. Environmental Protection Agency will have direct regulatory jurisdiction. Depending on the state, there may be other applicable federal regulatory programs that also apply beyond those enacted by the state.

Mineral development (and other) actions on public lands managed by federal land management agencies such as the Bureau of Land Management ( BLM ) or the United States Forest Service ( USFS ) are obliged to file an acceptable plan of operations which is then subject to an environmental impact evaluation under the National Environmental Policy Act ( NEPA ). The NEPA process requires the completion of either an environmental assessment or an environmental impact statement prior to approval of the plan of operations. Whether on public or private land, mining companies must comply with all relevant federal, state and county requirements and will be required to post a bond or other surety to guarantee the cost of post-mining reclamation.

Federal, state, and local regulatory requirements including public disclosure processes and opportunities for stakeholders to appeal regulatory decisions, or changes to these requirements, could add significant additional cost and delays to any mining project we undertake in the United States. Permitting rules and/or discharge limits established at the federal, state, or local level may impose limitations on our production levels warranting additional capital expenditures in order to comply with the rules.

Provisions of the Comprehensive Environmental Response, Compensation, and Liability Act ( CERCLA ) impose strict joint and several liability on parties associated with releases or threats of releases of hazardous substances. Our future United States mining operations may use or produce hazardous substances which could accidentally be released to the environment, and in the United States may be subject to the provisions and attendant liabilities of CERCLA. Such liabilities could include the cost of removal or remediation of the release of the hazardous substance and damages for injury to the surrounding property.

*We may develop conflicts of interest with other natural resource companies with which one of our directors may be affiliated.*

Certain of our directors are also directors and officers of other natural resource companies. Consequently, there exists the possibility for such directors to be in a position of conflict. We expect that decisions made by any of such directors relating to the Company will be made in accordance with their duties and obligations to deal fairly and in good faith with the Company and such other companies.

*Many factors beyond our control could adversely affect our future profitability.*

The cost, timing and complexities of mine construction and development are increased by the remote location of the Cameroon Properties. It is common in new mining operations to experience unexpected problems and delays during construction, development, mine start-up and ramp-up to full commercial production. Also, ongoing cost and expense increases being faced throughout the mining and natural resources industries are beyond our control. Accordingly, our activities may not result in timely or profitable mining operations, and we may fail to successfully establish mining operations or profitably produce metals at any of our properties. In addition, the progress of ongoing exploration and development, the results of consultants' analysis and recommendations, the rate at which operating losses are incurred, and the Company's acquisition of additional properties will also impact the magnitude of the cost and timing of Company expenditures.

---

**Table of Contents**

*If we are unable to comply readily with present or future laws and regulations of the Republic of Cameroon, development activities could be delayed and profitability not achieved or reduced.*

The current and future development of the GeoCam Properties requires permits from various Cameroon governing authorities. Future operations will be subject to a number of existing laws and regulations such as labor standards, environmental reclamation, land use and safety. GeoCam must receive a land lease for that portion of the mine permit area to be used for the Nkamouna Project. It is also in the process of updating its ESA and several discipline specific implementation plans. These and other permits required to construct and operate a mining and processing facility may contain terms and conditions that are difficult or expensive to meet. Such laws and regulations may adversely affect the profitability of GeoCam's operations.

*General and Cameroon economic conditions could adversely affect our future results.*

Cameroon, as well as United States and world economic conditions may affect the future performance of the Company. Inflation or deflation, changing tax laws, and fluctuating interest rates may make mineral resource development more difficult. These factors have had a significant effect on Cameroon's economy in recent years. Economic conditions may have an adverse effect on the overall performance of the Company. In addition, various economic conditions could increase the risk that financial projections for the Nkamouna Project may not be realized as expected.

*Political unrest or changes in Cameroon or nearby countries could interfere with our operating or financing activities.*

The political risk in sub-Saharan Africa is significant. GeoCam's rights to explore and develop mineral deposits in Cameroon are always subject to the continued political stability of the Republic of Cameroon and its government. In March 2008 Cameroon experienced some domestic strikes and political unrest that subsided within weeks. An election for the Presidency in Cameroon will be held in 2011. Also, political unrest or upheaval in adjoining countries could adversely affect our mining and development activities, and, if significant, would likely increase the costs of long term financing of the mining and processing activities. Further, GeoCam may not be able to finance or operate the Nkamouna Project at all if future state or regional political upheavals occur in Cameroon.

*Potential violations of the Foreign Corrupt Practices Act ( FCPA ) by GeoCam, its agents or representatives could have a material adverse impact on our financial condition and results of operations.*

The FCPA prohibits payments of, promises to pay, or authorizations to pay, money, gifts or anything of value to officials of foreign governments, in order to obtain or retain business. Payments or gifts to a third party, such as an agent or sales representative, while knowing (or having reason to know) that all or part of the money or gift will be offered or given to such an official, are also prohibited. If employees violate the FCPA, the violation creates severe potential criminal and civil liability for themselves and the affiliated U.S. company. The types of conduct prohibited by the FCPA are not always clear. As a result, caution is required when doing business through foreign consultants, commercial representatives or agents, or with businesses that are owned, in whole or in part, by foreign governments or that have personal or family ties to government officials. We do not oversee the day to day operations of employees or representatives of GeoCam. Although we emphasize compliance with the FCPA to all our employees and representatives and those of GeoCam, there remains a risk of violation in Cameroon or in the other countries where we may have operations.

*We may fail to maintain the adequacy of internal control over financial reporting as required by the Sarbanes-Oxley Act.*

In 2008 we documented and tested our internal controls and procedures in order to satisfy the requirements of Section 404 of the Sarbanes-Oxley Act of 2002 ( SOX ). SOX requires an annual report by management of

## **Table of Contents**

the effectiveness of the Company's internal control over financial reporting. Management evaluated the Company's disclosure controls and procedures and concluded that they were not effective as of December 31, 2008. Also, the Company's Chief Executive Officer and Chief Financial Officer evaluated our internal control over financial reporting and determined that material weaknesses existed of December 31, 2008.

We implemented a number of activities during 2009 to remediate the weaknesses and improve our internal control over financial reporting. Our management evaluated our disclosure controls and procedures and our internal controls over financial reporting as of December 31, 2009 and concluded that disclosure controls and procedures were effective and that internal control over financial reporting was effective to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of our financial statements in accordance with US GAAP. Our management reached similar conclusions as of December 31, 2010.

We may be unable to ensure in the future that we have effective internal controls over financial reporting or effective disclosure controls and procedures as defined by applicable rules. Because the financial statements of GeoCam are consolidated, GeoCam financial reporting is also subject to SOX. Our failure to satisfy the requirements of Section 404 of SOX on an ongoing, timely basis could result in the loss of investor confidence in the reliability of our financial reporting and disclosure, which in turn could harm our business and negatively impact the trading price of our common shares. In addition, difficulties in maintaining satisfactory controls and procedures could harm our future reported operating results or cause us to fail to meet our reporting obligations. Any future acquisitions of other businesses may provide us with challenges in implementing the required internal processes, procedures and controls in the acquired operations. Acquired companies may not have effective disclosure control and procedures or internal control over financial reporting that are as thorough or effective as those required by securities laws currently applicable to us.

No evaluation can provide complete assurance that our internal control over financial reporting will detect or uncover all failures of our personnel to disclose material information otherwise required to be reported. The effectiveness of our controls and procedures could also be limited by simple errors or faulty judgments. In addition, should we expand in the future, the challenges involved in implementing appropriate internal controls over financial reporting will increase and will require that we continue to improve our internal controls over financial reporting. Although we intend to devote substantial time and incur substantial costs, as necessary, to ensure compliance, we cannot be certain that we will be successful in complying with Section 404 of SOX on an ongoing basis.

### **Risks related to ownership of our stock**

*The market price of our common stock and warrants may be adversely affected by market volatility due in part to the current instability in the financial markets.*

Our common stock price and warrant prices have decreased significantly since 2007. We cannot predict if or when current adverse economic conditions will be resolved or what the affect such instability may be on the price of our common stock and warrants.

*Conditions beyond our control may cause wide price fluctuations in the market price of our common stock and warrants.*

The market price of our common stock and warrants may be subject to wide fluctuations in response to many factors, including worldwide economic conditions and commodities prices, variations in our operating results, divergence in financial results from investors' expectations, changes in performance estimates, changes in our business prospects, changes in mineral reserve or resource estimates, results of exploration, changes in results of mining operations, legislative changes, our liquidity and likely ability to achieve financing for the Nkamouna Project and other events and factors outside our control.

**Table of Contents**

*Future sales of our securities in the public or private markets could adversely affect the trading price of our common stock and warrants and our ability to continue to raise funds in new stock offerings.*

Future sales of substantial amounts of our securities in the public or private markets, or the perception that such sales could occur, could adversely affect prevailing trading prices of our common stock and warrants and could impair our ability to raise capital through future offerings of securities.

*We do not intend to pay cash dividends in the near future.*

Our Board of Directors determines whether to pay cash dividends on our issued and outstanding shares. The declaration of dividends would depend upon our future earnings, our capital requirements, our financial condition and other relevant factors. Our Board does not intend to declare any dividends on our shares for the foreseeable future. We anticipate that we will retain any future earnings to finance the growth of our business and for general corporate purposes.

*Provisions of our Certificate of Incorporation, By-laws and Delaware law could defer a change of our management which could discourage or delay offers to acquire us.*

Provisions of our Certificate of Incorporation, By-laws and Delaware law may make it more difficult for someone to acquire control of us or for our stockholders to remove existing management, and might discourage a third party from offering to acquire us, even if a change in control or in management might be beneficial to our stockholders. For example, our Certificate of Incorporation allows us to issue different series of shares of preferred stock without any vote or further action by our stockholders and our Board of Directors has the authority to fix and determine the relative rights and preferences of each series of preferred stock. As a result, our Board of Directors could authorize the issuance of a series of preferred stock with holders having the preferred right to our assets upon liquidation, preferred voting rights, preferred dividends before dividends are paid on common stock and/or redemption preferences or other preferred rights.

**ITEM 1B. UNRESOLVED STAFF COMMENTS**

None

## **Table of Contents**

### **ITEM 2. PROPERTIES**

#### **Glossary of Certain Terms**

***Ferralite.*** Limonitic laterite, sometimes pulverulent, mottled, with varied shades of black, yellow, brown and red. Often foliated, reflecting relict serpentinite textures. Thickness varies from a few meters to tens of meters, averaging near 8 meters. Main ore unit, consistently mineralized with good metal grades near the top where black manganese zones occur, moderate to low cobalt grades lower in the unit.

***Ferricrete breccia.*** Beneath the upper laterite is a nearly ubiquitous horizon of iron-rich concretions, ranging in size from one or two centimeters across, to blocks larger than a meter across. The ferricrete breccia averages 6 to 8 meters thick, and was often divided into two or three units by project geologists. A unit can contain very high cobalt grades, particularly at the base.

***Hectare.*** A land measurement. One hectare is equal to 100 square meters, or approximately 2.47 acres.

***Hydrometallurgical processing.*** One of several metallurgical processes that uses water and other liquids for the leaching and recovery of soluble metals from ore.

***Lateritic soil.*** A soil containing laterite, or any reddish tropical soil developed by intense tropical weathering.

***Manganese precipitate.*** Manganese compounds produced by precipitation from leach solutions.

***Mine Permit.*** Republic of Cameroon Mining Permit Decree, dated April 11, 2003.

***Mining Convention.*** Mining Convention between The Republic of Cameroon and Geovic Cameroon, S.A., dated July 31, 2002.

***Nickeliferous laterite deposit.*** A nickel-bearing laterite deposit, occurring beneath the cobalt-nickel deposit at the Nkamouna Project.

***Serpentinite.*** Bedrock, olive green to dark green, may be fractured and fissile, with silica-filled fractures. Uniformly low metals grades except in rare cases where garnierite-like nickeliferous silicates fill fractures.

***Tailings facility.*** A containment system comprised of a compacted, earthen structure or dike and a prepared basin area that is used to contain solid tailings and water from the mineral beneficiation process.

***Tailings disposal.*** A method for disposing of tailings, waste rejects, and water from a processing operation into the tailings facility.

***Terrain or terrane.*** A term applied to a general geologic unit or grouping with no specific definition or formal designation.

***Tonne.*** One metric tonne is 1000 kilograms, or 2,204.6 pounds.

***Upper laterite.*** A purplish-red, highly magnetic, powdery clay-like soil. Ubiquitous, normally 4 to 8 m thick, except where removed by erosion at the borders of laterite plateaus.

***Water table.*** The sub-surface level below which the host rock is water saturated. Geovic recorded a water table depth in several test drill holes which varied from approximately 12 to approximately 25 meters below surface at the Nkamouna Project site.

---

## **Table of Contents**

### **Description of Mineral Projects**

#### **THE NKAMOUNA PROJECT**

Much of the information in this section is summarized, compiled or extracted from the NI 43-101 Technical Report, Nkamouna and Mada Deposits, East Province of Cameroon, Africa, dated November 30, 2009 (the Nkamouna Technical Report ) prepared for Geovic Mining by SRK Consulting (U.S.), Inc. ( SRK ). Information related to the historical estimated reserves is summarized and extracted from the Technical Report, Nkamouna Cobalt Project, Feasibility Study dated January 18, 2008 (the 2008 PAH Report ) prepared for Geovic Mining by Pincock Allen & Holt ( PAH ). SRK is independent from the Company. These Reports were prepared in accordance with the requirements of NI 43-101.

Portions of the following information are based on assumptions, qualifications and procedures which are set out only in the full Nkamouna Technical Report or the 2008 PAH Report as the case may be. We have omitted much of the background information that is included in the Reports. For a complete description of assumptions, qualifications and procedures associated with the following information and for additional details about the findings of SRK, reference should be made to the full text of the Nkamouna Technical Report which is available electronically from the Company's website at [www.geovic.net](http://www.geovic.net) and on SEDAR at [www.sedar.com](http://www.sedar.com). References to Geovic in this Item 2 Properties include the Company and GeoCam, where applicable.

The Company and GeoCam are currently reviewing and completing an independent feasibility study of the Nkamouna Project. The Company expects the feasibility study to be completed by the end of April 2011. The feasibility study will include an updated mine plan, ore reserve estimate, ore beneficiation and tailings storage designs, estimated construction and capital costs, operating expenses and future cash flow from mining operations at the Nkamouna Project.

#### **Project Description and Location**

Geovic, through its 60.5% owned subsidiary GeoCam, has exclusive rights to several large cobalt-nickel laterite deposits in Cameroon (the Cameroon Properties ) (Figure 1). There are seven laterite plateaus included in the Cameroon Properties (collectively, the Plateaus ). The seven Plateaus aggregate approximately 337 square kilometers within the 1,250 square kilometer Mine Permit area. The Plateaus are (clockwise) Nkamouna, Mada, Rapodjombo, North Mang, South Mang, Messea and Kondong, and form a crescent-shaped array extending 80 kilometers north-south and 45 kilometers east-west (Figure 2).

The mineral rights are held by GeoCam under the Mine Permit and administered under the Mining Convention. The Mine Permit boundary is shown in Figure 2. The Plateaus within the Cameroon Properties constitute the known mineralized terrain within the Mine Permit, which is designated as mineral exclusive lands. The Nkamouna and Mada areas are the subject of the Reports. The Nkamouna (pronounced Ka-moon-ah) and Mada deposits (together the Nkamouna Project ), will be mined first, and are located in southeastern Cameroon, (Figure 1), approximately 640 road kilometers east of the port city of Douala and 400 road kilometers east of the capital of Yaounde. The Mada deposit is contiguous and north of the Nkamouna deposit.

The Cameroon Properties are located in the Haut Nyong Division of the East Province. Nkamouna, Mada and the other laterite plateaus (except Kondong) lie within the Lomie Subdivision. The irregular 18-corner polygon-shaped Mine Permit area is monumented and is described in the Presidential Decree authorizing the Mining Permit.

Populations living near the site of the project are mainly made up of Nzimé (Bantu group) and indigenous Baka. Most inhabitants of the region practice subsistence agriculture (cassava, yams, plantains, bananas, some maize and taro) and supplement their diets with animal protein either domestically raised or from bush meat procured by hunters. The Nzimé people mainly live in villages along the existing network of unimproved roads. Baka are semi-nomadic forest people who live in shifting settlements in the forest, in roadside encampments and also in established villages. All generally speak languages of the Bantu linguistic family. The dominant languages in the project area are Dzime and Baka. French is nearly universal among adults, and some speak a little English since Cameroon is officially bilingual in French and English.

**Table of Contents**

General geographic coordinates for the Nkamouna and Mada project area are approximately: Longitude N-3° 20' and Latitude E-13° 50'.

**Figure 1: General Location Map for the Nkamouna Cobalt Project**

**Table of Contents**

**Figure 2: Location of Mining Permit Boundary**

23

---

**Table of Contents**

Most of the Eastern Province, where the Nkamouna Project is situated, is dominated by forests zoned multiple-use. Over 64 logging concessions are designated in the Province. A significant portion of the Province is also dedicated to protected forests, wildlife reserves and general evergreen forest habitat that are located well away from planned operations. A small proportion of the district is zoned for mineral development, which includes the Mine Permit area. Indigenous community lands dominated by subsistence gardening and community forest developments form the remainder of the district lands. These lands are located principally along the main access routes developed when the province was first opened to plantation farming in the late 19th Century. All planned mine development activity will be in logged over areas and are exclusive of primary forest designations. GeoCam's mining operations will result in partial deforestation during the mining phase, which will represent less than 0.5% of the annual deforested area within the region.

*Accessibility, Climate, Local Resources, Infrastructure, And Physiography*

The closest sizeable town to the Nkamouna Project site is Lomie, at approximately 26 kilometers to the west-southwest. The closest railroad transport to the Project is at the town of Belabo, at a distance of approximately 250 kilometers. Transportation from Yaoundé to the Project is by paved highway to Ayos, improved public road to Abong Mbang and public roads to the Nkamouna Project site. International airports and modern telecommunication facilities exist at Yaoundé and Douala. Suitable shipping and receiving facilities exist at the international seaport of Douala. The 40 kilometer road from Lomie to the site of the GeoCam field camp supports heavy log and lumber transports, as does the road from the field camp to the project site. Driving from Yaoundé to the Nkamouna Project takes approximately 6 hours.

Lomie is the Subdivision administrative center that hosts the Nkamouna Project and has been the staging area for Geovic's activities. Lomie has about 3,500 inhabitants, a limited local electrical supply, and very basic services and supplies. There is new telephone service, but no airstrip or approved heliport, and only rudimentary medical facilities. Geovic's field operations are based from the Kongo Camp, a fully-contained compound near the village of Kongo. The compound has adequate working and sleeping quarters, a diesel generator, diesel fuel storage, a kitchen and dining area with refrigerators, repair shop and sample preparation and storage facilities, many of which were upgraded or expanded by GeoCam in 2008 and 2010.

The economy of Lomie is largely undeveloped, except for a sawmill and surrounding timber harvesting operations, and small local businesses and government agencies. Lomie's municipality has provided diesel electric power since 1997. Lomie is also the site of a number of domestic and international non-governmental organizations many of which monitor the 1.3 million acre World Heritage Dja Biosphere reserve and other reserves in the region.

The regional climate is classified as an Equatorial Guinea sub-type characterized by two main seasonal types, namely the main wet season and main dry season, and two minor seasonal types designated as mini wet and mini dry. The site is located on the northwestern margin of the Congo River tropical zone. The annual maximum monthly temperature ranges from 24° to 33° centigrade and generally do not fall below 18° centigrade.

The average annual precipitation is approximately 1,580 millimeters (62.2 inches) with high humidity and evaporation rates. The main wet season occurs between September and early November, and the main dry season occurs from November to May. The mini wet season lasts about eight weeks in March to May, and the mini dry season extends from June to mid-September. Rainfall occurs throughout the year, except during the months of December and January, which are typically dry. Average monthly evaporation rates exceed rainfall during the two dry seasons. The prevailing wind direction is from the south and southwest, and averages less than 4-kilometers per hour and is commonly undetectable beneath the tree canopy near the Nkamouna Project site. The operating season is year-round.

## **Table of Contents**

The Mining Permit grants GeoCam the exclusive rights to exploit the deposits within the Permit area, and to commence mining activities within four years, a period which has been extended. The Mining Permit will remain in force for the duration of the mineable resource and has an initial term of 25 years. The Mining Permit and Mining Convention are renewable every 10 years thereafter until the depletion of resources.

A tailings storage area was designed as part of an earlier feasibility study conducted by Washington Group International in 2007, and updated in the 2008 optimization study. Further refinements to the tailings storage will be included in the final feasibility study expected for completion in April 2011. This tailings storage area is located on the north side of the process plant location and will encompass the drainage of a small local stream.

Consultants to GeoCam concluded that the water balance for the planned tailings storage facility ( TSF ) at Nkamouna Project will operate in a water deficit condition. Diversion ditches could be incorporated to divert water around the facility or into the facility depending on the water needs at the time.

The Project water supply will be drawn from the Edje River. Much of the process water will be recycled from the TSF. Mining, processing and housing facilities will each be provided with appropriate sewage collection and treatment systems. Project wastes will be disposed of in accordance with the most current Waste Management Plan.

GeoCam has obtained numerous permits and authorizations to allow Project development to proceed. The principal remaining permit required before the initiation of construction at the Nkamouna Project is finalization of a land lease. The land lease establishes GeoCam's right to occupy the surface of the land and build roads, remove vegetation and conduct mining activities in accordance with the Mining Convention. Annual lease costs have not been established.

### *Construction Facilities*

To support the mining and milling operations at Nkamouna, a number of ancillary facilities will be required. These include energy generation, a mobile equipment maintenance shop, loading and staging areas and facilities, warehouses, reagent storage buildings, laboratory, steam plant, and administration offices.

A temporary construction camp will be built and used until permanent housing can be constructed to meet Project operating requirements. The Kongo compound currently serves as a temporary camp and is located 5 kilometers from the proposed mining and construction activities. Permanent housing will be located in the Nkamouna Mining Permit area. On-site accommodations will be provided for expatriate staff. Housing and other community assistance will be provided to local employees, who will be drawn mostly from nearby villages.

Currently all power is generated on site. It is expected that the power supply for the Project will be supplied by both diesel powered generators and a fuel oil power plant.

Well water is currently being used for potable water. A number of boreholes were sited around the project area where housing or other facilities requiring potable water will be installed. Water from the boreholes was tested and meets minimal standards for potable water.

### *Area Topography*

The central part of the Nkamouna area is dominated by a series of rolling upland plateaus that are isolated by several river systems that feed into the main Congo River drainage basin. Elevations in the province range from about 450 meters along the lower Dja River to 927 meters at Mount Guimbiri, located east of Abong Mbang. The local upland plateau in the vicinity of the Nkamouna Project mine site presents an elevation of about 700 meters.

## **Table of Contents**

The Nkamouna Project topography is relatively flat and the mineral deposits have an average depth of 16 meters. Much of the Nkamouna deposits are situated down slope from the process plant site and with a natural grade of approximately 5% with upper elevations around 760 meters and lower elevations near 610 meters. The Nkamouna deposit is a crescent shape about 4 kilometers from east to west and 2 kilometers from north to south. The planned process plant site is adjacent to the mine site and near the top of a saddle at an approximate elevation of 700 meters.

### *Geology Setting*

#### *Regional Geology*

Southeastern Cameroon lies within a region of metamorphosed Proterozoic rocks ranging in age from 600 to 2,500 million years and extending across parts of several west-central African countries. In southeastern Cameroon, several assemblages of such metamorphic rocks have been mapped and named. Due to the metamorphosed nature of the rocks and poor exposures, there is some uncertainty in distinguishing and dating various lithologic units.

The Nkamouna/Mada project area is primarily underlain by rocks of the Intermediate Series, including the Mbalmayo-Bengbis Series or unit. These rocks are principally chloritic and sericitic schists and quartzites. Also included in the Intermediate Series are extensive metamorphosed felsic, mafic volcanic and volcanoclastic rocks. These rocks are post-Eburnean (i.e., younger than 1,800 million years) and are cut by basic dikes. The original depositional age of the sediments was probably 1,800 to 1,400 million years, with metamorphism to almandine-amphibolite facies occurring about 1,200 million years ago, likely coincident with the Kibaran Orogeny.

The schists and quartzites contain inliers of ultramafic rock, which were probably emplaced long after deposition of the original sedimentary rocks. Due to poor exposures, the contact relations are unclear, but the ultramafic bodies appear to be emplaced along north-trending regional fractures, which apparently allowed emplacement of ultramafic rocks of a deep-seated origin.

The region within a 300-kilometer radius of the Cameroon Properties area in Cameroon, Gabon, Congo, and Central African Republic has few producing mineral deposits and few with near-term production potential. Most of this region of west-central Africa is underlain by Proterozoic granite-gneiss-schist terrains, broadly similar to the rocks in the Cameroon Properties area. Within the region, ultramafic rocks, the original source of the cobalt and nickel, are confined to the Nkamouna Project area. There has been no previous commercial production of minerals from the Cameroon Properties.

#### *Property Geology*

The cobalt-nickel deposits are hosted in residual laterites which have formed by prolonged tropical weathering of serpentinites. Large areas of mineralized laterite, each several square kilometers in extent, have been preserved on low-relief mesas or plateaus underlain by ultramafic rocks that stand above the surrounding dissected lowlands. Nkamouna and Mada are two such plateaus. Most of the plateaus are underlain by ultramafic rocks, with some areas of schist, phyllite, and quartzite. The surrounding lowlands are underlain by schists, phyllites, quartzites, and meta-volcanics of the Intermediate Series. The bedrock geology at the Nkamouna Project has been mapped by Geovic through a combination of natural exposures, soil mapping, and, most importantly, observation of weathered or fresh rock encountered in pits and drillholes. Mapping of detailed structures, attitudes of foliation or fractures is generally not practical except in the deeper pits. Rock from pits, drillholes, and rare exposures indicate that the fresh underlying rock at Nkamouna is a pervasively-sheared serpentinite.

At the Nkamouna Project, petrographic evidence suggests that the parent rock to the serpentinite was probably a dunite (rock containing +90 percent olivine). Metasedimentary rocks (quartz-muscovite schist,

## **Table of Contents**

phyllite, and quartzite) occupy the borders of the serpentinite, and also occur as inliers within the serpentinites. Locally, lateritic soils with schist fragments overlie serpentinite bedrock due to the gravity-induced creep of soils down-slope. The typical sequence of discernable horizons in the weathering profile at the Nkamouna Project is: organic soil at the surface, upper laterite, ferretcrete breccia, ferralite, silcrete, saprolite, serpentinite bedrock.

### *Mineralization*

The Cameroon laterite profiles, similar to those elsewhere in humid tropical environments, show a strong vertical zonation, which reflects the transition from unweathered host rock at the base, to highly-leached residues at the surface. The Cameroon laterites depart from the norm somewhat, in possessing two layers of iron-rich laterite, between which lies ferricrete breccia. The lower portion of the profile under the breccia includes the limonitic ferralite and underlying saprolite zones which are more typical of humid tropical laterite profiles.

Most of the economic mineralization in each deposit is in one interval containing about 1 meter of ferricrete breccia and 4 meters of ferralite. The ore types are characterized geologically by their mineral content, bulk composition, and texture, as described below. The deposit's unusual concentration of the coarsely aggregated ore mineral asbolane is highly significant, as is the thick ferricrete breccia.

Of the minerals of economic interest in the Nkamouna and Mada laterites, most occur in the majority of nickel-cobalt laterites worldwide, in proportions which vary widely from one laterite horizon to another, and from one deposit to another. In general, these minerals occur at Nkamouna and Mada as fine-grained clay-like or concretionary masses, and are only occasionally identifiable as discretely visible mineral specimens.

The key mineral in the Geovic deposits, which hosts the cobalt, most of the manganese, and between one-third and one-half of the nickel, is asbolane. Asbolane is widespread in nickeliferous laterites, but elsewhere is usually present in very small amounts and is normally inconspicuous as black blebs on fractures. The asbolane occurrence at the Nkamouna Project is unusual in that it occurs as both discrete platy crystals and in larger and coarser crystal aggregates and fine-grained wad up to 5 cm in diameter, sometimes as concretion-like nodules with chromite and goethite. It also occurs as a fine intergrowth with chromium and iron oxides and hydroxides.

Asbolane is critical to the Nkamouna Project economics because it occurs as coarser aggregates of microscopic crystals, the aggregates being separable by crushing and wet screening from the pulverulent iron-oxide minerals and clays. The resulting coarse fraction contains most of the cobalt and manganese, and a significant portion of the nickel in the raw material. This physical concentration of the ore results in a significantly upgraded concentrate prior to processing.

### *History and Exploration*

The Nkamouna and Mada deposits are contiguous zones, and together comprise an enriched cobalt-nickel-manganese-iron laterite deposit located in southeastern Cameroon, Africa. Nkamouna and several other nickeliferous laterite deposits in southeast Cameroon were first discovered and investigated by the United Nations Development Programme ( UNDP ) during 1981-1986, in a cooperative project with the Cameroon Ministry of Mines, Water and Energy to evaluate mineral potential in southeastern Cameroon. Due to the remote location and the low nickel prices at the time, the discovery did not draw much attention.

No further exploration took place on the property until William Buckovic, founder of Geovic and GeoCam, became aware of the nickel discovery in 1988, subsequent to submitting a proposal to explore for minerals to the Cameroon Ministry of Mines in 1986. After assaying samples he was able to obtain from the area, Buckovic noted in 1994 the higher than typical cobalt-to-nickel ratio that characterizes the Cameroon properties. This high ratio was confirmed by the assay results from the UNDP core drilling program. Mr. Buckovic was also aware of advances in the hydrometallurgical processing of previously sub-economic nickel laterite deposits. As a result, in 1995 he helped form a new company, GeoCam, to investigate this unusual but potentially promising occurrence.

## **Table of Contents**

A government-issued Prospecting License covering 19,600 square kilometers was granted in 1995. In 1999, an Exploration Permit was granted on a reduced area of 4,876 square kilometers. A Mining Convention was entered into between GeoCam and the Republic of Cameroon in 2002. In 2003, the Mine Permit was issued by decree granting an exclusive right to GeoCam to exploit the deposits within the permitted 1,250 square kilometers area. GeoCam's initial program was based entirely on manually dug test pits, and later incorporated drilling and limited trenching. The program began at Nkamouna and was later extended to other laterite plateaus, which were identified by satellite images and air photos. Geologists from the Cameroon Ministry of Mines, Water and Energy participated in the work to provide government oversight as well as training.

By 2004, Geovic had largely completed the reconnaissance sampling and had undertaken pitting and drilling patterns of varying densities at Nkamouna where access was greater due to recent logging operations, with an eye toward defining deposit parameters for an eventual feasibility study. Between 1995 and 2003, Geovic carried out extensive pitting at Mada. Through 2007, more than 1800 pits were hand dug, mostly by local workers. During the period 2005-2009, GeoCam completed significant infill drilling and pitting at both the Nkamouna and Mada deposits.

### *Exploration*

During 2008 and 2009, GeoCam conducted significant infill and step out drilling and pitting in both the Nkamouna and Mada areas, including an additional 975 drill holes at Nkamouna and 1,012 drill holes at Mada. This new data forms the basis for the updated mineralized material estimates made in 2009.

The geological logging scheme utilized for past and current drill programs is consistent with the stratigraphic units. The logging scheme has evolved over the history of GeoCam's work since 1995. All logging was carried out at the pit or drill site by qualified geologists, using standardized logging reports.

Because the Nkamouna deposits are secondary, which represent the decomposition products of bedrock, they present the data-generation issues which are typical of laterites: sampling of intermixed material which ranges from very soft to very hard, and which varies greatly in metal grade from one particle to the next, especially in the ferricrete breccia lithologies.

### *Trench Data*

Two trenches have been excavated at Nkamouna. Dug by hand, the first trench is up to 8.5m deep, has a 5m north-to-south cross trench in the middle and extends 20 meters. The trench is located on the western edge of the Nkamouna plateau, west of some natural exposures of ferricrete, at a location where the upper limonite appears to have been removed by erosion. Most of the trench exposes only ferricrete, and does not reach adequate depth to expose the ferralite or saprolite. The trench site was selected by Geovic primarily to determine whether blasting will be necessary in the ferricrete. The trench was thoroughly channel-sampled and assayed by Geovic. These results were not used in the mineralized material estimations.

The second trench was excavated in the southeastern part of Nkamouna. This trench was excavated with bulldozers and included deepening by hand dug pits. Assay results from this trench were reviewed, but not used in mineralized material estimations.

### *Drilling-Interpretation*

SRK Consulting has conducted a detailed review of all historic and current drilling and pitting program data, and is of the opinion that the methodology used to collect the samples and that the current sample spacing is adequate for use in resource estimation. SRK Consulting has noted that the historic core sample analyses conducted by GeoCam are adequate, but is of the opinion that the larger sample sizes afforded by pit and reverse circulation samples are more appropriate, given the coarse grain size and highly variable distribution of asbolane, which is the mineral of economic significance in the Nkamouna and Mada deposits.

## **Table of Contents**

### *Sampling and Analysis*

GeoCam maintains a sample-preparation facility at the Kongo Camp, where samples from drill holes and pits are prepared by GeoCam employees for assay. SRK reviewed the sample preparation procedures in detail.

Sample intervals in pits generally varied between 0.5 and 1.65 meters. Each interval was logged by color and texture, and by mineralogy where noted. All samples were analyzed for nickel, cobalt, manganese, chromium, copper, zinc, lead and MgO. Composites representing 5 to 10 meters were analyzed for Fe<sub>2</sub>O<sub>3</sub>.

SRK and PAH found that Geovic personnel, and contractors paid close attention to sampling and sample-processing techniques, and have varied the techniques from time to time, based on careful analysis of results, including comparisons between different methods. Geovic believes that collection and handling of samples met or exceeded industry standards for laterite projects, and that any limitations on precision and accuracy of samples are those limitations inherent in the laterite deposits themselves and in assaying technology.

Altogether, more than 56,000 Nkamouna, Mada and Rapodjombo samples were assayed for cobalt and nickel during 1995-2009. Many of these samples were also assayed for manganese and various other appropriate methods were used for occasional analyses of 34 other elements for bulk samples and other specialty samples.

### *Security of Samples*

Various inter-laboratory checks were undertaken by Geovic on behalf of GeoCam throughout the sampling phase of the project. Geovic undertook a comprehensive program of comparing second sample comparisons from Nkamouna. The pairs of samples extracted from the same sample intervals showed a high degree of correlation for cobalt, nickel and manganese, providing confidence in the ability to generate reproducible assay results from similar sample material.

### *Sampling*

Upon arrival from the field in polyethylene woven bags, the samples are stored at Kongo Camp in a sheltered location until processed. As each bag was opened, the sample was placed in a steel tray for drying, and an aluminum tag bearing the sample information on the sample bag placed on the tray. After drying in a wood fired oven, the sample was quartered and placed in a clearly labeled plastic bag, with the sample location and interval number recorded. Another aluminum tag was prepared which accompanied the sample, in transit to the United States. The aluminum tag placed in the steel tray before oven drying remained with the control sample on the shelves in the storage facility at the Kongo Camp. All samples were clearly labeled as organized.

Upon removal from the oven and cooling, each sample was visually inspected for the presence of oversize material (coarser than approximately 2 centimeters). Oversize material was manually crushed in a mortar and pestle and returned to the sample tray. At this point, the dried sample was inspected again by a geologist to ensure that the on-site logging did not miss important geological features due to excessive drilling mud or poor lighting. The sample was then split in a Jones-type riffle splitter with openings measuring 10 millimeters. Normally a 200 gram dried sample was collected for ferralite and a 500 gram sample for breccia and bagged for shipment to the assay lab. The shipment of samples followed industry accepted procedures regarding chain of custody. Samples were shipped by vehicle to GeoCam's office in Yaoundé, the capital of Cameroon, where they were delivered to a common carrier for air-freighting to North America.

SRK reviewed the sampling procedures that Geovic personnel and Mintec, Inc. implemented during the previous and current drilling and pitting programs and concluded that the collection and handling of samples met or exceeded industry standards.

---

## **Table of Contents**

### *Quality Control*

All samples were shipped to an independent laboratory facility in Tucson, Arizona, for analysis. The samples assayed were submitted to both the laboratory's and Geovic's independent QA/QC checks. The use of second splits and sample standards are universally recognized methods to provide confidence in the assaying reliability.

The laboratory runs assay batches of 24 prepared pulp samples, comprising 20 samples plus repeats on the 1<sup>st</sup> and 20<sup>th</sup> samples of each batch, in addition to two in-house standards. One sample per client's submitted batch of 20 was reweighed along with both an in-house and a certified reference standard of known Co-Ni-Mn content. The laboratory's internal checks allow for a maximum acceptable variance of 2% for duplicates and standards. Given its ISO and CAN-P-1579 certifications, the laboratory is required to have a suitable program in place for periodic round-robin inter-laboratory comparisons.

### *Historic Nkamouna Reserve Estimates*

Geovic Mining expects that the feasibility study will contain revised reserve estimates, a review of an updated mine plan, estimated construction and capital costs, operating expenses and future cash flow from mining operations at the Nkamouna Project and will be completed April 2011.

Mineable reserve estimates were made by PAH in the 2008 PAH Report and the information in this section is excerpted from the 2008 PAH Report.

The Nkamouna deposit ore would be subjected to physical upgrading ( PUG ) consisting of crushing, attritioning and particle sizing. The PUG plant basically consists of a receiving hopper and two stages each of crushing, attritioning and particle classifying to produce a coarse, higher-grade concentrate, a low-grade middlings and fine tailings. The concentrate will be conveyed to a receiving bin at the process plant. As approximately 60% of the cobalt is concentrated in only 20.5% of the ore weight, the process plant size will be much smaller and financial performance would be dramatically improved when the ore is physically upgraded prior to final processing in the Metal Recovery Plant ( MRP ).

Economic evaluation criteria were based on supplying a fixed 2,000 tonnes ore per day ( tpd ) of product from the PUG plant to the process plant at an average of 1.87:1 Waste:Ore ratio. This yielded an average mine production rate of 23,000 tpd with approximately 8,000 tpd of ore, and a maximum of 28,000 tpd for equipment sizing and operating cost estimation.

A cutoff grade of 0.175% ferralite-equivalent cobalt was used by PAH to define the Nkamouna Mineral Reserves described in Table 1 below.

The mineral reserves presented in *Table 1* were classified as Proven plus Probable, and all are in the Nkamouna deposit. Reserve calculations are from the 2008 PAH Report using data then available (not including results of the 2008-2009 drill program). The historic reserves estimates are presented for reference purposes only and do not represent current reserves.

**Table of Contents****TABLE 1****Nkamouna Deposit****Historic Mineral Reserve Statement**

CLASSIFICATION <sup>(1)</sup>	MINERALIZED ZONE			CONTAINED			
	Tonnes (1,000 s)	% Co	% Ni	% Mn	Co (M lbs)	Ni (M lbs)	Mn (K tonnes)
Proven	28,868	0.264	0.690	1.406			
Probable	25,874	0.230	0.683	1.250			
<b>TOTAL<sup>(2)(3)</sup></b>	<b>54,742<sup>(4)</sup></b>	<b>0.248</b>	<b>0.687</b>	<b>1.331</b>	<b>299</b>	<b>829</b>	<b>728</b>

- (1) The historic proven and probable mineral reserves for the Nkamouna Project were estimated in accordance with definitions set out in NI 43-101 and in reliance on the 2008 PAH Report prepared by PAH under those regulations. We believe that the mineral reserves were estimated on a basis consistent with the definition of proven and probable reserves prescribed for use in the United States by the SEC and as set forth in Guide 7. The historical reserves estimates are presented for reference purposes only and do not represent current reserves.
- (2) The above estimate of reserves was completed at a time when GeoCam planned to produce cobalt, and nickel and manganese as finished products. GeoCam intends to produce a mixed Cobalt-Nickel sulfide product ( MSP ) and manganese carbonate from the mining and processing at the Nkamouna Project.
- (3) We expect to increase the cutoff grade of cobalt in the ore we mine and process at the PUG plant and MRP at the Nkamouna Project from that used in the above estimates. Such an increase could reduce the estimated reserves while accelerating the expected economic return from mining and processing.
- (4) PAH used a cutoff grade of 0.175% ferralite equivalent cobalt, and a three year average price for the period ending October 2007 of \$20.18 per pound of cobalt and \$11.16 per pound of nickel.

*Mineralized Material*

This section describes the geologic modeling and the estimate of mineralized material for the Nkamouna and Mada deposits based on the Nkamouna Technical Report completed in November 2009.

*Nkamouna/Mada Geologic Model*

Total mineralized material was calculated for the Nkamouna and Mada deposits using a three-dimensional block model to estimate cobalt, nickel, and manganese grade for individual blocks with dimensions of 10 by 10-meters horizontal by 1-meter vertical. In addition, lithology codes and ore classification codes were defined for each block. The estimation was done using licensed geologic modeling software.

A top-of-mineralization, or TOMI, model was created by ORE so that the top of mineralization in each drill hole was at a constant elevation. The advantage of this model is that the optimum correlation between the metal grades is horizontal and the shape and continuity of the mineralization can be viewed directly on plan maps. This model also went through several iterations of editing/remodeling to remove inconsistencies in the data from shallow holes that did not penetrate the top of mineralization and from multiple pits and drill holes within a few meters of each other.

Basic statistics, using the TOMI model, showed that there are three cobalt grade populations, including low-grade (poorly mineralized), mid-grade (mineralized), and high-grade (strongly mineralized). Manganese was found to have grade distributions similar in shape, but higher grade than cobalt, consistent with the strong correlation between cobalt, manganese, and asbolane. Nickel appears to be much more evenly distributed than cobalt and manganese and was found to only have two grade zones, mid-grade (mineralized) and high-grade (strongly mineralized).



**Table of Contents**

Grade zones were defined for each metal as closed shapes in plan maps in the unfolded model.

Basic statistics were run within the grade zones to confirm the grade distributions and variograms were run to confirm continuity of grades within the zones.

The mineralized material is summarized in *Table 2* below. These estimates of mineralized material include the results of all prior drilling on the Nkamouna and Mada deposits through 2009.

**Table 2****Nkamouna/Mada Mineralized Material Statement<sup>(1)</sup>**

Deposit	Tonnes (kt)	Average Grade		
		Co (%)	Ni (%)	Mn (%)
<i>Nkamouna</i>	80,723	0.23	0.67	1.25
<i>Mada</i>	39,876	0.23	0.59	1.43
<b>Total Mineralized Material<sup>(2)(3)</sup></b>	<b>120,599</b>	<b>0.23</b>	<b>0.65</b>	<b>1.35</b>

Note: Mineralized Material is not mineral reserves and do not have demonstrated economic viability.

- (1) Prepared by SRK and included in the Nkamouna Technical Report. All figures have been rounded to reflect the relative accuracy of the estimates. Reported at cut-off grades of 0.12 and 0.23% cobalt contained within ferralite and breccia, respectively.
- (2) This estimate is applicable to the Nkamouna and Mada deposits. The historic reserve estimate prepared by PAH and included as Historic Mineral Reserves in Table 1 is inclusive of the Nkamouna deposit and mineralized material previously included in the historic mineral reserves, which can no longer be classified as such under guidelines of NI 43-101, are included in this mineralized material estimate. Assumptions used for estimating the historic reserves in *Table 1* are different than those used in the mineralized material estimate above.
- (3) SRK has made no estimate of reserves at Nkamouna and Mada deposits. Any future estimate of reserves included in the Nkamouna and Mada deposits based on the above information will be significantly different than the historic reserves described in *Table 1*.

*Mineralized material as used in this report, although permissible under Guide 7, does not indicate reserves by SEC standards. Geovic cannot be certain that any part of these deposits will ever be confirmed or converted into Guide 7 compliant reserves. The reader is cautioned not to assume that all or any part of the mineralized material will ever be confirmed or converted into reserves or that mineralized material can be economically or legally extracted.*

**Markets and Metal Prices**

Cobalt is a metal used in many diverse industrial and military applications with the leading uses in rechargeable batteries (approximately 21 percent), and super-alloys (approximately 20 percent, principally for gas turbine engines). Cobalt is also used to make specialty magnets (7 percent); other alloys used for corrosion and wear resistance (16 percent); catalysts for the petroleum and chemical industries (11 percent); drying agents for paints, varnishes, and inks and adhesives for radial tires (9.5 percent); porcelain enamels, dyes and pigments (11 percent); and magnetic recording media (4.5 percent).

Cobalt prices are published by Metal Bulletin ([www.metalbulletin.com](http://www.metalbulletin.com)). Commencing February 22, 2010, cobalt began trading on the London Metal Exchange (LME).

Nickel is a principal metal traded on the LME and has total price transparency. Prices are quoted on the LME ([www.lme.com](http://www.lme.com)) for 99.8 percent US Spot cathode nickel and cobalt.

**Table of Contents**

The following table reflects the reported annual spot prices for high grade cobalt and nickel as reported by Metal Bulletin for Cobalt and London Metals Exchange for nickel for each of the last five years, and the last reported price in December 2010.

	Year end		Average Annual Prices			
	2010	2010	2009	2008	2007	2006
Price per pound cobalt	\$ 18.31	\$ 21.32	\$ 17.88	\$ 39.41	\$ 29.94	\$ 16.95
Price per pound nickel	\$ 10.93	\$ 9.89	\$ 6.64	\$ 9.57	\$ 16.88	\$ 11.00

**Other Mining Leases and Claims**

We are also engaged in the strategic acquisition, exploration and development of other mineral properties to diversify our portfolio of mineral exploration and development opportunities. To that end we actively leased mineral properties, permitted property and staked mining claims as described below.

*New Caledonia Properties*

In 2009 we formed a subsidiary in New Caledonia, a French overseas island territory (collectivity) northeast of Australia in the South Pacific, to explore for chromite. Prospecting licenses covering up to 120 square kilometers were issued by the government. Since the licenses were issued Geovic collected and analyzed more than 400 surface mineral samples and ranked the prospects according to development potential. The onshore prospecting program resulted in the discovery of several potentially large tonnage high grade chromite accumulations. The subsidiary applied for, and in early 2011 was awarded exploration licenses. Figure 3 shows the location of these licensed areas.

**Figure 3 Exploration Licenses**

Environmental baseline studies are being initiated within each license area to establish site specific exploration impacts and mitigation requirements prior to drilling. Subsequently, following regulatory approval to

**Table of Contents**

commence exploration, onshore and offshore drill campaigns are planned to assess the quality and extent of chromite deposits on the licensed area. The initial drilling program is targeted to commence in the second half of 2011 and continue into 2012, at which point we anticipate that mineralized material will be estimated.

The chromite prospects of interest to Geovic occur in unconsolidated coastal sand deposits, some very remote, where chromite has been separated from ultramafic host rock, and concentrated with other heavy minerals by river and wave action. This has resulted in well-sorted deposits occurring as dark bands of heavy mineral sand up to several meters thick near the mouths of large river systems and along nearby beaches and back-beach areas.

Based on preliminary testing of bulk samples collected under the prospecting licenses, Geovic believes that the chromite sands can be readily separated from the rest of the heavy mineral sand.

As of March 1, 2011 we hold the following exploration licenses in New Caledonia:

**New Caledonia Exploration Licenses**

<b>Province</b>	<b>Licenses</b>	<b>Acres (gross)</b>	<b>sq km (gross)</b>
North	12	9,880	40
South	19	14,820	60
<b>Total</b>	<b>31</b>	<b>24,700</b>	<b>100</b>

*Arizona Properties*

Geovic conducted a surficial sampling survey in 2009 and 2010 within state mining leases and federal mining claims we hold in the Whetstone Mountains in southeastern Arizona. During the sampling program, Geovic discovered surface gold mineralization discontinuously along a nine-mile trend, in what appears to be a hot springs, quartz-hosted, micro-fine gold mineralization in regional detachment faults. Such settings are often sites for hosting shallow, bulk-tonnage disseminated gold deposits.

The gold identified to date is recognized as a high level, low temperature gold-arsenic-antimony-mercury assemblage of near surface emplacement. The mineralization is closely associated with extensive silica flooding and veining and related clay alteration and replacement of sediments, volcanics, and older basement rocks.

Based on this early exploration, the Company sought additional state leases and established additional federal mining claims in the area, and now holds over 68 square miles of surface prospects. Figure 4 show the location of these areas.

**Table of Contents**

**Figure 4 Arizona Prospect Acreage**

35

**Table of Contents**

As of March 1, 2011 we hold the following undeveloped interest in the following properties in Arizona:

**Undeveloped Arizona Prospects****Whetstone Project**

	Number	Gross and Net Acres
Federal Mining Claims	97	2,004
State Mineral Exploration Permits	72	41,548

*Colorado/Wyoming Properties*

We also hold fee mineral leases over known uranium deposits in the Denver-Cheyenne Basin of northeastern Colorado and southeastern Wyoming. These mineral leases cover acreage believed to host historical uranium deposits at depths ranging from 120 feet to 600 feet below the surface. These deposits were evaluated by other operators in the 1970s and 1980s, including PowerCo, AMAX, Wyoming Minerals and Unocal. Through the leases it now holds, Geovic Energy has control over much of the known mineralized area in eastern Weld County, Colorado and Goshen County, Wyoming.

We intend to hold these pre-paid leases and seek third parties to join in future efforts to explore and develop these uranium prospects.

As of March 1, 2011 we hold undeveloped interests in the following properties in Colorado and Wyoming:

**Undeveloped Uranium Prospects****Denver-Cheyenne Basin**

	Number of Federal Claim-BLM	Number of Leases	Gross Acres	Net Acres	County
Mineral Exploration Permits and Leases	22		12,240	12,240	Weld County, CO
Mineral Fee Leases		121	57,508	16,557	Weld County, CO
Mineral Fee Leases		85	95,227	46,940	Goshen County, WY
Federal Mining Claims	94		1,942	1,942	Goshen County, WY

*New Mexico Properties*

In 2010 we staked federal mining claims in an area where a prospecting survey showed a potential for recoverable zirconium and certain heavy rare earth elements. Our Cornudas Mountain project in southern Otero County, New Mexico is located on the Texas - New Mexico border about 90 miles northeast of El Paso, Texas and 65 miles north of the rail-head at Sierra Blanca, Texas. The project hosts an advanced metal suite that includes zirconium-hafnium; tantalum-tin-niobium; and yttrium-rare earth elements. Detailed surface geologic mapping and sampling have confirmed the geological potential of the higher grade resource areas, but surface and low-impact exploratory drilling remain to be carried out to establish measured mineralized material or reserves. Some of the mining claims are in an area designated by the BLM as an Area of Critical Environmental Concern based on its scenic and cultural resources. Our exploration or development of the prospect areas may be restricted by these or other environmental concerns.

If our prospect evaluation is successful we envisage development as a small-scale, low impact, high value operation due to the combined metal dollar value of the mineral concentrate, and the apparent relative ease of recovery. The suite of advanced mineral elements being sought have experienced increases in value due to limited supplies and accelerated demand in the high tech industrial sector. We intend to establish additional claims in the area to provide better coverage of the potentially mineralized area, and to further explore these claims in 2011.

**Table of Contents**

As of March 1, 2011 we hold undeveloped interests in the following mining claims in New Mexico:

**Undeveloped New Mexico Prospects**

**Cornudas Project**

	<b>Number of Federal Claim-BLM</b>	<b>Gross and Net Acres</b>
Mining Claims-Undeveloped	55	1,136

**Table of Contents**

**ITEM 3. LEGAL PROCEEDINGS**

We know of no pending or contemplated legal proceedings in which we are involved that could materially affect our business or the business of any of our subsidiaries.

**Executive Officers**

The following table sets forth certain information, as of March 24, 2011, with respect to our executive officers.

Name	Age	Position
Michael T. Mason <sup>(1)</sup>		