GEOVIC MINING CORP.
Form 10-K
March 31, 2008
Table of Contents

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2007

¨ 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)

Delaware	**20-5919886**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
743 Horizon Court, Suite 300A	
Grand Junction, Colorado	**81506**
(Address of principal executive offices)	**(Zip Code)**

Registrant s telephone number, including area code: (970) 256-9681

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

None

(Title of Class)

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

Title of each class to be so registered

Common Stock, par value $0.0001

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

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 x

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 x 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. x

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer, and smaller reporting company in Rule 12b-2 of the Exchange Act (check one).

¨ Large accelerated filer ¨ Accelerated filer x Non-accelerated filer ¨ Smaller reporting company

(do not check if a

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 x

The aggregate market value of common stock held by non-affiliates, computed by reference to the closing price of the common stock as of June 30, 2007, the last business day of the registrant s most recently completed second fiscal quarter, was approximately $264,481,758.

At March 24, 2008, there were 101,680,486 shares of common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

None.

Table of Contents

FORM 10-K

TABLE OF CONTENTS

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

Table of Contents

CAUTIONARY LANGUAGE ABOUT FORWARD-LOOKING STATEMENTS

This Form 10-K (including the exhibits hereto) contains forward-looking statements within the meaning of the federal securities laws. These forward-looking statements are intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. Forward-looking statements are those that do not relate solely to historical fact. They include, but are not limited to, any statement that may predict, forecast, indicate or imply future results, performance, achievements or events. Words such as, but not limited to, believe, expect, anticipate, estimate, intend, plan, targets, projects, likely, will, would, could and similar expressions or phrases identify forwa statements.

All forward-looking statements involve risks and uncertainties. The occurrence of the events described, and the achievement of the expected results, depend on many events, some or all of which are not predictable or within our control. Actual results may differ materially from expected results.

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. Certain portions of this Form 10-K contain disclosure that has been prepared in accordance with the requirements of Canadian securities laws, which differ from the requirements of the Exchange Act. Without limiting the foregoing, this Form 10-K uses the terms measured, and indicated resources. U.S. investors are cautioned that, while such terms are recognized and required by Canadian securities laws, rules adopted by the Securities and Exchange Commission (the SEC) do not recognize them. Under U.S. standards, 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. U.S. investors are cautioned not to assume that all or any part of measured or indicated resources will ever be converted into reserves. The SEC permits issuers to report resources as in place tonnage and grade without reference to unit measures. Information concerning descriptions of mineralization and resources included in this Form 10-K may not be comparable to information made public by U.S. companies subject only to the reporting and disclosure requirements of the SEC.

National Instrument 43-101 *Standards of Disclosure for Mineral Projects* (NI 43-101) is a rule developed by the Canadian Securities Administrators that establishes standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects. Unless otherwise indicated, all reserve and resource estimates contained in Form 10-K have been prepared in accordance with NI 43-101 and the Canadian Institute of Mining, Metallurgy and Petroleum Classification System. These standards differ significantly from the requirements of the SEC, and reserve and resource information contained herein may not be comparable to similar information disclosed by other U.S. companies.

Table of Contents

PART I

ITEM 1. BUSINESS
CORPORATE AND BUSINESS DEVELOPMENT

Geovic Mining Corp. was incorporated under the *Business Corporations Act* (Alberta) on August 27, 1984. The Company 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 its subsidiaries.

Intercorporate Relationships

On December 1, 2006, we completed a reverse take-over transaction (the RTO or the Acquisition) with the result that we hold 100% of the issued and outstanding shares of Geovic, Ltd., a Cayman Islands corporation (Geovic) and Geovic Finance Corp. (Finco). The RTO involved Geovic and Finco securityholders exchanging their securities for securities issued by us on similar terms. Finco was voluntarily liquidated and dissolved on January 23, 2008. Geovic owns 60% of Geovic Cameroon PLC, a private corporation existing under the laws of the Republic of Cameroon (GeoCam) and which controls a Nkamouna mining prospect in Cameroon. The Acquisition was completed pursuant to an agreement (the Arrangement Agreement) dated as of September 20, 2006, as amended October 31, 2006, entered into between the Company, Geovic, and William A. Buckovic (Buckovic), the founder of Geovic and Finco.

The holders of outstanding securities of Geovic voted to approve the RTO and a court in Cayman Islands approved the exchanges of securities transactions described in the Arrangement Agreement under which the RTO was completed. The Arrangement Agreement provided a means to acquire Geovic and to transfer control of the Company to persons who had been the controlling shareholders of Geovic, thus effecting the RTO.

Table of Contents

For financial reporting purposes, Geovic is treated as the acquiring entity in the RTO. Geovic is our principal operating subsidiary, and employs all our employees. The following chart illustrates the intercorporate relationships among the Company and its subsidiaries as of December 31, 2007.

Note:

(1) GeoCam minority interest owners are described below under Recent History GeoCam Shareholders Agreement.

Recent History

Our principal business since completion of the RTO in December 2006 is operating the business of Geovic. Below is a summary of the recent development of our business.

Geovic, Ltd.

Geovic was organized in 1994 as an international mineral exploration company. Geovic, based in Grand Junction, Colorado, is focused on acquiring specialty and strategic metals properties, from project conception to production. The principal asset of Geovic is its 60% ownership in GeoCam, which holds rights to several cobalt-nickel-manganese deposits in the Republic of Cameroon, Africa. GeoCam entered into its Mining Convention with the Republic of Cameroon in 2002, and subsequently received a Mining Permit (the Mining Permit) in 2003 granting exclusive mining rights to develop the Nkamouna, Mada and other cobalt-nickel-manganese deposits (the Cameroon Properties) within a 1,250 square kilometer area. Geovic s principal business focus since 1994 has been to advance its interest in the Cameroon Properties.

Qualified independent consulting firms retained by GeoCam completed engineering pre-feasibility study and technical reports in 2006 and a final feasibility study in December 2007 and related technical report in January 2008. The latter study supports construction of a cobalt-nickel-manganese mine and adjoining ore processing plant, and is summarized in Item 2 Properties.

GeoCam entered into a contract effective December 10, 2007 with three prominent global engineering firms that are experienced in building projects in Africa, collectively referred to as the alliance (Alliance) to perform an optimization study:

Bateman International Projects BV headquartered in South Africa with an office in Brisbane, Australia;

Table of Contents

Roberts & Schaefer Australia Pty. Ltd., a U.S. based engineering company with an office in Brisbane, Australia; and

Group Five Projects Pty. Ltd., a construction company headquartered in South Africa which has worked with Bateman on other projects.

The Alliance is collaborating with GeoCam s group of experienced personnel with a goal to reduce capital and operating costs and further improve project economics to optimize the feasibility study estimates. The optimization study will also evaluate expected benefits from the addition of processing circuits to produce manganese carbonate and scandium in view of recent substantial price increases in these commodities. GeoCam anticipates that the Alliance will finish the optimization study by mid-2008.

GeoCam has initiated construction to expand its self-contained field compound to accommodate part of the construction workforce expected to arrive starting in mid-2008. The site has been cleared and graded and construction of 34 housing units is expected to be completed in the next few months. Engineering has also commenced to construct additional housing facilities in the nearby town of Lomie and onsite to accommodate the complete construction work force of Cameroonian and expatriate personnel that will be needed to build the Nkamouna Project.

GeoCam has also entered into negotiations for access road improvements and a major communication upgrade at the Nkamouna Project. A permit application has been submitted to the Cameroon government for installation of a private airstrip to service critical requirements during construction and operations. Engineering and design of the facility is nearly complete and discussions are underway to secure a contract for its construction.

GeoCam continues to negotiate a contract for engineering, procurement and construction management (EPCM) services for building the Nkamouna Project. Contract negotiations are expected to be completed within the next few months to facilitate an efficient transition from the optimization study to the further development and construction of the project. Many aspects of final engineering and design are expected to be performed concurrently with the optimization study to expedite the project construction schedule. Production from the project is expected to begin in late 2010.

Geovic, acting on behalf of GeoCam, completed a draft Environmental and Social Assessment (ESA) and related documents in 2004. Based on anticipated locations of mining, ore processing, transportation, administration and employee housing operations, Geovic identified environmental safeguards that will be included in the construction and operation of the Nkamouna Project. The ESA included undertakings regarding water and regional habitat protection, mitigation of social impacts and future remediation of mined areas. Geovic completed the ESA in 2006 and GeoCam submitted the ESA and related documents to the Government of Cameroon. GeoCam completed 16 public hearings on the environmental aspects of the project in Cameroon. On May 29, 2007, the Ministry of

Table of Contents

Environment and Protection of Nature of the Republic of Cameroon approved the ESA and issued a Certificate of Environmental Compliance with respect to GeoCam s March 2007 revisions to the ESA, thereby providing the necessary environmental approval to advance the Nkamouna Project in the manner described in the ESA. In January 2008, GeoCam received final approval and permits authorizing stream diversion for mining operation and approving water reclamation for the project.

Financing Transactions

From inception through 2005 Geovic raised approximately $16 million from private investors and in 2006, Geovic raised an additional $4.5 million of capital from private investors.

In connection with the RTO, on December 1, 2006 we issued 6.0 million units to Finco unitholders. The units were previously issued by Finco for total proceeds of Cdn$11.7 million ($10.2 million). Each unit consisted of one common share and one-half of one transferable common share purchase warrant. Each warrant has an exercise price of Cdn$2.75 per share and is exercisable until November 3, 2011.

On March 6, 2007, we closed a public offering outside the United States (the First Offering) of 21.6 million units at a price of Cdn$2.50 ($2.13) per unit for gross proceeds of Cdn$54 million ($45.9 million). Each unit consisted of one common share and one-half of one transferable common share purchase warrant. Each warrant has an exercise price of Cdn$3.00 and is exercisable until March 6, 2012.

On April 27, 2007 we closed a public offering outside the United States (the Second Offering) of 8.75 million units at a price of Cdn$4.00 ($3.59) per unit for gross proceeds of Cdn$35 million ($31.4 million). Each unit consisted of one common share and one-half of one transferable common share purchase warrant. Each warrant has an exercise price of Cdn$5.00 and is exercisable until April 27, 2012. In connection with the Second Offering, the Company granted the underwriters an option, exercisable for 30 days from closing, to purchase an additional 1,312,500 units on the same terms as those offered in the Second Offering, to cover over-allotments, if any (the Over-Allotment Option). Subsequent to the closing of the Second Offering, the underwriters exercised the Over-Allotment Option and purchased an additional 834,200 units of the Company. With the exercise of the Over-Allotment Option, the Second Offering consisted of an aggregate 9,584,200 units resulting in total gross proceeds of Cdn$38.3 million.

Table of Contents

GeoCam Shareholders Agreement

On April 9, 2007 Geovic entered into a shareholders agreement with the other GeoCam shareholders, Societe Nationale d Investissement du Cameroun (SNI) (the owner of 20%), four Cameroon individuals (collectively, the owners of 19.5% and represented by SNI), and Buckovic (the owner of 0.5%) (the Shareholders Agreement). The Shareholders Agreement reflects the historic arrangement between the shareholders and sets forth the terms, conditions and fiscal arrangement for continued participation by the shareholders in GeoCam. The Shareholders Agreement includes undertakings in accordance with Cameroon business laws by all shareholders to contribute their proportionate share of future GeoCam capital required to meet its annual operating budgets, as approved by the GeoCam Board of Directors, a majority of which is appointed by Geovic. The Shareholders Agreement provides that beginning in 2007, GeoCam is to operate as an independent entity and Geovic employees and consultants will provide management and operating services to GeoCam at negotiated rates. Following the signing of the Shareholders Agreement and effective at the beginning of 2007, Geovic and GeoCam entered into a Contract for Professional and Technical Services (the Technical Services Contract), under which Geovic provides its management and staff to GeoCam to perform services and management to carry out GeoCam s budgeted work program at rates set forth in the Technical Services Contract.

We believe that the Shareholders Agreement and the Technical Services Contract are consistent with international mining industry standards and compliant with Western Africa (OHADA) business law.

Additionally, in December 2007, Geovic and GeoCam, with approval of GeoCam minority shareholders, resolved treatment of past advances from Geovic to GeoCam. Since the incorporation of GeoCam, the advances made by Geovic to GeoCam had been preliminarily treated as loans by Geovic. As at December 31, 2006, Geovic had made expenditures benefiting, or had advanced to GeoCam, approximately $31 million. The parties agreed that approximately $23 million of the advances would be credited toward Geovic s share of future capital increases of GeoCam. Effective January 1, 2007, GeoCam also agreed to pay approximately $9.0 million, plus an amount equal to the interest that would have been accrued at two percent above the Banques de Etats de l Afrique Centrale (BEAC) interest rate to Geovic, such as payments to be made over a four-year period, beginning one year after commencement of commercial production, and subordinated to all GeoCam debt and subject to approval by holders of GeoCam s debt.

In accordance with the Shareholders Agreement, a 2007 GeoCam operating budget of $13.5 million was adopted, funded by an increase in share capital, which was taken on by GeoCam shareholders proportionally to ownership interest. We paid 60% of this amount, representing our ownership interest in GeoCam. Future increases in share capital will be funded entirely by the minority shareholders until such time as their contribution equals 40% of the total paid in capital. This will occur after their cash contribution of approximately $15 million. During this period, Geovic will be credited for its $23 million initial investment.

Table of Contents

BUSINESS OPERATIONS

Summary

Cameroon Properties

We are taking steps to advance the development of the Cameroon Properties held by GeoCam to maximize value for all stockholders. These steps include optimization of the final feasibility study, project financing, initial mine and facilities construction and planning for future production in a socially responsible manner. Our business plan is to use our best available management, technical expertise and talent to develop our interests in the Cameroon Properties into a high quality mining and mineral production operation. Initially, we will focus on the Nkamouna Project where our present plan is to begin mining operations during 2010. We also plan to continue a drilling program to evaluate already identified targets in the other six deposits with the potential to increase reported mineral reserves and mineral resources in the Cameroon Properties.

During 2007, the total operating expenditures by GeoCam in Cameroon were approximately $8.3 million. These expenditures were used for GeoCam corporate general and administrative expenses, final feasibility studies, initial construction and pre-mine opening activities on the Nkamouna Project, and exploration activities for the Mada deposit and related activities in Cameroon and the United States.

We presently have no current revenue from operations and we expect to continue to generate losses and negative cash flows until mine and milling operations begin on the Nkamouna Project.

Corporate general and administrative costs for Geovic Mining are expected to be approximately $4 million during 2008, representing expenditures for strategic direction and management as well as those activities and expenditures required to operate a public company. These include costs associated with executive management wages and benefits, office rent and operating costs, public company stock exchange listing fees and securities regulatory authority filing fees, legal, audit and other professional fees, Sarbanes-Oxley compliance and general tax matters.

Other Mineral Properties

We are also evaluating other mineral properties, prospects and interests in the United States and elsewhere to diversify our portfolio of mineral properties. We believe that opportunities exist to acquire property interests suitable for uranium, cobalt, nickel, copper and gold exploration and development. We presently hold interests in uranium leases in Colorado and Wyoming and mining claims and state mineral leases for gold and uranium in Arizona. In 2007 we acquired uranium leases covering approximately 60,557 net acres on federal and state lands. We will regularly review all of our property interests, with the goal to establish the best approach to bring value to our portfolio of property interests and other assets.

Table of Contents

Competitive Conditions

We expect that we will compete with other cobalt and nickel producers around the world, including projects now under development by others. As world prices for cobalt and nickel have increased significantly in recent years, world production is expected to increase to meet the growing demand. Other producers, with ongoing operations have established production and demonstrated feasibility, and have greater financial strength than us. These competitors include such current producers as Xstrata-Falconbridge, CVRD-Inco and Murrin Murrin (Minara). Significant new producers and those with operations expected to begin producing in the next few years include Ambatovy (Sherritt Gordon), Weda Bay (Eramet), Ravensthorpe (BHP), Goro (CVRD-Inco), Tenke Fungurume (Freeport) and others. Costs of operations, reserve quantities and qualities, operating efficiencies, and location may affect long-term success of all competing producers, including Geovic.

Environmental Protection

Applicable environmental protection requirements affect the financial condition and operational performance and earnings of the Company as a result of the capital expenditures and operating costs needed 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 different requirements in other governmental jurisdictions. In 2007 the effect of these requirements was limited due to the early development stage of Cameroon Properties, but they are expected to have a larger effect in future years as we move toward and commence production at the Nkamouna Project.

Employees

All of our employees are employees of Geovic and our executive officers are also officers of Geovic. Geovic has 12 full time employees in its offices in the U.S., and GeoCam employs approximately 20 full time employees in its administrative offices in Yaoundé and operations in East Province in the Republic of Cameroon.

Social or Environmental Policies

In 2004 Geovic, on behalf of GeoCam, commissioned a site-specific environmental study of the Nkamouna area, which was performed by the consulting firm Knight Piesold. The findings from the study were summarized as an Environmental and Social Assessment including an Environmental and Social Impact Assessment, and Environmental and Social Action Plan for the Nkamouna area. We will also be required to develop a similar, site-specific environmental study of the Mada area before any development is started on that deposit. See Item 2 Properties for additional information about our planned mineral development activities in Cameroon.

Table of Contents

ITEM 1A. RISK FACTORS

We consider the risks set out below to be the most significant risks facing the Company since completing the Acquisition. 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.

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

We are in the exploration stage without significant operating history as an independent company. We have no history of producing metals and none of our properties is currently producing cobalt or nickel. There can be no assurance that the Cameroon Properties, or others that may be acquired in the future, will produce minerals in commercial quantities or otherwise generate operating earnings. Even if we commence mining activities on the Nkamouna Project during 2010 as planned, we may continue to incur losses beyond the period of commencement of such activity. There is no certainty that we will produce revenue, 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.

Historically, Geovic incurred losses, on an annual basis, since its inception and it is expected that the Company will incur losses unless and until such time as the Nkamouna Project is placed into commercial production and generates sufficient revenue to fund continuing operations. The development of the Nkamouna Project will require the commitment of substantial financial resources. The amount and timing of expenditures 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: timing and cost of the construction of mining and processing facilities; 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 availability of off-take agreements or metal sales contracts; and the availability of funds to finance construction and development activities. 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.

Table of Contents

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

Our development in the future will be highly dependent on the efforts of key management employees, namely, John E. Sherborne, William A. Buckovic, David C. Beling, Gary Morris, and Greg Hill (currently Chief Executive Officer, President, Chief Operating Officer, Senior Vice President and Chief Financial Officer, respectively) and other key employees that we hire in the future. Loss of any of these people 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.

We may not be reimbursed by GeoCam for significant expenditures we have made on its behalf.

Geovic owns 60% of GeoCam which holds the rights to exploit the cobalt-nickel-manganese deposits in Cameroon. However, through 2006 Geovic provided all of the funds necessary to carry out the activities of GeoCam, totaling about $31 million. Until April 9, 2007, there was no written shareholders agreement among the GeoCam shareholders. In December 2007 we agreed with the minority interest owners that the Geovic investment would be reduced to about $23 million, which amount will be credited to Geovic as its share of future equity contributions when the GeoCam shareholders vote to increase share capital. In addition, GeoCam has agreed to pay Geovic approximately $9 million, plus an amount equal to the interest that would have been accrued at two points above the BEAC interest rate accruing from 2007, as a subordinated obligation of GeoCam, with payments beginning one year after GeoCam begins commercial production from the Nkamouna Project.

Under the Shareholders Agreement, minority interest owners agreed to fund their share of operating costs in 2007 and thereafter, subject to certain stipulations of Cameroon business law. However, it is possible that the minority shareholders will be unable to provide their respective share of future GeoCam funding, and we may, once again, be required to advance all the funds necessary to place the Cameroon Properties into production, in the form of some type of loan agreement or other arrangement between Geovic and GeoCam. Under Cameroon law all of the financial statements of GeoCam must be approved and certified by an accredited Cameroon state auditor. All or a portion of the funding previously advanced by Geovic may not be certified and approved by the state auditor and therefore we may not be credited for all our previous investments in 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, the RTO and financings we have completed. Under the Technical Services Contract we will continue to provide nearly all such services. 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 materially affected.

Table of Contents

Our dependence on many outside service providers to place the Nkamouna deposit into production may delay mine opening or operation.

Our ability to place the Nkamouna deposit and other deposits located on the Cameroon Properties into production will be dependent to a large part upon using the services of appropriately experienced personnel or contractors working under our supervision and purchasing equipment or entering into agreements with other major resource companies that can provide such expertise or equipment. We expect to recruit and train a significant local work force, few, if any, of whom have any related experience. We may not have available to us, or we may be unable to acquire on satisfactory terms, the necessary expertise or equipment to build the GeoCam facilities and place our mineral properties into production.

Our acquisition, exploration and evaluation activities may not be commercially successful.

We currently have no producing properties. Substantial expenditures are required to develop our existing reserves on the Nkamouna deposit, to drill and analyze for ore reserves on our Mada deposit, 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 reserves or mineralized material acquired or discovered may not 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.

The prices of cobalt and nickel 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 reserves of cobalt, nickel and manganese in the Nkamouna deposit and six other deposits over which we have rights, but in which we have not established proven or probable reserves. All of these rights are held by GeoCam in the Republic of Cameroon. Our potential future revenue is expected to be, in large part, derived from the mining, processing and sale of cobalt and related minerals from the Cameroon Properties or from the outright sale or joint venture of some or all of these properties. The value of these cobalt, nickel, and manganese reserves and deposits, and the value of any potential cobalt and nickel production therefrom, will vary in proportion to significant changes in cobalt and nickel prices. The prices of cobalt, nickel, and manganese have fluctuated widely, and are affected by numerous factors beyond our control, including, but not limited to, 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 any of our projects, cannot accurately be predicted. Significant drops in the prices of cobalt and nickel, and to a lesser extent, manganese, would adversely affect our asset values, cash flows, potential revenues and profits.

Table of Contents

The Company may not be able to produce and sell our mineral products at prices at which the Company will be profitable. Neither Geovic Mining nor GeoCam has, as yet, entered into forward sales arrangements to reduce the risk of exposure to volatility in commodity prices. Accordingly, our future operations are exposed to the impact of any significant decrease in commodity prices if we do not enter into such forward sales arrangements. Conversely, forward sales contracts limit potential upside market swings by setting price ceilings. Such upside price swings can have a significant benefit to companies taking added market risk by selling on the open spot metals market. As yet, there is no futures market for cobalt as a commodity. If cobalt or nickel prices decrease significantly at a time when our properties are producing, we would likely realize reduced revenue. We may enter into forward sales arrangements in the future.

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

At the time our preliminary feasibility study was completed in March 2006, we expected to experience increasing capital and operating costs at moderately rising rates. However, capital and anticipated operating expenses for mining and processing operations have increased significantly faster than we or others in the mining industry anticipated. The Feasibility Study completed for GeoCam in December 2007, indicated significantly higher initial capital and future operating costs for the Nkamouna Project than those estimated by the preliminary feasibility study. These increases are, in part, due to much higher demand for mining and processing equipment brought on by escalating world-wide demand and commensurate increases in mining and related projects being brought into production, or enlarged. 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 result in a decrease in our anticipated return from operating the Nkamouna Project. Commodity prices for cobalt and nickel have generally increased at a higher rate than our estimated capital and operating cost estimates. We expect that this trend is not likely to continue.

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 reserve estimates may be inaccurate which could adversely affect our future mining activities.

There is a high degree of uncertainty attributable to the calculation of reserves and corresponding ore grades dedicated to future production. Reserve 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 estimation of reserves and future production from the Nkamouna Project is included in Item 2 Properties. These projections were made in the final feasibility study and are based on a number of existing material facts and certain assumptions. Many of the assumptions are based on future estimates of metal prices and market demands over which the Company will have little or no control. Metallurgical testing on mineralization at the Cameroon Properties performed by the Company s independent consultants has been successful using agitation leach processing; however, there is a risk that full scale production activities may indicate technical and commercial shortcomings to that method. 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 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.

We face intense competition in the mining industry.

The mining industry is intensely competitive in all of its phases. As a result of this competition, some of which will be with large established mining companies with substantial capabilities and with greater financial and technical resources than ours, we may be unable to obtain financing, or sell mined and processed products on terms we consider acceptable. We also compete with other mining companies in the recruitment and retention of qualified managerial and technical employees. If we are unable to successfully compete for qualified employees, our exploration and development programs may be slowed down or suspended. We also compete with other minerals companies for 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.

Table of Contents

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 Cameroon Properties is subject to various infrastructure requirements, including the availability and timing of acceptable arrangements for power, water, housing, transportation, air services and other facilities. 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 the development 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 we may be unable to complete development of the Nkamouna Project.

The Cameroon Properties that we plan to develop require significant future capital expenditures. We will need external financing to fund the development and to construct mining and processing facilities on the Nkamouna Project and to explore or develop the unproven deposits of GeoCam and any other properties we may acquire in the future. The sources of external financing that the Company may use for these purposes include project debt incurred by GeoCam, convertible debt of the Company or GeoCam and equity placements by GeoCam or the Company. In addition, we may consider a sale of an interest in one or more of the mineral properties, we could enter into a strategic alliance with a complementary 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 could require GeoCam and its owners to comply with costly conditions as a requirement to completion of project financing. The financing options chosen may not be available on acceptable terms, or at all. The failure to obtain adequate financing on a timely basis could have a material adverse effect on our growth strategy, results of operations and financial condition.

Future sales of our securities in the public or private markets could adversely affect the trading price of our common stock 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. As of March 30, 2008, holders of approximately 15,716,312 outstanding shares of our common stock are subject to restrictions which prohibit transfer or resale for various periods. After the restrictions lapse, the resale of these shares into the market could have a depressive effect on the market price for our common stock and our warrants. All restrictions will lapse by December 1, 2008.

Table of Contents

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

The market price of our common shares and warrants may be subject to wide fluctuations in response to many factors, including variations in our operating results, divergence in financial results from analysts expectations, changes in earnings estimates by stock market analysts, changes in our business prospects, general economic conditions, changes in mineral reserve or resource estimates, results of exploration, changes in results of mining operations, legislative changes, and other events and factors outside our control.

In addition, stock markets have from time to time experienced extreme price and volume fluctuations, which, as well as general economic and political conditions, could adversely affect the market price for our common shares and warrants.

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

There may be challenges to title to the Cameroon Properties and other mineral properties that we currently control or which we may acquire in the future. If there are title defects with respect to any of our properties, we might be required to compensate other persons or perhaps reduce our interest in the affected property. 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 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.

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. The Bureau of Land Management (BLM) requires that mining operations on lands subject to its regulation obtain an approved plan of operations subject to environmental impact evaluation under the U.S. National Environmental Policy Act. Any significant modifications to the plan of operations may require the completion of an environmental assessment or EIS prior to approval. Mining companies must post a bond or other surety to guarantee the cost of post-mining reclamation. These requirements or changes in these requirements could add significant additional cost and delays to any mining project we undertake on federal land in the United States.

Under the U.S. Resource Conservation and Recovery Act, mining companies may incur costs for generating, transporting, treating, storing, or disposing of hazardous waste, as well as for closure and post-closure maintenance once they have completed mining activities on a property. Our mining operations, if any, may produce air emissions, including fugitive dust and other air

Table of Contents

pollutants, from stationary equipment, storage facilities, and the use of mobile sources such as trucks and heavy construction equipment which are subject to review, monitoring and/or control requirements under the Federal Clean Air Act and state air quality laws. Permitting rules may impose limitations on our production levels or create 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 mining operations may produce hazardous substances which could accidentally be released to the environment, and, if so, may be subject to 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. Any decision made by any of such directors relating to the Company should 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 costs, 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 designed 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.

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 deposits 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 is, to the best of our knowledge, in compliance with all material laws and regulations that currently

Table of Contents

apply to its activities in Cameroon or, if not in present compliance, we believe that it will be able to promptly comply. However, additional permits required to construct and operate a mining and processing facility may not be obtained by GeoCam in a timely manner or if obtained by GeoCam, they 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.

Both domestic and world economic conditions may affect the future performance of the Company. Inflation or deflation, continuously changing tax laws, and rapidly 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. 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 Cameroon Properties at all if future state or regional political upheavals occur in Cameroon.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 2. PROPERTIES

Glossary of Certain Terms

***Attitudes of foliation*.** Strike and dip measurement of metamorphic fabrics in deformed basement rocks such as schists, serpentinites, gneisses and amphibolites in geologic metamorphic terrain.

***Counter-current decantation*.** Part of a hydrometallurgical circuit in which leached solids (tailings) are separated from the pregnant leach solution (PLS) using a series of thickening tanks.

Table of Contents

CCD leach tails. The spent waste solids, or tailings remaining after dissolving valuable recoverable metals.

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.

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.

Maghemite. Strongly magnetic mineral of the magnetite series in the spinel group.

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

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

Proterozoic granite-gneiss-schist. Proterozoic age (Pre-Cambrian) rock units of igneous granite, metamorphic gneiss and schist, or the terrain found in the vicinity of the Nkamouna laterite deposits.

Saprolite zone. Composed of green, sticky clay with less than 50% fragments of partly weathered serpentinite, grading downward into foliated, fractured serpentinite. Relatively poor in cobalt, often rich in nickel. Averages 1.5 meters thick.

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.

Silcrete. This highly-discontinuous unit is composed of subhorizontal plates of white to grey silica, intercalated with varicolored clays. Usually 0.5 meters thick or less, and often absent. Commonly has a low metal content.

Table of Contents

Tailings dam. A compacted, earthen structure or dike that is used to contain solid and liquid tailings.

Tailings disposal. A method for disposing tailings, or waste rejects from a processing operation.

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

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 depth below the surface where the rocks are 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.

Description Of Mineral Projects

THE NKAMOUNA PROJECT

Unless stated otherwise, information in this section is summarized, compiled or extracted from the Technical Report, Nkamouna Cobalt Project, Feasibility Study dated January 18, 2008 (the Technical Report) prepared for Geovic Mining and Geovic by Richard Lambert and Alan Noble, and NI 43-101 Technical Report Nkamouna and Mada Cobalt Projects, Cameroon, dated March 12, 2007 (the Mada Technical Report) prepared for Geovic and GeoCam by Richard Lambert, Alan Noble and Fred Barnard, each a Qualified Person, as defined in National Instrument 43-101 (NI 43-101). Messrs. Lambert and Noble are currently employees or associates of Pincock, Allen & Holt (PAH), and are independent of Geovic. Mr. Barnard was previously an associate of PAH. The Technical 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 Technical Report. For a complete description of assumptions, qualifications and procedures associated with the following information, reference should be made to the full text of the Technical Report which is available electronically from the Company s website at www.geovic.net and on SEDAR at www.sedar.com. References to Geovic in this section entitled Mineral Projects of the Company include GeoCam, as applicable.

Project Description and Location

Geovic, through its 60% owned subsidiary GeoCam, has exclusive rights to a large cobalt-nickel laterite province in southeastern Cameroon (the Nkamouna Project). There are seven laterite plateaus within the Nkamouna Project: Nkamouna, Mada, Rapodjombo, North Mang, South Mang, Messea and Kondong (collectively, the Plateaus).

Table of Contents

The Nkamouna Project (the Nkamouna Project), one of the Plateaus, is located in southeastern Cameroon, approximately 640 road kilometers east of the port city of Douala and 400 road kilometres east of the capitol of Yaoundé and is the only area where we have established reserves. The Mada Project (the Mada Project) is another one of the Plateaus, approximately 10 kilometers north of the Nkamouna Project.

The mineral rights are held by GeoCam under the Mine Permit and administered under the Mining Convention. Figure A shows the Mine Permit boundary. Although the Mining Permit decree states the area of the Nkamouna Project as 1,250 square kilometers, the area within the coordinate boundary of the Nkamouna Project measures approximately 1,600 square kilometers of multiple use forestlands, while the Plateaus within the Nkamouna Project constitute over 300 square kilometers of known mineralized or potentially mineralized terrain within lands designated as mineral exclusive lands.

Table of Contents

Table of Contents

Geovic s Nkamouna Project is located in the Haut Nyong district, East Province of Cameroon, Africa. The Project s site is 640 kilometers by road from the seaport of Douala, and about 400 kilometers from the capital city of Yaoundé. The closest town to the 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 private logging roads or public roads to the project site.

Fifty-nine percent 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 that surround GeoCam s mineral exclusive zone. A significant portion of the area is also dedicated to protected forests, wildlife reserves and general evergreen forest habitat (22%) that are located well away from planned operations. A small proportion of the district is zoned for mineral development (1.6%), part of which includes mineral exclusive lands (0.35%). Indigenous community lands dominated by subsistence gardening and community forest developments form the remainder of the district lands which covers about 18% of the province. 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.

The Mining Convention was signed on July 31, 2002 by the Ministry of Mines, Water, and Power of the Republic of Cameroon. On April 11, 2003, GeoCam was issued the Mining Permit, granting GeoCam the exclusive rights to exploit the deposits within the Nkamouna Project. 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.

In 1999, GeoCam was granted an Exploration Permit, PDR 67, on an area of 4,876 square kilometers. A Mining Convention was entered into between GeoCam and the Republic of Cameroon in 2002. In 2003, Mine Permit 33 was issued by decree granting an exclusive right to Geovic to exploit the deposits within the permitted area. Geovic s program was initially based entirely on manually-dug test pits, and later incorporated drilling and limited trenching. The program began at Nkamouna and was later extended to the other Plateaus, which were identified by satellite images and air photos. Geologists from the Cameroon Ministry of Mines, Water and Energy participated in the work initially to provide government oversight as well as training.

Lands held within the Mining Permit are designated multiple-use, with the principal mineralized areas set aside for exclusive mine development. Mining Permit lands were specifically established to exclude village lands in order to avoid conflicts with local communities.

Specific sites that will be impacted by mining and mine related activities will be leased under a government prescribed expropriation process and will have site specific environmental plans designed and approved by governing agencies prior to mining. This inventory, valuation and registration process requires local government approval, following a review of each site by district leaders.

Table of Contents

The principal remaining permits required by GeoCam before the initiation of construction at Nkamouna include:

1) Land Lease for development sites.

2) Water Use Permit.

The land lease will be registered and issued to GeoCam. GeoCam will pay for the cost of leasing the land and compensation for the loss of alternative resources.

GeoCam will have the right to occupy, build roads, remove vegetation and mine and process cobalt, nickel and associated substances covered in the Mining Convention once the land is leased, in accordance to the GeoCam Mining Convention of August 1, 2002.

The Mine Permit area is totally contained in areas zoned for logging concessions and multiple use. All planned mine developments are in logged over areas and are exclusive of primary forest designations. Geovic s mining operations will result in partial deforestation during the mining phase, which represents less than 0.5% of the annual deforested area within the region.

A comprehensive Environmental and Social Assessment (ESA) will meet the laws of Cameroon, and IFC and World Bank standards for financing international projects. Baseline data for the ESA was collected in 2004 and included a consolidation of data from previous environmental studies. Mining, processing and reclamation operations are fully integrated in a manner that minimizes environmental impacts and risks. All permits necessary to construct and operate the project are scheduled for approval by early 2007.

Principal legislative, regulatory and policy considerations relating to the Nkamouna Project are as follows:

A) Environmental Protection: Law No. 96/12 relating to environmental management outlines the general legal framework for environmental management in Cameroon. The law requires that any development must carry out an impact assessment study. The new mining code specifies that bonds are required before mine development can commence. The project s proposed environmental mitigation and rehabilitation practices are reviewed once every four years to determine if the bond is sufficient to cover annual impacts caused by mining activities. The bond is based on an estimated annual cost of environmental impact mitigation of disturbed sites.

B) Law 94/01(Decree No. 94/436) pertains to forest developments. Article 9 prescribes that cutting trees in a state forest can be performed only after an impact study has been conducted. This study will be carried out as part of Geovic s site specific environmental impact assessment report and environmental rehabilitation plan.

C) Law No. 81-13 regulates fishing, hunting and the issuance of related licenses. Also, the law controls the possession or trade in wild animals and trophy hunting and provides for the protection of endangered species. Enforcement measures and penalties are defined in this law, as described in the Geovic environmental plan.

Table of Contents

D) Law No. 89/027 addresses specific waste disposal regulations. It pertains to storage, transportation and disposal of hazardous waste. Businesses must declare the volumes and nature of each waste product and ensure elimination of waste without undue risk to people and the environment.

E) Law 84/13 regulates water resources. The government manages and protects state waters such as rivers, lakes and groundwater. Non-state waters include spring, well and drill holes not used by the public, and rainwater falling on private land or collected artificially from roof systems. The use of water for commercial purposes may be sold by the State authority and is subject to permitting, exploitation and conservation taxes.

F) Decree No. 85/758 regulates water use by committee. This committee provides advice in implementing the water code that will include issues such as inventory, conservation, protection, use, effluent treatment and taxation.

Taxes and Royalties

The current statutory income tax rates in Cameroon are 38.5% for corporations. Dividend tax rates are 16.5% for residents and 25% for non-residents. Thus, the effective income plus dividend tax rate is 53.875% for non-residents and 48.648% for residents.

Among other specific benefits, GeoCam s Strategic Enterprise Regime awarded on December 16, 2002, provides a 50% reduction to these two tax rates for five years during the installation phase, plus 12 years during the exploitation phase. As a result, GeoCam s tax rates are 19.25% for corporation and 12.5% dividend (8.25% for residents), or a net 29.34% overall tax for the first 17 years of full production. Since approximately 40% of the shareholders are Cameroon residents, the weighted average dividend tax rate for the first 17 years is 10.8% and the effective rate is 27.97%. Dividend tax is based on cash flow after the initial capital is repaid. Pursuant to provisions in the Strategic Enterprise Regime, 25% of the base salaries and wages paid to Cameroonian employees is credited to GeoCam to further reduce taxable income and provide incentives to employ local workers.

In addition, Article 144 of the Mining Code now in effect calls for an ad valorem tax of 2.5% on metals. This is treated as a production tax expense and reduces net income for income tax purposes.

Based on interpretations of the Strategic Enterprise Regime by Geovic and its Cameroonian attorneys, value-added taxes will not be applied to Geovic s operations. If they apply at a later date, value added taxes are usually recovered against exports and are not expected to have a major impact on the project economics.

Table of Contents

Accessibility, Climate, Local Resources, Infrastructure, And Physiography

The closest town to the Nkamouna Project site is Lomie, at approximately 26 kilometers to the west southwest. The closest railroad transport to the Nkamouna Project is at the town of Belabo, at a distance of approximately 250 kilometers. International airports and modern telecommunication facilities exist at Yaoundé and Douala. Suitable shipping and receiving facilities exist at the international seaport of Douala. Driving from Yaoundé to the Nkamouna Project takes approximately 8 hours.

Access to the Nkamouna Project site is from the seaport of Douala by a well-maintained provincial highway via Yaoundé and Ayos. After Ayos and across the Nyong River, the highway to Central African Republic deteriorates rapidly to a well-traveled 90-kilometer per hour two-lane gravel road to Abong Mbang , however, this road segment has been widened and is being surfaced with asphalt. Completion is scheduled by early 2009. This section of the road is currently prepared for paving. Abong Mbang is the provincial Division headquarters of the Prefect and main administrative and commercial center for the Hyaut Nyong Division. The town hosts a local trade school, service stations, hotels, restaurants and phone service. It is the main administrative center for the Ministry of Environment and Protection of Nature and the Ministry of Industry, Mining and Technological Development. Turning south from Abong Mbang towards Lomie, the road narrows and is frequented by log and lumber trucks over the next 127-kilometer distance to Lomie. The road from Lomie to Kongo village, the site of the GeoCam field camp, supports heavy log and lumber transports, as does the road from Kongo village to the project site.

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, satellite-phone facilities, diesel fuel storage, a kitchen with refrigerators, repair shop and sample preparation and storage facilities.

At present it takes about one hour to drive the 40 kilometers between Lomie and the Nkamouna Project site. The economy of Lomie is largely undeveloped, except for a large sawmill and surrounding timber harvesting operations. Local businesses include the Lomie Subdivision s government headquarters of the sub-prefecture, police station, hospital, parochial schools, shops, three general mercantile stores and the Raffia Motel. Most business activity centers around logging and the local saw mill that is located east of town. Other activities include road maintenance, palm oil production, limited agricultural activities and general commerce. Lomie s municipality has provided diesel electric power (200kW) to those who can afford it, since 1997. Lomie is the site of a number of domestic and international non-governmental organizations that monitor the 1.3 million acre World Heritage Dja Biosphere reserve and other reserves within the region.

From Lomie, the road passes east to the village of Echiambot where it branches northeast to the Edje River and Kongo village. The first mine site at the Nkamouna Project is located 10 kilometers north of this village. The Mada Project mining plateau is located 20 kilometres north of the Kongo village. The trip from Yaoundé to Kongo village takes about 8 hours by vehicle.

Table of Contents

Transport infrastructure in Lomie includes the Huat Nyong Express that carries people four times per day to Yaoundé (18 per bus) and 10 busses per day to Abong Mbang. Motorcycle taxis transport individuals in the Lomie area. Geovic intends to provide, or arrange, scheduled bus and van service between the project and main towns and villages around the project site. Geovic will improve the existing roads and a small, private airstrip will be constructed to service project needs.

The climate of the region 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. The lowest daily minimum temperature recorded is 12° centigrade, but temperatures normally do not fall below 18° centigrade.

The average annual precipitation over a 32-year period is 1,580 millimeters (62.2 inches) and the humidity is typically high and evaporation rates high on an annual basis. Maximum annual precipitation measured to date totals 2,200 millimeters (86.6 inches). 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. Limited amounts of rainfall occur throughout the year, except during the months of December and January, which are typically dry. The average number of rain-free days at site was 229 and days receiving a total of at least 25 mm of precipitation at Nkamouna are 28 per year. Average monthly evaporation rates exceed rainfall during the two dry seasons. Data for 2004 show total precipitation at 1,820 millimeters (71.7 inches), evaporation at 1,951 millimeters (76.9 inches), for a net evaporation of 131 millimeters (5.2 inches). The prevailing wind direction is from the south and southwest, and averages less than 4-kilometers per hour. Wind gusts rarely exceed 8 kilometers per hour, and are commonly undetectable beneath the tree canopy near the proposed Plant site. The operating season is year-round.

As currently envisioned, there are four waste and low-grade streams generated from the tailings disposal process. The two main waste streams from the metal recovery plant (the MRP) are manganese precipitate and the counter-current decantation (the CCD) leach tails. The manganese precipitate will be stored in a segregated area of the mine (557 tonnes per day (tpd)) and the CCD leach tails (1,824 tpd) will be co-disposed with the physical upgrades (the PUG) tails in the Napene Creek tailings storage facility (the TSF).

Knight Piésold concluded that the water balance for the NCTSF will operate in a water deficit condition. The 2007 design minimizes the water pumping requirements from the Edje River, as the Edje River was viewed as a more abundant water source during the 2006 design. Diversion ditches around the tailing basin have not been included in the 2007 design, as the facility may be 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. Additional requirements regarding water quality and potential uses or discharges will be finalized based on the results of additional waste characterization during the detail engineering phase of the project.

Table of Contents

Approximately 839 m^3/h of return water is needed for process plant operations and will be obtained from the Edje River floodplain about 2 km west of the plant site, water reclaimed from the NCTSF, or diversion of water around the NTCSF.

Abundant water is available from shallow wells to be completed in the Edje River floodplain; however, much of the process water will be recycled from the TSF. Mining, processing and housing facilities will each be provided with sewage collection and treatment systems.

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, warehouse, reagent storage building, laboratory, and administration offices.

Combined Heat and Power (CHP) units fuelled by locally harvested wood are expected to produce total project requirements of electrical energy. A temporary construction camp will be installed and used until permanent housing can be obtained to meet project operating requirements. On-site accommodations will be provided for expatriate staff, most of who will be scheduled for about six weeks on site and two to three weeks to their destination of choosing. Housing and other community assistance will be provided to local employees, who will be drawn from nearby villages.

The vegetation in plateau areas is typical of an evergreen equatorial forest characterized by diverse endemic plant species. The forest area is stratified in three layers, including the 40-meter tall tree canopy characterized by broad-crown diameters and straight limbless trunks; shorter, more slender, fast-growing, narrow crown-diameter, fragile trees form the intermediate layer; and the scanty undergrowth layer consisting of vines, brush and ferns. Trees of local economic importance include Ayos, Sapelli, Wengive, Iroka, Bubinga, Azobe, and Obeche. Other diverse species occur in swamplands and patches of dense wet-substrate dominated valley floors.

Recent logging has occurred throughout most of the mineralized areas within the Mine Permit. The extent of this logging is documented on satellite images and by ground surveys. These logging activities are independent of Geovic s operations and were part of pre-existing timber leases within the Mine Permit area.

The central part of the Nkamouna mineral district 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 above sea level at Mount Guimbiri, located east of Abong Mbang. The local upland plateau in the vicinity of the Nkamouna mine site presents an elevation of about 700 meters.

The Nkamouna ore deposit is relatively flat and has an average depth of 15 meters. The majority of the deposit is situated downslope from the process plant site and has a natural grade of approximately 5 % with upper elevations around 760 meters and lower elevations near 610 meters. The deposit is a crescent shape about 4 kilometers from east to west and 2 kilometers from north to south. The process plant site is adjacent to the mine and near the top of a saddle at an approximate elevation of 700 meters above sea level.

Table of Contents

History

The Nkamouna Project consists of an enriched cobalt-nickel-manganese-iron lateritic deposit located within an extensive mineral province in southeastern Cameroon, Africa. Nickeliferous laterite deposits in southeast Cameroon were first discovered and investigated by the United Nations Development Programme (the UNDP) during 1981-1986, in a cooperative project with the Cameroon Ministry of Mines, Water and Energy to evaluate mineral potential in southeastern Cameroon. Following a regional stream sediment geochemical survey which indicated the likely presence of laterite nickel mineralization, the UNDP project drilled eleven core holes in the Nkamouna area.

Several of the UNDP holes intersected laterite and saprolite with interesting nickel and cobalt values. Due to the remote location and the low nickel prices at the time, the discovery did not draw much attention.

William Buckovic, Geovic founder, became aware of the nickel discovery in 1988, subsequent to submitting a proposal in 1986 to explore for minerals to the Cameroon Ministry of Mines. No recorded exploration or mining had taken place on the property since the UNDP work. After assaying samples he was able to obtain from the area, Mr. Buckovic noted in 1994 a higher than typical nickel/cobalt ratio characterizing the Cameroon deposits. This high ratio was confirmed by the assay results from the UN coring program. Mr. Buckovic was also aware of recent advances in Australia and elsewhere in the hydrometallurgical processing of previously sub-economic nickel laterite deposits. As a result, in 1995 he helped form GeoCam to investigate these unusual but potentially promising deposits and in this regard, the company was granted a 19,600 square kilometer prospecting permit covering the mineral province.

By 2004, Geovic had largely completed the reconnaissance sampling and had undertaken pitting and drilling patterns of varying spacing at Nkamouna where access was greater due to recent logging operations, with an eye toward defining deposit parameters for an eventual feasibility study.

Most of the work at Nkamouna has been performed by Geovic employees and consultants on behalf of GeoCam. Early geological and sampling oversight was provided by Mr. Buckovic and various consultants. Metallurgical and other testing has been performed from time to time by Bateman Engineering, Inc of Tucson, Arizona, METCON Research, Inc. of Tucson, Pittsburgh Metallurgical and Environmental Inc. (PMET) of Pittsburgh, Pennsylvania, The Consultant Research of Golden, Colorado, Knight Piesold of Denver, Colorado, and others.

The Nkamouna property is undeveloped, as are the adjacent laterite Plateaus.

Table of Contents

Geology Setting

Regional Setting

Southeastern Cameroon lies within a region of metamorphosed Proterozoic rocks ranging in age from 1800 to 600 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. In the Nkamouna Project area, the Mbalmayo-Bengbis Series, one of several series comprising the Intermediate Series, consists principally of chloritic and sericitic schists and quartzites. Also included in the series are extensive metamorphosed felsic, mafic volcanic and volcaniclastic rocks. These rocks are post-Eburnean (i.e. younger than 1800 million years) and are cut by basic dikes. The original depositional age of the sediments was probably 1800 to 1400 million years, with metamorphism to almandine-amphibolite facies occurring about 1200 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 deep-seated origin.

Local Geology

The region within a 300-km radius of the Nkamouna Project 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 Nkamouna Project 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 production of minerals from the Nkamouna Project Area.

Alluvial gold is exploited on a small scale from stream gravels in various parts of Cameroon, Gabon, Congo, and Central African Republic. Few statistics are available because all production in the region is from artisanal sources. In the southwest part of the Central African Republic, alluvial gold is accompanied by small quantities of alluvial diamonds in streams which drain Cretaceous sandstone and conglomerates exposed further east. The Cretaceous formations do not extend into Cameroon.

Deposits of iron ore are reported to exist in south-central Cameroon, north of the Gabon border, but little information is available about these deposits. The UNDP also evaluated several iron ore and limestone deposits. At Belinga in northeast Gabon, a stratiform iron deposit contains several hundred million tonnes of 64% iron, but with high phosphorus content (+0.1% P). This deposit has not been exploited on an appreciable scale.

Small amounts of alluvial tin and rutile are extracted from streams in the region, also in quantities that are locally important to village economies but are not industrially significant. Limestone deposits occur in the Proterozoic rocks, about 50 km southeast of Lomie. These deposits were drilled by the UNDP in 1981, but they have not been exploited on a large scale.

Table of Contents

Elsewhere in Cameroon, mining of non-fuel minerals is in its infancy, with one cement plant being the only sizeable mineral producer. Occurrences or resources of bauxite exist in northern and western Cameroon. An aluminium smelter near Douala processes only imported alumina. There is little in the way of a mining culture or infrastructure in the country at present.

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 Nkamouna has been mapped by Geovic geologists 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, etc. 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.

Most serpentinites form from parental ultramafic rocks, as a result of hydration and shearing at moderate temperatures, either during emplacement of the ultramafic or during post-emplacement tectonism. At Nkamouna, petrographic evidence suggests that the parent rock to the serpentinite was probably a dunite (rock containing +90 percent olivine). Minor amounts of chrysotile asbestos, a common accessory mineral in serpentinites, are reported from one pit in the Mada area located beneath the mineralized zone. Metasedimentary rocks (quartz-muscovite schist, 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.

Exploration

Nickeliferous laterite deposits in southeast Cameroon were first discovered and investigated by the UNDP during 1981-1986, in a cooperative project with the Cameroon Ministry of Mines, Water and Energy. Following a regional stream sediment geochemical survey which indicated the likely presence of laterite nickel mineralization, the UNDP project drilled eleven core holes in the Nkamouna area, which was the most accessible laterite area at that time.

Several of the UNDP holes intersected laterite and saprolite with interesting nickel and cobalt values. The first hole, KG-S-1, traversed 56 meters of lateritic profile and fresh serpentinite, with nickel values up to 1.00% and cobalt values up to 0.19%. Due to the remote location and the low nickel prices at the time, the discovery did not draw much attention.

The UNDP holes were undertaken several years prior to Geovic s investigations. The drill apparatus, technical personnel, sampling procedures, and assaying practice were entirely different from those used subsequently by Geovic. Therefore, PAH believes that inclusion of the UNDP drillhole data is unwarranted for resource calculations. These 11 holes represent less than one percent of the total sample openings at Nkamouna. In any case, the sites of most of the UNDP holes were subsequently surrounded by gridded Geovic drillholes and pits, and the effective influence of the UNDP holes on resource tonnage calculations is negligible.

Table of Contents

In January 1999, GeoCam received an Exploration Permit, PDR 67, that covered 4,876 square kilometers and specifically allowed exploration drilling. Geovic s program initially 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 Mada and the other 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. Geovic s core-drilling program began in 1999, after many hundreds of pits had been completed. A total of 23 holes were drilled in the northeast part of West Nkamouna, on an approximate 100-meter grid.

A Mining Convention was signed on July 31, 2002 by the Ministry of Mines, Water, and Power of the Republic of Cameroon that defined the general, legal, financial, tax, economic, administrative, customs, social, land and environmental conditions under which GeoCam shall undertake the mining of cobalt, nickel, and their associated substances within GeoCam s Exploration Permit area. On April 11, 2003, Mining Permit No. 33, which replaced the Exploration Permit, was issued by decree granting an exclusive right to GeoCam to exploit the deposits and the area was reduced to 1,250 square kilometers, which includes approximately 337 square kilometers of cobalt-nickel mineralized lands.

In 2002, Geovic imported an Australian-designed, truck-mounted machine. Holes drilled with this machine are referred to in Geovic reports as air core holes, but intact core is not produced, only drill cuttings typical of reverse-circulation drilling. Reverse-circulation holes were drilled between May 2002 and September 2003, when 176 holes totalling 3,690 meters were drilled at Nkamouna. Most of these holes were drilled as fill-ins on a series of lines which had already been sampled by pitting, generally at distances greater than 100 meters between drillholes. Several of these were twins (within 5 meters) of previous pits, and several others were later twinned by pits sunk on the drillhole collar. Twenty-two holes were drilled on a tight grid of approximately 15 x 15 meters in West Nkamouna, to test the short-term variability between holes.

By 2003, Geovic had largely completed the pitting program at Mada. Much more intensive work was carried out on the nearby Nkamouna Project, due to the better access there utilizing recent logging roads.

By 2004, Geovic had largely completed the reconnaissance sampling and had undertaken pitting and drilling programs 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.

Table of Contents

Mineralization

Cobalt-nickel mineralization in the Geovic deposits occurs within the weathering profile overlying sheared, serpentinized ultramafic rocks. The lateritic weathering profile averages about 20 meters thick, but exceptionally extends to 40 meters near ridge crests or in fracture zones. The mineralized laterite forms lenses which average a minimum of about 10 meters thick. The lenses often lie generally parallel to the rolling topography of the Nkamouna plateau. They are relatively smooth on top, but irregular on the bottom, where weathering has penetrated downward into fractures and shear zones in the underlying serpentinite.

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 and abundant maghemite.

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.

Descriptive details about these units are below, modified slightly from Geovic descriptions. Most of the Geovic reports refer to Nkamouna material, but perusal of logs from Mada show a similar stratigraphy.

Upper Laterite (UL). 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. This unit will be easy to excavate for completing test shafts and for mining.

Ferricrete Breccia. Beneath the Upper Laterite is a nearly ubiquitous horizon of ferruginous concretions, ranging in size from pisolites one or two cm across, to blocks larger than a meter across. Large blocks have complex structures, characterized by multiple stages of brecciation, with vesicular, tubular structures, and amoeboid shaped cavities. They are composed of agglutinated pisolites and angular ferricrete fragments, with some limonitic matrix. Ferricrete fragments are typically dark red outside and varicolored on fresh surfaces. Where the blocks were large enough to impede deepening of pits, the ferricrete breccia was formerly referred to as Hardpan (HP). The ferricrete breccia averages 6 to 8 meters thick, and was often divided into two or three units by project geologists.

The Upper Ferricrete Breccia (UB) is typically pisolitic and relatively low in cobalt and nickel except locally where stained with black manganese oxides.

HP is the most highly-cemented ferricrete breccia and is very difficult to penetrate with hand tools. It forms outcrops in some areas, particularly at the borders of the lateritic plateaus, and averages 2 meters thick. Where present, it grades upward and downward into UB and LB, respectively.

Table of Contents

The Lower Ferricrete Breccia (LB) consists of reddish concretions, with abundant black manganese oxides, texturally similar to UB, with a matrix of Ferralite (FL). It is typically 1 to 2 meters thick, and +2% cobalt may occur at the base, especially where concretion-like aggregates of asbolane occur. It is hard to dig with hand tools.

Ferralite (FL). Limonitic laterite, sometimes pulverulent, mottled, with varied shades of black, yellow, brown and red. Often foliated, reflecting relict serpentinite textures. Local maghemite occurs near top. Thickness varies from a few meters to tens of meters, averaging near 8 meters. Consistently mineralized with good metal grades near the top where black manganese zones occur, moderate to low cobalt grades lower in the unit. The MgO content is very low, averaging about 0.5% MgO, part of which is present as non-reactive MgO in spinel (i.e., magnesian chromite). This unit is easy to moderately easy to excavate for completing test shafts and for mining.

Silcrete (SI). This highly-discontinuous unit may lie at the boundary between the Ferralite and the upper Saprolite. It is composed of subhorizontal plates of white to grey silica, intercalated with varicolored clays. Usually 0.5 meters thick or less, and often absent. Commonly has low metal contents and is very hard to dig. It is generally interpreted to mark a former water table, and often occurs just above the current water table.

Saprolite zone (SP). Composed of green, sticky clay with less than 50% fragments of partly weathered serpentinite, grading downward into foliated, fractured serpentinite. May have silica-filled steep fractures. Relatively poor in cobalt, often rich in nickel. Averages 1.5 meters thick. Moderate to hard digging. Saprolite typically contains less than 40% iron and elevated MgO (15 to 30%).

Serpentinite (SE). 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. Relatively hard. Rarely encountered in pits, mainly in drillholes. Magnesium grades are typically greater than 35% and iron contents are usually less than 10 %.

Water Table. The depth to the water table was recorded in 32 of the Geovic reverse-circulation drill holes. In all but seven of these holes, the water table was between 12 and 25 meters below surface, and was usually within the Ferralite or at the upper limit of Serpentinite.

The minerals of economic interest in the Nkamouna laterites occur in general, as fine-grained clay-like or concretionary masses, and are only occasionally identifiable as discretely visible mineral specimens. One exception is gibbsite, which may occur as mammilary masses or vug-fillings of radiating transparent to milky white crystals several millimeters long. Of great significance is the size of asbolane agglomerates and wad that host the cobalt and almost all of the manganese.

The key mineral in the Geovic deposits, which hosts the cobalt, most of the manganese, and a significant part of the nickel, is asbolane. Between one-third and one-half of the deposit s nickel is hosted in asbolane.

Table of Contents

This mineral is sometimes referred to as asbolan or asbolite in the scientific literature, or wad or cobalt wad as field terms. Asbolane is widespread in nickeliferous laterites, but elsewhere is usually present in very small amounts and is normally inconspicuous as black blebs on fractures. Individual asbolane crystals have hexagonal symmetry, a Mohs hardness of 6, and are very dark in color. Typically, individual crystals are rarely visible to the naked eye or a hand lens; rather, the mineral forms blackish patches or crusts on fractures and cavities. The asbolane occurrence at Nkamouna 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, resulting in a significantly upgraded concentrate prior to leaching.

Drilling

Because the GeoCam 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.

The only drilling on the properties has been at Nkamouna. The majority of all samples have been obtained by developing pits or shafts of a nominal 1.2 meter diameter.

Most of the sampling at Nkamouna, and nearly all sampling in the other laterite areas, has been by pitting, with a lesser amount from drilling. Direct sampling of outcrops and trenches is almost entirely limited to Trench 1 at Nkamouna.

The majority of Geovic s resource sampling has been hand-dug pits. Geovic has historically referred to the pits as both pits or shafts. In the Nkamouna area, Geovic has excavated 1,099 pits. The pit sampling program continued during drier weather in East Nkamouna, the area east of the Kongo-Ndu road, until September 2004. Pits are numbered from 101 to 1400 (with gaps). The density of pitting varies from about 50 x 50 meters to 150 x 200 meters, but is not uniformly gridded.

Two trenches have been excavated at Nkamouna. The first extending 20 meters east from the site of Pit 923. Dug by hand, it is up to 8.5 meters deep, and has a 5-meter north-to-south extension in the middle. 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 has apparently been removed by erosion. Thus most of the trench exposes ferricrete, not reaching the ferralite or saprolite. The trench site was selected by Geovic primarily to determine whether blasting is necessary in the ferricrete. The second trench was excavated in the southeast part of Nkamouna. This trench was excavated with bulldozers and included deepening by hand dug pits. Results from this trench have not been completed and no data from the second trench been used in the resource estimation.

Table of Contents

United Nations Drillholes. The first documented samples ever taken at Nkamouna were the eleven holes drilled by the UNDP in the mid 1980s. The UNDP used a J.K. Smit Model 300 diamond-drill rig. PAH examined the original drill log for hole KG-S-1, at Nkamouna. This hole was collared with a BQ bit (36.5 mm core OD) to 6.0 meters, then deepened to 53.5 meters with an AW bit (30.0 mm core OD), and finished to sound serpentinite at 56.75 meters with an AG (28.5 mm core OD) bit size. The recovery in hole KG-S-1 was only about 50% in the top 6 meters, but increased with depth as more competent laterite was encountered, averaging about 90% below 6 meters.

The UNDP holes were undertaken several years prior to Geovic s investigations. The drill apparatus, technical personnel, sampling procedures, and assaying practice were entirely different from those used subsequently by Geovic. The sites of most of the UNDP holes were subsequently surrounded by gridded Geovic drillholes and pits, and the effective influence of the UNDP holes on resource tonnage calculations would be negligible.

Geovic Core Drillholes. No further drilling was undertaken at Nkamouna until Geovic s core-drilling program in 1999, after many hundreds of pits had been completed and an exploration permit was obtained over the mineralized areas. The first rig used was a trailer-mounted 20-horsepower core drill which could be hand-pushed along forest trails to minimize environmental impacts in prospective areas. A total of 23 holes were drilled (NKM-21 to NKM-43) in the northeast part of West Nkamouna, on an approximate 100-meter grid. The maximum depth reached was 33 meters, with an average hole depth of 26.1 meters, for a total of 600 meters drilled.

Recovery was generally good. In the limonite horizons (upper and lower), it was 90% on average, and 40 to 90% in breccias. In the saprolite, it was consistently below 70% with values of 30% recorded in zones containing serpentinite fragments. Since most of the economically-mineralized material at Nkamouna is lower ferricrete breccia or ferralite, the recovery in these zones of interest was probably near 90%.

Reverse-Circulation Drillholes. In 2002, Geovic imported an Australian-designed, truck-mounted machine. Holes drilled with this machine are referred to in Geovic reports as air core holes, but intact core is not produced, only drill cuttings, typical of reverse circulation drilling.

This machine uses three chisel-type or finger-type tungsten carbide bits to cut the laterite, and recovers material by air or water flushing through the inner pipe of a double-walled reverse-circulation recovery system, from the bit to the surface. The outer tube has an external diameter of 74.4 mm, while the inner tube has an internal diameter of 36.6 mm. The drill uses compressed air or water with Baroid mud at 150 psi as the drilling fluid. Water was used to flush the drill stem, bit, and cyclone between one-meter sample runs. The drill pipe is in 3-meter sections.

Table of Contents

A two-person drill crew and three labor assistants attend the drill, plus a geologist. Set-up time and tear-down time is 5 to 10 minutes. A 30-meter hole can typically be drilled in 2 hours, when no drilling difficulty is encountered.

The reverse-circulation drill was used between May 2002 and September 2003, when 176 holes (NKM 1010 to 1185, plus NKM-3.3) totalling 3,690.25 meters were drilled at Nkamouna. Most of these holes were drilled as fill-in holes on a series of lines which had already been sample by pitting, generally at distances greater than 100 meters between drillholes. Several of these were twins (within 5 meters) of previous pits, and several others were later twinned by pits sunk on the drillhole collar. About 20 holes were drilled on a tight grid of approximately 15 x 15 meters in West Nkamouna, to test the short-range variability from one hole to the next.

Sampling and Analysis

Geovic maintains a sample-preparation facility at the Kongo Camp, where samples are prepared for assay. PAH reviewed the procedures in detail, and photographed each stage. The sample bags normally used by Geovic are white double-thickness polyester, with a drawstring at the neck and a label sewn inside the neck. The geologist writes the sample identifier on the inside label and on the outside of the bag, with a permanent marking pen.

Most of the sample points were exposed and sampled by test pits, dug using simple hand tools by local labor crews. A gasoline-driven air blower and 20 meters of vinyl tubing are normally available to provide air when a pit is poorly ventilated, usually at a depth of more than 13 meters. Each pit is normally circular in section and 1.2 meters in diameter, although the diameter may vary slightly.

Spoil not included in the sampling program from the pit is deposited in piles around the pit, but is not rigorously segregated by depth interval. Changes in texture (breccia, limonite) or conspicuous changes in color warranted segregation. A sample is collected each meter by cutting a rectangular groove in one wall of the pit, measuring 10 by 5 cm. When more than one sample is collected from an interval concurrently, these are oriented following the main cardinal compass points. Each pit is visited once or several times daily by a geologist to log geology, check channel progress, collect the samples from the intervals extended in his absence, and to decide whether to continue digging.

The trench in Nkamouna West was intensively sampled after excavation, by channel samples. Since the trench represents effectively only one sample point in a previously-pitted area, and because the main purpose of the trench was for geotechnical information, the trench samples were not used in the resource calculations.

Sample intervals 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 Fe2O3.

The Geovic diamond-drill holes drilled in 1999 were sampled at 1.0- or 1.5-meter intervals generally, although there were many exceptions due to geological breaks and coring intervals. Core from the laterite zone (earthy) was air-dried, crushed, split and halved, with one half sent for assay. The core from the partly weathered, hard serpentinite was cut into two equal parts along the vertical axis of the core, and one part was forwarded for assay while the other was left as backup in the sample store.

Table of Contents

Geovic s reverse-circulation holes, drilled during 2002 and 2003, were almost invariably sampled at one-meter intervals. The reverse-circulation pathway, including the cyclone and collection buckets, was flushed with water after collection of each one-meter interval, to prevent cross-contamination. The sample expelled by the cyclone, including the water used to flush the sample pathway, was logged by the drill geologist for geology, and drilling parameters (for example, wet vs. dry, hardness, and unusual sample volume).

After the sample-recovery bucket has stood until most fines had settled, the clear water at the top was decanted, and the wet sample placed in a previously-labelled bag. At the end of the day, the bags were transported to Kongo Camp.

As is typical of reverse-circulation drilling, precise measurement of the recovery percentage was not possible.

Water-soluble polymer (Baroid EZ Mud) was used to maintain recovery in clay-rich intervals in the lowermost ferralite and upper saprolite horizons. It is recognized that sample recovery in these intervals was unsatisfactory, but these horizons are rarely of economic cobalt grade.

Geovic commissioned a careful study of potential down-hole contamination. The prominent manganese spike typically present near the base of the breccia in drillhole assays revealed that vertical cross-contamination is negligible, since the manganese spike in drillholes is just as sharp as it is in channel samples taken from pits.

Upon arrival from the field in polyethylene woven bags, the samples are stored in a sheltered locality until processed. Each bag is opened, the sample placed in a steel tray for drying, and an aluminium tag bearing the information on the sample bag placed on the tray. After drying, the sample is quartered, placed in a clearly labelled plastic bag, with the location and interval. Another aluminium tag is prepared which accompanies the sample, all the way to arrival and re-coding of samples in the U.S. The aluminium tag placed in the steel tray before oven drying remains with the back-up sample on the shelves in the warehouse.

Drying of samples is accomplished in a wood-fired oven. The temperature is not recorded, but appears to be in the vicinity of 100 degrees C, plus or minus 20 degrees. Samples are examined manually from time to time to determine the degree of dryness, and normally after six or seven hours are judged to be sufficiently dry for further processing.

Upon removal from the oven and cooling, each sample is inspected visually for oversize material (coarser than approximately 2 cm). Oversize material is manually crushed in a mortar and pestle and returned to the sample tray. At this point, the dried sample is reviewed again by a geologist to ensure that the on-site logging did not miss important features due to excessive mud in the case of RC drilling samples or poor light.

Table of Contents

The sample is then split in a Jones-type riffle splitter with openings measuring 10 mm. Normally a 200-gram dried sample is weighed and bagged for shipment to the assay lab. All remaining reject is bagged and stored at Kongo Camp.

The shipment of samples follows the Australian Code for Reporting of Minerals and Ore Reserves (the JORC Code) procedures regarding chain of custody. Samples are shipped by vehicle to Geovic s office in Yaoundé, whence they are delivered to a common carrier for air-freighting to North America.

From 1995 until early 1999, Geovic contracted the Ministry of Mines geologists and engineers to oversee the Quality Assurance/Quality Control (the QA/QC) for Cameroon samples. All but the later 64-samples were sent to Bondar-Clegg (Intertec Testing Services, No. Vancouver, British Columbia) for assaying cobalt, nickel and some chromium and manganese. Bondar-Clegg pulverized the samples to minus-150 mesh, then inserted duplicates and standards into the sample stream before analysis. The last 64-samples were handled by Mintec.

From 2002 until early 2004, Geovic, on behalf of GeoCam contracted Mintec, to oversee the QA/QC for Cameroon samples. Mintec provided new 4-digit sample numbers to each sample, before sending the samples to Actlabs Inc. (Actlabs) in Tucson. Actlabs then pulverized the samples to minus-150 mesh and returned the pulps to Mintec. Mintec then inserted duplicates, standards, and blanks into the sample stream prior to returning the pulps to Actlabs for analysis.

It is apparent to PAH that Geovic personnel, R.K. Duncan & Associates, and Mintec have 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. PAH believe that Geovic s collection and handling of samples meet or exceed 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.

Bondar-Clegg initially used 3-acid digestion of samples (HF, HCl, and HNO3) and low-level AAS in 1995. Later, Bondar-Clegg used 4-acid digestion (HF, HCl, HNO3, and HClO4) with ICP analyses (1999-2001). Actlabs used 3-acid digestion and ICP analyses. Geovic switched to Actlabs in 2002 in order to pay for one-half of the analyses with a U.S. Trade and Development Agency (USTDA) loan, requiring a certified, U.S. based laboratory.

Between January 2003 and January 2004, a total of 3,359 sample results were shipped to Actlabs for processing at an assaying cost of US$11.90 per sample. Of these, 3,095 were original samples from Nkamouna, plus 39 second splits and 162 standards included with Nkamouna samples. (The remaining 63 samples during this period were from the Mada deposit, north of Nkamouna.) Altogether, more than 14,000 Nkamouna samples were assayed for cobalt and nickel during 1995-2004. Many of these samples were also assayed for manganese and other elements and compounds.

The samples received at Bondar-Clegg and Actlabs in Tucson were dried for 24 hours at 150°C. According to the mineralogical literature on asbolane, there should be no loss of chemically combined water or hydroxyl ions below 150°C. Thus the subsequent assays reflect intact dry asbolane, which is lacking only any loosely-bound water that is not included in the calculated dry tonnes of mineral resource.

Table of Contents

Actlabs facilities are accredited to ISO/IEC-17025 and CAN-P-1579 (Canadian) standards, and are thus as fully accredited as a commercial mining assay laboratory.

Following the drying at Actlabs facilities, as discussed above, pulps of Geovic samples were digested in a 3-acid solution and 4-acid solutions and analyzed primarily by the ICP-OES (Inductively Coupled Plasma Optical Emission Spectrometry) method for Co, Ni and Mn. The 3-acid digestion is normally sufficient to dissolve all minerals typically present in the Nkamouna samples.

Various other appropriate methods were used for occasional analyses of 34 other elements (Pb, Zn, Cu, Cr, V, Mg, Al, Sc, Zr, MgO, SiO2, etc.) for bulk samples and other specialty samples.

Security of Samples

Various inter-laboratory checks have been undertaken by Geovic on behalf of GeoCam throughout the life of the project.

In 1999, K.D. Engineering Co Inc. (Global Engineering) of Tucson, Arizona, visited Nkamouna and undertook to re-sample eight exploration pits. Samples were taken separately from one-meter intervals in channels in the east and west wall of each pit. Splits of each crushed sample were sent for pulverizing and assay to three different laboratories: International Plasma Laboratories (Vancouver); Bondar Clegg Intertek Testing Services (Bondar Clegg) (Vancouver); and, Genalysis Laboratories (Genalysis) (Perth, Australia). The laboratories did not include Actlabs, which subsequently assayed the greater bulk of Nkamouna samples. K.D. Engineering s report indicates that Genalysis and Bondar Clegg agreed closely on cobalt assays (difference of less than 2% relative, and a Coefficient of Determination (R2) of 0.987), whereas the International Plasma results averaged more than 10% low, with R2, of less than 0.95 when compared to either of the other two labs. No further samples were analyzed by International Plasma.

The samples assayed by Actlabs were submitted to both Actlabs 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 Actlabs laboratory runs assay batches of 24 prepared pulp samples, comprising 20 samples plus repeats on the 1st and 20th samples of each batch, in addition to two in-house standards. One sample per client s submitted batch of 20 is reweighed along with both an in-house and a certified reference standard of known cobalt-nickel-manganese content. Actlabs internal checks allow for a maximum acceptable variance of 2% for duplicates and standards.

Geovic undertook a comprehensive program of comparing second sample splits from Nkamouna. The pairs of samples extracted from the same sample intervals show a high degree of correlation for cobalt, nickel and manganese, providing confidence in the ability of Actlabs to generate reproducible assay results from similar sample material. Although the sample-split campaign did not include Mada, there is every expectation that similar results would accrue, given the similarities in geology, sampling methods, and analytical methods.

Table of Contents

The 39 second splits for which assay results have been received, distributed throughout 35 sample submission shipments, were extracted from the same sample rejects stored at the Project Camp (Kongo) as the original samples. Once an original 200 gram sample was drawn, the reject was remixed (further ensuring complete homogenization) and a second sample was drawn and had a D added to the sample number. After sample preparation by Actlabs, all sample pulps were assigned an individual number by Mintec prior to the actual assaying at Actlabs.

At the request of Geovic on behalf of GeoCam in 2003, Mintec fabricated five sample control standards of known cobalt, nickel and manganese value from on-hand Nkamouna material, thereby ensuring that there was no visual difference between the standards and regular samples. The results of 165 analyses of these five standards, distributed throughout 35 sample submission shipments, were received by January 2004.

Perusal of the results strongly suggested that some of the standards had been mislabelled or switched in 32 of the 165 submitted. Mintec personnel therefore examined the anomalous assays of standards, and were able to reassign most of them to the proper standard, according to the cobalt, nickel and manganese assays received. Three submitted standard samples did not match any of the five original standards, and it is likely that these three samples were switched with ordinary production samples at the laboratory. Three of 168 is about 2% probably not an atypical error rate for switching of samples in production runs. Nevertheless, given that Actlabs are an ISO-certified facility, PAH is prepared to accept the general veracity of the assays on Nkamouna samples.

Mineral Resource and Mineral Reserves

This Section describes the resource and reserve model for the Nkamouna Project.

Nkamouna Resource and Reserve Model

A mineral resource estimate was prepared for the Nkamouna area 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 resource classification codes were defined for each block. This estimate updated the prefeasibility model with additional data, including: 162 deepened pits, five additional pits, and revised topography data. The 2007 assay database contains 4 percent greater assay intervals than the 2005 database. The updated resource estimation was done with Datamine Studio 3.0 geologic modeling software, although the methodology remains essentially the same.

Resources by definition are in-situ mineral occurrences that are quantified based on geological data, but may not necessarily be economic. The Company classification was established for each block based on the sample grid spacing model. Determination of the appropriate grid size for each resource class was based on the continuity of cobalt above a cut off rate of 0.10%. The mineral resource is summarized by class in Table 1. The cut off grades vary based on processing characteristics of each of the three main lithologic units.

Table of Contents

TABLE 1

Geovic Mining Corp.

Nkamouna Project, Cameroon

Mineral Resource Statement

Lithology	Resource Category	Cutoff (% Co)	Tonnes (1,000 s)	Average % Co	Average % Ni	Average %Mn
Upper Laterite	Measured	0.12	42	0.301	0.318	1.569
Upper Breccia	Measured	0.23	229	0.468	0.490	2.190
Ferricrete Breccia	Measured	0.23	1,447	0.527	0.550	2.689
Lower Breccia	Measured	0.23	2,905	0.448	0.545	2.228
Ferralite	Measured	0.12	26,839	0.226	0.689	1.178
Total	**Measured**		**31,462**	**0.263**	**0.667**	**1.352**
Upper Laterite	Indicated	0.12	44	0.272	0.291	1.371
Upper Breccia	Indicated	0.23	157	0.326	0.401	1.812
Ferricrete Breccia	Indicated	0.23	604	0.461	0.474	2.242
Lower Breccia	Indicated	0.23	1,588	0.426	0.480	2.059
Feralite	Indicated	0.12	27,475	0.207	0.673	1.087
Total	**Indicated**		**29,869**	**0.224**	**0.657**	**1.166**
Total	**M+I**		**61,331**	**0.244**	**0.662**	**1.262**

The general procedure used for resource estimation was as follows:

In the prefeasibility estimate, the depth to the bottom of Upper Laterite (granular), breccias, and the Lower Limonite (ferrilite) were extracted from the geologic logs of pits and drill holes and edited to correct for partial-depth pits and holes. The prefeasibility model depths were used as the starting point for this estimate.

A triangulated DTM model was created to represent the depth from surface to the bottom of each geologic unit. The depths to the bottom of each surface were edited interactively in Datamine to add data for the new pits and to adjust for deepened pits. In addition, estimated depths below pits and drill holes that did not penetrate the bottom of some horizons were entered as needed. An improvement to the prefeasibility model is that extrapolation outside the area of pits/drill holes was limited to 150 meters using a 3-dimensional polygon that also controlled the limiting depth of the surface.

Based on cross-section plots of cobalt grade in the flattened model, it was observed that cobalt grade could be correlated parallel to the top of mineralization. The depth to the top of mineralized cobalt from the prefeasibility estimate was used as the starting point for the current model.

Based on cross-section plots of cobalt grade in the flattened model, it was observed that cobalt grade could be correlated parallel to the top of mineralization. The depth to the top of mineralized cobalt was extracted from the pit and drill hole assay data.

Table of Contents

A top-of-mineralization, or TOMI, model was created 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/remodelling 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).

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.

Block grades were estimated for cobalt, nickel, and manganese using inverse-distance-power (IDP) estimation with grade-zoning controls. IDP estimation parameters were adjusted so the estimated block distributions adequately reflected mining selectivity.

A sample spacing model was prepared in the unfolded model system that measured the spacing of samples around each block. This model was used to classify the resources into measured, indicated, and inferred resource classes based on pit and drill hole spacing.

The individual 1-meter thick blocks from the flat model were composited into vertical stacks of blocks over the potentially mineable thickness. This process created a gridded-seam model that was used for estimation of reserves and mine planning.

Economic evaluation criteria are based on supplying a fixed 1,500 tonnes ore per day of product from the PUG plant to the process plant at an average of 1.56:1 Waste:Ore ratio. This yields an average mine production rate of 17,500 tpd with approximately 7,000 tpd of ore, and a maximum of 25,500 tpd for equipment sizing and operating cost estimation.

A net revenue cutoff of $12.00 per tonne ore was used to define the ore. After the estimated economic costs and recoveries were applied to the resource model, a contour map was developed around the profitable blocks to represent the pit floor. This is similar to what a floating cone does in a three-dimensional model, but the Nkamouna resource model is more similar to a two-dimensional seam model.

The Nkamouna mineral reserves presented in Table 2 are classified as a Proven plus Probable. The mineable reserve summary is based on the $12.00/tonne net revenue cutoff. Individual reserves by block include ore tonnes, cobalt grade, nickel grade, manganese grade, interburden and overburden tonnes. The mineral reserve is 53 million tonnes at a cobalt grade of 0.237% and a nickel grade of 0.719%. The economic analysis is positive at the metal prices of $12/lb cobalt and $3.50/lb nickel that were used to develop the mine plan and estimate the tonnages reported in the following table.

Table of Contents

TABLE 2

Geovic Mining Corp.

Nkamouna Project, Cameroon

Mineral Reserve Statement

	MINERALIZED ZONE				INTERBURDEN	OVERBURDEN	TOTAL
CLASSIFICATION	kTonnes	% Co	% Ni	% Mn	kTonnes	kTonnes	kTonnes
Proven	28,868	0.264	0.690	1.406	NA	NA	NA
Probable	25,874	0.230	0.683	1.250	NA	NA	NA
TOTAL	**54,742**	**0.248**	**0.687**	**1.331**	**4,327**	**98,231**	**157,299**

Mining Operations

The Nkamouna Project will be mined as an open-pit utilizing hydraulic shovels and excavators and 54-tonne trucks as the primary mining equipment. The Nkamouna Final Feasibility Study (the FFS) considers an average annual mining rate of 8.5 million tonnes over the/ 19-year mine life. This includes 5.6 million tonnes of waste per year and 2.9 million tonnes of ore per year for an average stripping ratio of 1.87 to 1. The mine plan was developed from the resource model by creating blocks around the resource that are approximately 150 meters wide and 500 meters long. The 150 meters wide blocks were developed on logical breaks in the resource model and are not uniform in dimension. The average grade and value of each block was then determined.

Design of the ultimate pit was based on mining the higher valued blocks first with a natural development of the block sequence to allow backfilling of the blocks. The blocks are developed in a direction progressing downhill. This minimizes the haul distance in the early years by first developing the blocks closest to the plant.

Mine design started with the completion of the resource model. The seam model was then diluted to represent the thickness expected to be mined using reasonably selective equipment and methods. The dilution is based on a minimum of one meter of ore so that less than one meter is considered waste and if the inter-burden between ore layers is less than 2 meters it is taken with the ore. There were many areas where the inter-burden was 1 to 2 meters in thickness with some low grade values and it was determined that it would be easier to mine this with the ore than try to segregate the waste, thereby simplifying the mining method. The ore zones become much more uniform by allowing 2 meters of low grade interburden to the mined as ore.

All major access and haul roads will be crowned with sufficient thickness of screened ferricrete breccia mine waste and compacted to create road surfaces that will minimize interruptions to project operations during rainy seasons.

Mine equipment requirements were developed from the annual mine production schedule, based on the mine operation schedule, equipment availability, and equipment productivities. Mine production was based on an equipment fleet which includes 6.5-m3

Table of Contents

hydraulic excavators and shovels, 6.9-m3 wheel loaders, 54-tonne haul trucks, and 152-mm diameter truck-mounted auger drills. The location of the PUG plant and waste dumps or backfill repositories were used to calculate truck cycle times and estimate production capacity. The mining fleet is sized for a nominal 8 million tonnes per year mining rate. Production planning was based on matching truck fleets to the loader/shovel fleet based on respective cycle times.

Mine personnel includes all the exempt and non-exempt employees in operations, maintenance, engineering, and geology departments. The salaried mine staff comprises a maximum of 16 people during mine production which will include a maximum of 8 expatriates. Expatriates are expected to be replaced over time with a reduction to six by Year 2, four by Year 3, two by Year 4, and down to the Mine Manager from Year 5 through Year 19.

Plans are for the Nkamouna mine to operate two 12-hour shifts per day, 7 days per week for a total of 14 shifts per week. The mine operation schedule allows for 26 shifts per year being lost due to weather delays in the mine. It is envisioned that mining of ore would occur on both shifts in order to minimize stockpiling and re-handling.

Various independent consultants prepared a composite sample from the test concentrates produced by Mountain States Research and Development Inc. (MSRDI). The consultants completed a comprehensive series of bench-scale tests investigating the dissolution of the asbolane concentrate, purification of the resulting leach solution, solvent extraction and production of cobalt, nickel and manganese products. The consultants also completed a prefeasibility study of the Metals Recovery Plant (MRP). This study concentrated solely on the leaching and metals recovery operations. It included a conceptual design, preliminary equipment selection and capital and operating costs of several alternative scenarios.

Processing this unique ore starts with crushing, attritioning and particle sizing to produce a high-grade, coarse concentrate. The PUG plant will be fed from stockpiles using a wheeled loader and direct dumping from ore haulage trucks. The plant basically consists of a receiving hopper and two stages each of crushing, attritioning and particle classifying to produce coarse, high-grade concentrates (-1 inch x +48 mesh), low-grade middlings (-48 mesh x +200 mesh) and fine tailings (-200 mesh). The concentrate will be conveyed to a receiving bin at the process plant. As 64% of the cobalt is concentrated in only 21.5% of the ore weight, the process plant size is much smaller and financial performance is dramatically improved compared to processing run-of-mine ore.

The PUG plant throughput at a nominal 7,000 tpd will generate 4,700 tpd of fine tailings, 800 tpd of middling concentrates and 1,500 tpd of feed to the MRP. The PUG tailings will be disposed of in the Napene Creek TSF. The middling concentrate will be backfilled and stored in separate areas of the mine.

The average annual mining rate is 8.5 million tones over the 19 year mine life. This includes 5.6 million tonnes of waste per year and 2.9 million tones of ore per year and results in an average stripping ratio of 1.87 to 1. Conventional truck and shovel mining methods will be utilized with the processing of ore at 9,000 tonnes per day yielding an average annual production of 9.2 million pounds of cobalt and 7.0 million pounds of nickel.

Table of Contents

Processing operations are designed to produce high purity cobalt and nickel oxide products that are directly marketable or readily converted into cathodes or other chemical compounds. Plant operations during the initial 19 years are estimated to recover 158 million pounds of cobalt and 129 million pounds of nickel.

The total initial capital is approximately $397 million, with an additional $51 million of sustaining capital required over the 19-year mine life. The 24-month construction period also includes $18 million of costs that are treated as expenses for tax purposes. The cash operating cost per pound of cobalt produced is $3.12 after by-product credits, including direct and indirect costs and production taxes.

Several economic models were prepared, including a Base Case, a Reserve Case, a Leveraged case, and a High Price Case. The reserve case used prices per pound of $15.55 cobalt and $3.75 nickel to establish reserves in the mine plan, whereas the base case and the leveraged case used three-year average metal prices and the High Price case uses $35.00 per pound of cobalt and $12.00 per pound of nickel. The base case economic analysis generates an estimated after tax net present value (NPV) of $695 million (at an 8% discount rate), and an internal rate of return (IRR) of 33.0%. Project payback is estimated at 2.9 years based on these assumptions. Total before-tax cash flow is $2.53 billion.

Additional sensitivity models were prepared that varied the capital and operating costs, metal prices and metal recovery. Table 4 summarizes the project economics for the Nkamouna Project.

TABLE 3

Geovic Mining Corp.

Nkamouna Project, Cameroon

Economic Evaluations

Case:	Reserve	Base	Leveraged	High Price
Cobalt Price ($/pound)	**$ 15.55**	**$ 20.08**	**$ 20.08**	**$ 35.00**
Nickel Price ($/pound)	**$ 3.75**	**$ 11.16**	**$ 11.16**	**$ 11.16**
Project Economics Pre-Tax ($ millions)				
Cash Flow	794	2,529	2,405	5,185
NPV @ 8%	210	988	965	2,199
NPV @ 10%	139	796	788	1,822
IRR	12.7%	39.5%	63.4%	74.3%
Project Economics After Tax ($ millions)				
Cash Flow	559	1,792	1,721	3,668
NPV @ 8%	129	695	704	1,565
NPV @ 10%	75	555	577	1,295
IRR	10.5%	33.0%	56.1%	61.4%
Cash Operating Cost ($ per pound Cobalt)[1]	$ 8.50	$ 3.12	$ 3.12	$ 2.87
Payback (years)	5.5	2.9	2.0	1.7

(1) Note: Net of nickel by-product credit, and including production taxes.

Table of Contents

The following table reflects the reported annual average spot price for cathodes for cobalt and nickel as reported by Platt s Metals Week for Cobalt and London Metals Exchange for nickel for each of the last four years. This information was not included in the Technical Report.

	2007	2006	2005	2004
Price per pound cobalt	$ 30.55	$ 17.13	$ 15.90	$ 23.93
Price per pound nickel	$ 16.86	$ 11.02	$ 6.69	$ 6.27

MADA PROJECT

Information in this section is summarized, from the NI 43-101 Technical Report, Nkamouna and Mada Cobalt Projects, Cameroon dated March 12, 2007 prepared by PAH for Geovic and the Company on behalf of GeoCam (the Mada Technical Report).

Portions of the following information are based on assumptions, qualifications and procedures which are set out only in the full Mada Technical Report. For a complete description of assumptions, qualifications and procedures associated with the following information, reference should be made to the full text of the Mada Technical Report which is available from the Company s website at www.geovic.net.

Property Description and Location

The Mada Project is adjacent to and north of the Nkamouna Project. The closest village is Kongo Village, situated more than 8 kilometers (5 miles) from the Nkamouna Project. At present it takes about one hour to drive the 40 kilometres between Lomie and the Mada Project site.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

Physical attributes of the Mada Project are essentially the same as for the adjoining Nkamouna Project, described previously. Nevertheless, GeoCam will need to develop a site specific environmental study of the Mada Project, much the same as was produced for Nkamouna.

The Mada deposit is relatively flat. There is a swamp and small depression in the center of the deposit. The deposit is a crescent shape about 8 kilometers from east to west and 14 kilometers from north to south. The perimeter of the deposit has an approximate elevation of 760 meters above sea level, with the lower central depression of 680 meters.

History

Between 1995 and 2003, Geovic carried out extensive pitting at Mada. This work was performed by Geovic employees and consultants on behalf of GeoCam.

The Mada property is undeveloped, as are the adjacent laterite mineralized terrains. Geology of the deposit is similar to the Nkamouna Project, described above.

Table of Contents

By 2003, Geovic had largely completed the initial pit digging program at Mada. Much more intensive work was carried out on the nearby Nkamouna Project. No drilling has been conducted at the Mada Project. All samples have been obtained by developing pits or shafts of a nominal 1.25 meter diameter. Accordingly the Mada deposit has not been as extensively sampled as the Nkamouna Project. Between 1995 and 2003, 322 pits were dug in the broader Mada deposit.

Mineralization

Only 13% of the Mada pits were logged as penetrating the entire deposit profile reaching bedrock (schist, quartzite, or serpentinite), and many of these pits were outside the mineralized area. Consequently, sampling density at Mada is sparse. Nevertheless, during 1995-2003, Geovic shipped more than 3,200 Mada pit samples to accredited assay laboratories to determine cobalt, nickel, chromium and manganese content.

Deposits

From a geological perspective, the Mada deposit is essentially indistinguishable from the Nkamouna Project. The only significant difference between the deposits is that the potentially mineralized area at Mada is approximately seven times larger than Nkamouna. A detailed drilling and sampling program began in the second half of 2007 with the object to try to establish ore reserves in the southern part of the deposit.

Mining Operations

If ore reserves can be demonstrated, it is envisioned that the Mada Project will likely be mined as an open-pit similar to Nkamouna. No mine plan has been developed to date, and GeoCam will conduct extensive exploration on the Mada deposit in 2008 and thereafter, before taking steps toward development activities.

UNITED STATES MINING LEASES AND CLAIMS

We are actively 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, in 2007 we actively leased mineral properties and staked mining claims in the United States through our wholly-owned subsidiary, Geovic Energy Corp.

Arizona Properties

Through geologic mapping and geochemical sampling, the Company has identified several new areas of gold and uranium mineralization in the Whetstone Mountains, located 64-kilometers (40-miles) southwest of Tucson, Arizona. The Company located 51 federal lode claims covering approximately 1,000 acres in the area of expected uranium-gold mineralization in the northern Whetstone Mountains in 2007. In addition to the indicated uranium mineralization in the area, the pre-Cambrian hosted shear zones also appear to contain anomalous fluorite, copper and gold. Based upon its initial findings, the Company leased approximately 16.8

Table of Contents

square kilometers (6.5 square miles) of state of Arizona mineral lands in the vicinity of the gold occurrence. The total cost of leasing the state land and staking the mineral claims was about $24 thousand. The work commitment on the state mineral lands is $41 thousand per year. The annual fee to hold the 51 mineral claims on federal lands is approximately $9 thousand.

The Whetstone Mountain area where the claims are located was previously explored in the 1970s and 1980s by Rocky Mountain Energy (Union Pacific Railroad) and Unocal (Union Oil Co of California), at a time when members of the Company s management were employed by the latter company. Mining claims and other mineral properties held by those entities were abandoned by 1990. Related documentation compiled by those early operators show that the newly acquired properties have significant uranium oxide (U_3O_8) mineralization. The mineral deposits are hosted in high-angle shear zones within the pre-Cambrian granite complex that forms the core of the Whetstone Mountains. The Company plans to re-drill the historic resource areas, and test for extensions of these zones along the pre-Cambrian hosted structures.

The Company collected 33 rock chip samples at the surface of a previously unexplored area, covering a zone 600 x 1,800 (185m x 550m), underlain by quartz stockwork and associated alteration features. These samples assayed up to 1.0 gram gold per tonne (1.0 gm/t), and averaged 0.1 gm/t. Additional sampling is planned, possibly followed by geophysical surveys before a drilling program is designed to test for economic gold concentrations within the indicated epithermal gold-quartz system.

Colorado/Wyoming Properties

We have also targeted and are acquiring fee mineral leases over the known uranium deposits in the Denver-Cheyenne Basin of Northeastern Colorado and Southeastern Wyoming. These 15-year mineral leases cover large portions of the six (6) main known uranium deposits in Weld County, Colorado and Goshen County, Wyoming. As of the end of 2007, we have incurred approximately $2.82 million in leasing costs to acquire approximately 15,500 acres believed to host historical uranium deposits at depths ranging from 120 feet to 600 feet below the surface. The acquired properties are focused on areas of shallow Cretaceous sandstone bearing roll-front uranium deposits in the Denver-Cheyenne Basin. These deposits are believed to average in excess of 7 feet of uranium mineralization, with average grades between 0.07 to 0.20% U_3O_8, as established by other operators in the 1970s, including Union Oil of California, by whom several members of management of the Company were then employed. Through the leases it now holds, Geovic has control over much of the known mineralized area in Eastern Weld County, Colorado and Goshen County, Wyoming. We incurred $923 thousand of exploration costs related to these properties.

In addition to leasing private lands, we have applied for leases on federal lands containing expected uranium mineral trends in the Basin.

Geovic Energy Corp. is planning an extensive development-drilling program to re-confirm the historical resources, in preparation for establishing reserves. This will be followed, as soon as practical, with the completion of environmental (12-month water studies), and related engineering studies.

Table of Contents

ITEM 3. LEGAL PROCEEDINGS

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

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

No matter was submitted to a vote of our security holders during the fourth quarter of our fiscal year ended December 31, 2007.

Table of Contents

PART II

ITEM 5. MARKET FOR REGISTRANT S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Price Range of Common Shares

The Company s common shares previously traded on the TSX Venture Exchange (the TSXV) under the symbol REQ. Trading in the common shares of the Company on the TSXV was halted effective August 8, 2006 pending receipt and review by the TSXV of acceptable documentation regarding the Acquisition. From December 4, 2006 until November 16, 2007, the Company s common shares traded on the TSXV under the symbol GMC. On November 16, 2007, the Company s common shares commenced trading on the Toronto Stock Exchange (the TSA) under the symbol GMC and its common shares were delisted from the TSXV. The following table sets out the reported high and low sale prices on the TSXV and the TSX for the periods indicated as reported by the exchanges:

Year	Period	(Cdn$) High	Low
2006	1st to 3rd quarters [1]	n/a	n/a
	4th quarter[2]	3.25	2.27
2007	1st quarter	4.62	2.00
	2nd quarter[2]	4.40	2.80
	3rd quarter	3.58	1.90
	4th quarter[3]	3.38	1.30
2008	1st quarter [4]	1.73	1.21

Notes:

[1] During this period, trading would be for shares of Resource Equity Ltd. (Resource Equity). Prior to the completion of the RTO, Resource Equity had no relationship with Geovic or GeoCam.

[2] Trading on the TSXV under the symbol GMC, commenced December 4, 2006.

[3] The Company graduated from the TSXV to the TSX on November 16, 2007.

[4] Through March 18, 2008.

As of March 18, 2008 the last reported sales price of the share on the TSX was Cdn$1.30.

As of March 24, 2008 there were 101,680,486 Common shares issued and outstanding. On that date we had 551 registered stockholders of record.

Price Range of Warrants

We have three outstanding classes of publicly-traded warrants. In connection with the RTO, we issued 2,999,996 transferable warrants that were listed on the TSXV under the symbol GMC.WT beginning December 7, 2006. We issued 10,800,000 warrants in connection with our First Offering and those warrants were listed on the TSXV under the symbol GMC.WT.A. We also issued

50

Table of Contents

4,792,100 warrants in connection with the Second Offering (including those issued in connection with the Over-Allotment Option) and those warrants were listed for trading on the TSXV under the symbol GMC.WT.B. All three series of warrants were delisted from the TSXV and were listed on the TSX on November 16, 2007. The following table sets out the reported high and low sales prices for the warrants for the periods indicated, as reported by the TSXV and TSX.

Series and Year		(Cdn$) High	Low
Warrant GMC.WT			
2006	4th quarter	1.60	0.20
2007	1st quarter	2.87	1.15
	2nd quarter	2.81	1.65
	3rd quarter	2.39	1.08
	4th quarter[(1)]	2.85	0.80
Warrant GMC.WT.A			
2007	1st quarter	2.25	0.75
	2nd quarter	2.25	1.52
	3rd quarter	1.55	0.69
	4th quarter[(1)]	1.65	0.76
Warrant GMC.WT.B			
2007	2nd quarter	1.50	0.80
	3rd quarter	1.10	0.35
	4th quarter[(1)]	1.20	0.37

Note:

(1) Reflects TSXV prices until November 17, 2007, and thereafter, reflects TSX prices.

On March 18, 2008, the last reported sale prices of the warrants on the TSX were: Warrant GMC.WT: Cdn$0.75; Warrant GMC.WT.A: Cdn$0.60 and Warrant GMC.WT.B Cdn$0.325. On that date there were outstanding 2,999,996 million GMC.WT Warrants, 10,800,000 GMC.WT.A Warrants and 4,792,100 GMC.WT.B Warrants.

Transfer Agent for Shares and Warrants

The registrar and transfer agent for the Company is Pacific Corporate Trust Company, 2nd floor, 510 Burrard Street, Vancouver, British Columbia, V6C 3B9.

Dividends

Since the RTO, we have never paid cash dividends. While the payment of any future dividends will be determined by our directors after consideration of our earnings, financial condition and other relevant factors, it is currently expected that our available cash resources will be utilized in connection with development and opening of the Cameroon Properties and the ongoing acquisition, exploration and evaluation programs which we expect to undertake. Therefore, we do not anticipate that we will declare or pay any cash dividends in the foreseeable future.

Table of Contents

Recent Sales of Unregistered Securities

During the quarter ended December 31, 2007 five holders of 37,158 warrants exercised the warrants for a total exercise price of $65 thousand to purchase a like number of shares of common stock. The shares issued were restricted from transfer except in accordance with applicable United States and state laws and certificates representing the shares issued bear a restrictive legend to that effect.

Performance Chart

The following chart compares the total cumulative Shareholder return, assuming dividend reinvestment, for $100 invested in shares of Geovic Mining on December 4, 2006 with the cumulative total return, assuming dividend reinvestment, of the S&P/TSX Composite Index and the S&P TSX Canadian Mining Index for the period from December 4, 2006 to December 31, 2007. The shares of Geovic Mining began trading on the TSX-V on December 4, 2006. The share performance as set out in the graph does not necessarily indicated future price performance.

Table of Contents

	December 4, 2006	December 31, 2006	December 31, 2007
Value based on $100 invested in Geovic Mining Corp.	100.00	106.00	67.60
Value based on $100 invested in S&P/TSX Composite Index	100.00	100.46	107.66
Value based on $100 invested in S&P/TSX Canadian Mining Index	100.00	99.52	117.80

Note: All figures in this table are in Canadian dollars.

Exchange Controls

There are no governmental laws, decrees or regulations in Canada, where our common shares and warrants are publicly traded, that restrict the export or import of capital, including foreign exchange controls, or that affect the remittance of dividends, interest or other payments to nonresident holders of the securities of Geovic Mining.

ITEM 6. SELECTED FINANCIAL DATA

Set forth below is selected consolidated financial information for each of the five years ended December 31, 2003 through 2007. The financial statements from which this information is derived reflect the financial position and results of Geovic, Ltd., which was the acquiring entity in the RTO for financial reporting purposes.

We selected the balance sheet data and statement of operations information as of and for the four years ended December 31, 2007 from our audited financial statements. The Company has prepared the financial information for 2003 from the consolidated financial statements for the year ended December 31, 2003, which has not been audited. You should read the information presented below in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations and the Consolidated Financial Statements of Geovic Mining and related notes included under Item 8 in this Annual Report on Form 10-K.

Table of Contents

Selected Financial Data

(in thousands, except share amounts)

	December 31,				
	2007	2006	2005	2004	2003
Exploration costs	$ 9,189	$ 3,465	$ 872	$ 1,273	$ 1,435
Head office and management	3,276	1,593	909	637	628
Stock based compensation	2,111	1,052	959	1,655	2.041
Interest and bank charges	59	9	2	2	3
Depreciation	76	39	78	149	140
Interest income	(3,235)	(176)	(1)	(25)	(13)
Minority interest	(3,214)				
Income tax expense (benefit)	(414)	860			
Net loss for the year	(7,848)	(6,842)	(2,819)	(3,691)	(4,235)
Weighted average outstanding shares[(1)]	92,047	44,009	38,242	37,760	35,086
Loss per share	(0.09)	(0.16)	(0.07)	(0.10)	(0.24)
Total assets	82,936	9,732	1,171	290	1,232
Total long-term liabilities	241	241	241	241	1,457
Stockholders equity (deficiency)	79,264	7,718	650	(580)	(224)

(1) Outstanding shares through 2005 have been adjusted to reflect the effect of the 2 for 1 stock split in connection with the RTO.
The exploration costs in the table above relate to the Cameroon Properties.

Summary of Quarterly Results

The table below sets forth quarterly results for the last eight quarters ending December 31, 2007:

	2007				2006			
	Fourth	Third	Second	First	Fourth	Third	Second	First
Exploration costs	$ 3,588	$ 2,172	$ 1,982	$ 1,447	$ 955	$ 1,565	$ 597	$ 348
Head office and management	566	791	991	928	595	294	517	186
Stock based compensation	1,603	162	162	184	126	926		
Interest and bank charges	49	8	1	1	8	1		
Depreciation	35	14	15	12	9	8	11	11
Interest income	(1,256)	(900)	(840)	(239)	(120)	(43)	(7)	(6)
Minority interest	(1,600)	(714)	(901)					
Income tax expense (benefit)	(1,028)	242	338	34	226	395	161	78
Net loss for the period	(1,958)	(1,775)	(1,748)	(2,367)	(1,798)	(3,147)	(1,279)	(618)
Loss per share[(1)]	(0.02)	(0.02)	(0.02)	(0.03)	(0.04)	(0.07)	(0.03)	(0.02)

Note:

(1) Outstanding shares in 2006 have been adjusted to reflect the effect of the 2 for 1 stock split in connection with the RTO.

Table of Contents

ITEM 7. MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Management s Discussion and Analysis of Financial Condition and Results of Operations

Overview

This Management s Discussion & Analysis (MD&A) is intended to provide an analysis of Geovic Mining s financial results for the years ended December 31, 2007 and 2006 compared to the previous years. The consolidated financial statements for the 2006 and 2005 comparative periods are those of Geovic. These financial statements were prepared in accordance with United States generally accepted accounting principles. All amounts presented in the financial statements are in U.S. dollars unless indicated otherwise. Reference should also be made to the Company s other disclosure materials filed from time to time on, www.sec.gov or the Company s website at www.geovic.net.

Business

Since its inception our wholly owned subsidiary, Geovic, has been engaged in the business of exploring for nickel, cobalt and related minerals through its majority-owned (60.0%) subsidiary, Geovic Cameroon, Plc (GeoCam). Geovic Mining also holds other exploratory mineral properties in the United States.

Our future success is dependent on our ability to source the necessary funds to expeditiously develop the mineral reserves on the Cameroon Properties. We presently expect that GeoCam will finalize commitments for secured debt financing from one or more international institutions in 2008. We plan to utilize our cash resources and those of GeoCam and debt financing proceeds to complete all pre-mining construction and development work, to construct our ore processing facilities, roads, housing and other required infrastructure, and working capital for the Nkamouna Project from which we expect to begin production in 2010. Sourcing of the necessary funds is, in turn, dependent on numerous factors affecting the expected economics of the Nkamouna Project.

We do not expect any firm lending or other financing commitment until the independent bankable feasibility study of the project, finalized in late 2007, has been reviewed and updated by financial consultants retained by GeoCam. The amount of required financing to open the Nkamouna mine and processing facilities will depend in large part on estimated capital costs to build and equip the mine and processing facilities for operation as estimated by the finally approved feasibility studies and a mining plan adopted in accordance with those studies The expected returns from the mining and processing operations and expected repayment of the project financing debt will likewise be subject to the amount and terms of the project financing.

Availability of project financing will be affected by financial market developments regarding the availability and cost of capital, market conditions and demand for cobalt and nickel that would be produced, the ability to arrange sales agreements and the pricing and terms of such agreements, cost trends and availability of capital equipment as well as operating materials and services necessary

Table of Contents

to develop and operate the properties, existing and required commitments, availability and form of any additional government approvals associated with development and operation of the properties, political unrest, geopolitical developments, and the competitive position of existing and prospective cobalt and nickel projects worldwide. We believe that upward trending of world commodity prices for cobalt, nickel and manganese over the last 18 to 24 months is an indication that we will be able to operate a profitable mine on the Nkamouna Project over the 20 years of anticipated operations. Worldwide prices for these minerals will have the largest effect on our success for the project. In addition, the political stability of the Republic of Cameroon and surrounding sub-Saharan African countries will be relatively important over the long-term operation of the mine, as will our ability to recruit, train and retain a stable local workforce, and meet logistical implications of developing the project in a relatively undeveloped, remote area in Cameroon.

Results of Operations

2007 Compared to 2006:

We have substantially no current revenue and expect to continue to generate losses and negative cash flows from operations for at least the next two fiscal years.

We had a consolidated net loss of $7.8 million for the year ended December 31, 2007 compared to a net loss of $6.8 million in 2006. The increase in the loss in 2007 was primarily due to higher operating expenses, both in Cameroon and in the United States. The Company had significantly more cash resources in all of 2007 as a result of its two public offerings and the capital contribution to GeoCam by the minority shareholders. GeoCam significantly increased property evaluation costs to $4.2 million in 2007 from $1.1 million in 2006, due to the Company s continued efforts at its Cameroon Properties and the availability of cash in 2007. Office exploration costs in Cameroon increased to $3.4 million in 2007 from $1.6 million in 2006. This increase was primarily due to the hiring of additional personnel, both company and outside contractors and the requisite expansion of the supporting infrastructure to support the advancement of the Nkamouna Project.

As a result of the additional cash, interest income increased to $3.2 million in 2007 from $0.2 million in 2006. The 2007 loss was reduced by the $3.2 million received by GeoCam from the minority shareholders.

During 2007, the Company also began acquiring mineral properties and incurring exploration costs in Colorado, Wyoming and Arizona. The acquisition of these properties was approximately $2.8 million and the exploration costs were $0.9 million in 2007, of which there was none in the prior year. The Company s General and Administrative expenses also increased to $3.3 million in 2007 from $1.6 million in 2006. The primary components of this increase were accounting, legal and other professional services as a result of becoming a public company, which increased to $2.2 million in 2007 from $0.7 million in 2006.

The Company s salary expense also increased to $1.5 million in 2007 from $0.6 million in 2006. This increase was due to the hiring of several new employees as well as a salary adjustment for existing officers and key management to make their compensation commensurate with similar sized companies in the mining industry. Stock-based compensation increased to $2.1 million in 2007 from $1.1 million in 2006 due to additional options granted during the year at a higher estimated value. Income tax decreased from $0.9 million in 2006 to *nil* for 2007. In addition, the Company anticipates a recovery of $0.4 million of taxes paid in the prior year as a result of its loss in 2007.

Table of Contents

2006 Compared to 2005:

We had a consolidated net loss of $6.8 million the year ended December 31, 2006, in comparison with a net loss of $2.8 million in 2005. The increase in the 2006 net loss was primarily due to higher operating expenses in 2006. Geovic had more capital available in 2006, enabling Geovic to perform additional exploration activities, which it was unable to do in 2005. We also increased significant legal, accounting and other expenses related to the RTO transaction completed December 1, 2006, and had no such expenses in 2005.

Also, Geovic had $0.9 million of income tax expense in 2006 compared with no such expense in 2005. Operating expenses in 2006 increased approximately $3.3 million from the operating expenses in 2005, due primarily to increases of approximately $2.6 million in exploration costs in Cameroon, again due to increased availability of funds, $0.7 million in increased head office and management expense as we paid salaries in 2006 which had been deferred in 2005 due to lack of funding, and $0.9 million in stock-based compensation to Geovic employees and consultants. The increases were offset in part by a reduction of approximately $0.04 million in depreciation expense. The increase in exploration costs in 2006 was due to increases of approximately $1.3 million in exploration office costs, $0.7 million in property evaluation expenses and $0.6 million in metallurgical studies expenses compared with 2005, as many of those expenditures had been deferred from 2005 until 2006 when funding was available.

Capital Resources and Liquidity

Geovic Mining raised approximately $73 million, net of offering expenses, from two public offerings completed outside the United States during the first four months of 2007. On May 30, 2007 we also received net proceeds of $2.94 million upon the partial exercise of an over-allotment option from the April 2007 offering and in June we received approximately $1.8 million in proceeds from exercise of warrants. When added to the net proceeds received from the Subscription Receipt financing at the completion of the RTO on December 1, 2006 and after expenditures in the ordinary course of our business through 2007, we had approximately $79 million of cash resources as of December 31, 2007, including cash held by GeoCam, representing capital advances made by Geovic and the GeoCam minority shareholders, that are held by GeoCam and budgeted for continued predevelopment and exploration activities during 2008.

The Company generally expects that GeoCam will require significant additional financing beginning in late 2008 to complete the infrastructure at the Nkamouna Project site, build the mine, roads, processing facility and employee housing and to operate the Nkamouna Project until cash flow is established after the mine commences operation, which is expected to occur in 2010. We expect

Table of Contents

that GeoCam should be able to secure project debt financing from one or more of several international financing institutions which have expressed interest in participation, however there are no commitments. The Company expects that such external debt financing is anticipated to fund approximately 60%-65% of the required capital over the two-year start-up period. The owners of GeoCam will likely be required to contribute significant funds to GeoCam to fund the remaining portion of the project financing arrangements. As Geovic is the 60% owner of GeoCam, we expect that a significant portion of the cash identified above will be required for that purpose.

The Company expects that GeoCam exploration and pre-development activities will significantly increase in 2008, and $6.5 million has been budgeted by GeoCam for those purposes. The Company will continue its focus on bringing the Nkamouna Project closer to production. By summer 2008 GeoCam expects the final studies optimizing the feasibility study to improve project economics and optimize the feasibility study estimates. The optimization study will also evaluate expected benefits from the addition of processing circuits to produce manganese carbonate and scandium. Thereafter GeoCam will proceed diligently to seek commitments for debt and other financing for the Nkamouna Project.

GeoCam has initiated construction to expand its self-contained field compound to accommodate workforce expected to arrive starting in mid-2008. The project site has been cleared and graded, and construction of 34 housing units is expected to be completed by early summer 2008. Engineering has also commenced to construct additional housing facilities in a nearby town and onsite to accommodate the complete construction work force of Cameroonian and expatriate personnel that will be needed to build the Nkamouna Project.

GeoCam expects to complete a contract for EPCM services in 2008 to begin to facilitate an efficient transition from the optimization study to the further development and construction of the project. Many aspects of final engineering and design are expected to be performed concurrently with the optimization study to expedite the project construction schedule.

Cash Flows and Obligations

2007 Compared to 2006:

Our primary source of cash during 2006 was proceeds from the sale of our securities. Geovic received $4.5 million from private placements of equity which were completed on May 24, 2006. We also received net proceeds of approximately $9.5 million from the subscription receipt financing upon completion of the RTO transaction on December 1, 2006.

On March 6, 2007, we closed a public offering outside the United States and received net proceeds of $42.6 million after commissions and related expenses.

On April 27, 2007, the Company completed a follow-on offering and received net proceeds of approximately $29.6 million, after commissions and related expenses.