GEOVIC MINING CORP.
Form 10-K
March 16, 2009
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2008

¨ 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.)**
1200 17th Street, Suite 980	
Denver, Colorado	**80202**
(Address of principal executive offices)	**(Zip Code)**

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

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

None

(Title of Class)

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

Title of each class to be so registered

Common Stock, par value $0.0001 per share

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 ¨

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

Large Accelerated Filer ¨ Accelerated Filer x Non-accelerated Filer ¨ Smaller Reporting Co. ¨

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 the Registrant s common stock held by non-affiliates, computed by reference to the closing price of the common stock as of June 30, 2008, the last business day of the registrant s most recently completed second fiscal quarter, was approximately

$108,011,310.

At March 2, 2009, there were 102,943,446 shares of common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Part III is incorporated by reference from the Registrant s definitive Proxy Statement for its 2009 Annual Meeting of Stockholders to be filed pursuant to Regulation 14A, no later than 120 days after the end of the Registrant s fiscal year.

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2008 ANNUAL REPORT ON FORM 10-K

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

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CAUTIONARY LANGUAGE ABOUT FORWARD-LOOKING STATEMENTS

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

Statements contained in this annual report that are not historical facts are forward-looking statements that involve risks and uncertainties. Forward-looking statements include, but are not limited to, statements with respect to the future price of metals; the estimation of mineral reserves and resources; the timing and amount of estimated future production, costs of production, and capital expenditures; costs and timing of the development of new deposits; success of exploration activities; permitting time lines; currency fluctuations; requirements for additional capital; government regulation of mining operations; environmental risks; unanticipated reclamation expenses; title disputes or claims; and limitations on insurance coverage. In certain cases, forward-looking statements can be identified by the use of words such as proposes , expects , is expected , scheduled , estimated , intends , or variations of such words and phrases or state that certain actions, events or results will occur. Forward-looking statements involve known and unknown risks, uncertainties, and other factors which may cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such risks and other factors include, among others, the risk factors discussed below in *Item 1A Risk Factors*, risks related to operations; actual results of current exploration activities; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; future prices of metals; possible variations in ore reserves, grades, or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labor disputes, other risks of the mining industry, delays in obtaining governmental approvals or financing or in the completion of development or construction activities and other factors as described herein, quarterly reports on Form 10-Q, and other filings with the U.S. Securities and Exchange Commission (the SEC) and Canadian securities regulatory authorities. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The forward-looking statements in this annual report speak only as of the date hereof. The Company does not undertake any obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date hereof to reflect the occurrence of unanticipated events.

CAUTIONARY NOTE REGARDING DISCLOSURE OF MINERAL PROPERTIES

Geovic Mining Corp. is subject to the reporting requirements of the Securities Exchange Act of 1934, as amended (Exchange Act) and applicable Canadian securities laws. 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 this Form 10-K have been prepared in accordance with NI 43-101. 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.

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Without limiting the foregoing, this Form 10-K uses the terms measured, and indicated resources or other descriptions of the amount of mineralization in mineral deposits that do not constitute reserves by U.S. standards in documents filed with the SEC. U.S. investors are cautioned that, while such terms are recognized and required by Canadian securities laws, rules adopted by 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. The requirements of NI-43-101 for identification of reserves are also not the same as those of the SEC, and reserves reported by us in compliance with NI 43-101 may not qualify as reserves under SEC standards. 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.

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PART I

ITEM 1. BUSINESS

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

Intercorporate Relationships

We completed a reverse take-over transaction (the RTO) on December 1, 2006, with the result that we hold 100% of the issued and outstanding shares of Geovic, Ltd., a Cayman Islands corporation (Geovic). Geovic owns 60% of Geovic Cameroon PLC, a private corporation existing under the laws of the Republic of Cameroon (GeoCam) which holds our mining prospect in Cameroon. William A. Buckovic (Buckovic), the founder of Geovic, holds 0.5% of GeoCam which we hold an option to acquire.

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 inter-corporate relationships among the Company and its subsidiaries as of March 16, 2009.

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

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Our principal business is conducted through Geovic in which we hold rights to several cobalt-nickel-manganese deposits in the Republic of Cameroon, Africa through our 60% ownership in GeoCam. Our principal business focus since 1994 has been to advance our interest in the deposits. GeoCam s Mining Permit (the Mining Permit) establishes exclusive mining rights to develop the Nkamouna, Mada and other cobalt-nickel-manganese deposits within a 1,250 square kilometer area in southeastern Cameroon (the Cameroon Properties). The Cameroon Properties are described in *Item 2 Properties*. GeoCam plans to develop and mine the Nkamouna deposit (the Nkamouna Project) before the other deposits are developed.

Qualified independent consulting firms identified by Geovic and retained by GeoCam completed engineering pre-feasibility studies and technical reports on the Nkamouna Project in 2006, a feasibility study in November 2007 and an updated NI 43-101 compliant technical report in January 2008 (the Nkamouna Technical Report). The studies and the Nkamouna Technical Report support construction of a cobalt-nickel-manganese mine and adjoining ore processing plant.

In December 2007 GeoCam contracted with three global engineering firms experienced in engineering and building mining projects in Africa (collectively referred to as the Alliance), to perform an optimization study (OS) intended to review, update and optimize the 2007 feasibility study.

The OS addressed the addition of processing circuits to produce manganese carbonate and scandium in view of pre-2008 price increases in those commodities. The Alliance completed the OS in September 2008 and continued pre-development front-end engineering and design work on the project until all such work was terminated in December 2008.

Following receipt of the OS, several process improvement programs were initiated to enhance the Nkamouna Project s economics and reduce technical and financial risks. Preliminary test work has since validated certain of these newly adopted technologies. Subsequent pilot scale tests are scheduled for completion by mid-2009. A summary of this work is as follows:

1. We have undertaken gravity and magnetic separation tests targeted at improving the quality and grade of concentrates produced by size separation methods. Application of such methods are anticipated to increase process feed grades, as well as revenue from a given leach plant s throughput rate.

2. In October 2008, we determined that ore concentrates might be better leached using iron sulfide and sulfuric acid rather than sulfurous acid as originally contemplated in all the previous studies. This leach chemistry has been tested for processing manganese-bearing ores similar to those found in the Nkamouna Project in other commercial operations and GeoCam s initial tests have been favorable. We believe this process at the Nkamouna Project could improve anticipated financial performance while lowering process risks.

3. Based on extensive tests completed in late 2008, we plan to replace certain of the process technology reviewed in the previous studies with technology that will re-leach cobalt-nickel precipitates and use conventional solvent extraction (SX) processing, equipment and reagents. Re-leaching cobalt-nickel precipitates could potentially have a solution throughput volume at least 80% less than contemplated in the OS and is expected to reduce process risks and capital costs. Such re-leaching and SX processing has been proven for at least two decades at similar processing projects.

Other activities completed by GeoCam at the Nkamouna Project during 2008 under our supervision included the following:

1. Improved 23.6 kilometers of access roads between the nearest town, Lomie, and the Nkamouna Project;

2. Installed a 72-meter tower to provide nearly all required long-distance communication and information technology links for the Project, as well as the general region locally;

3. Expanded the field compound at Kongo camp near the Nkamouna Project, building 16 additional living units with a new common kitchen;

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4. Completed the final engineering and design of the dam required for storing tailings from physically upgrading ore and leaching concentrates;

5. Advanced the engineering, design, and planned infrastructure of the process plant;

6. Received final approval and permits authorizing stream diversion for mining operation and approving water reclamation for the project;

7. Received a permit from the Cameroon Ministry of Forestry and Wildlife to collect and use wood resources from the deforestation of a 150 hectare area in the vicinity of the Nkamouna Project; and

8. Completed a significant number of in-fill development drill holes and test pits at both the Nkamouna and Mada deposits (see table below).

The number of drill holes and test shafts completed during the 13-month period ended January 2009 is as follows:

Deposit	Drill Holes	Test Shafts	Total Depth (Meters)	Samples for Assay
Nkamouna	975	20	26,018	22,874
Mada*	833	147	22,717	19,839
Rapodjombo**	237	0	6,217	5,382
Total	**2,045**	**167**	**54,952**	**48,095**

* Immediately north of the Nkamouna Project site

** Immediately north of Mada deposit

This extensive exploration and development work has more than doubled the data base at Nkamouna and quadrupled the data base at Mada, which the Company believes will lead to the expansion of the respective mineral resources and reserves at both deposits. It is expected that the preparation and independent assays of these samples will be completed by mid-year 2009. We expect to announce updated NI 43-101 compliant reserve and resource estimates during the third quarter of 2009.

GeoCam Shareholder and Other Agreements

In April 2007 Geovic entered into a shareholders agreement with the other GeoCam shareholders, Societe Nationale d Investissement du Cameroun (SNI) (the owner of 20%), four Cameroonian 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 ownership and management arrangements among the shareholders and sets forth the terms, conditions and fiscal arrangement for continued participation by the shareholders in GeoCam. The Shareholders Agreement includes 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. As provided in the Shareholders Agreement, in 2007, GeoCam began to operate independently from Geovic. Geovic and GeoCam also have entered into annual Technical Services Contracts under which Geovic provides management and certain staff to perform services and management to assist GeoCam to carry out its budgeted work program at rates set forth in the Technical Services Contract.

Additionally, in December 2007, Geovic and GeoCam, with approval of GeoCam minority shareholders, resolved treatment of past advances from Geovic to GeoCam. From inception of GeoCam through 2006, the advances made by Geovic to or on behalf of GeoCam had preliminarily been treated as loans by Geovic. The parties agreed that approximately $23.1 million of past advances by Geovic would be credited toward Geovic s share of future capital increases of GeoCam and approximately $9.0 million, plus an amount equal to the interest that would have been accrued at two percent above the Banque des Etats de l Afrique Centrale (BEAC) interest

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rate, will be paid in the nature of a production payment in the future to Geovic over a four-year period, beginning one year after commencement of commercial production. This amount is subordinated to all GeoCam debt and repayment is subject to approval by holders of GeoCam s future secured debt.

GeoCam Capital Increases

2007. In accordance with the Shareholders Agreement, a 2007 GeoCam operating budget of approximately $13 million was adopted and funded by an equivalent increase in share capital of GeoCam, which was taken up by Geovic and other GeoCam shareholders proportionally to ownership interest.

2008. On September 2, 2008, GeoCam shareholders approved a GeoCam capital increase for 2008 through the issuance of new shares for approximately $67.1 million, to be issued in multiple cash calls made by the GeoCam Managing Director, subject to approval of its Board of Directors. The capital increase was intended to satisfy GeoCam s 2008 budget and Geovic s pre-2007 capital advances as provided in the Shareholders Agreement.

The first cash call, equivalent to approximately $38.2 million, recognized the approximately $23.1 million of pre-2007 capital advances made by Geovic as Geovic s portion of the cash call, and brought all shareholders current, consistent with ownership interests in required capital. Also, Geovic paid cash of approximately $0.2 million, a majority of which was required under the terms of our option to acquire William A. Buckovic s interest in GeoCam. Geovic will be responsible for 60.5% of the future cash calls under the 2008 capital increase.

An additional 2008 cash call of approximately $10.1 million was completed by November 4, 2008. Geovic paid cash of approximately $6.2 million, representing 60.5%, and the other minority stockholders paid cash of approximately $4 million. The remaining cash calls under the 2008 capital increase at current exchange rates are anticipated to total approximately $15.5 million and are expected to be completed in 2009, consistent with GeoCam s cash requirements. Geovic s share of the remaining portion of the capital increase is expected to total approximately $9.4 million.

Nkamouna Project Financing Activities

During 2007 GeoCam engaged Citibank, an international banking institution, as financial advisor and, with our assistance, began to survey the availability of project debt financing for the Nkamouna Project. During 2008 GeoCam began to build up its infrastructure and to hire additional employees in anticipation of commencement of mine construction activities in 2009. By late 2008 the Company and the advisor concluded that volatility in worldwide financial and commodities markets, falling prices for cobalt and nickel and the building world-wide economic recession would likely make project financing unavailable on terms acceptable to Geovic. Geovic and GeoCam then undertook to re-examine certain technical aspects of the planned metal processing operations and estimated capital costs to reduce technical risks and improve potential economic return of the Nkamouna Project. Continued deterioration of the economy and low commodities prices lead Geovic Mining and the minority shareholders of GeoCam in February 2009 to decide to significantly reduce the level of operations at GeoCam, including reductions in staffing and postponement of many pre-construction activities at the Nkamouna Project area. During this slowdown, GeoCam will proceed to test the various enhancements to the planned metal recovery and processing processes, and continue to reduce capital requirements, which it is believed may make more financing alternatives available in the next one to two years.

BUSINESS OPERATIONS

Cameroon Properties

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, commencing with the Nkamouna Project. These steps include testing and finalization of ore processing technology and processes, securing an updated feasibility study that supports the planned development and processing at the Nkamouna Project, project financing, initial mine and facilities construction and planning for future production

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in a socially responsible manner. We will continue to focus on the Nkamouna Project where our present plan is to begin mine production by late 2011. In 2008 we completed an extensive drilling program to further evaluate already identified targets in three of the six deposits with the potential to increase reported mineral reserves and mineral resources in the Cameroon Properties.

During 2008, the total operating expenditures by GeoCam in Cameroon were approximately $26.4 million. These expenditures were used for exploration expenses, administrative expenses, including feasibility and optimization studies, initial start up and engineering, and pre-construction 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.

Other Mineral Properties

We are also evaluating other mineral properties and prospects in the United States and elsewhere to diversity our portfolio. We believe that opportunities exist to acquire interests suitable for mineral exploration and development. In 2007 and early 2008 Geovic Energy Corp. (Geovic Energy) acquired uranium leases and claims in Colorado and Wyoming. Over 78% of the net acreage is on private lands. The following table gives further details:

		Gross Acres		*Net Acres*
	LEASES	**CLAIMS**	**TOTAL**	**TOTAL**
COLORADO				
Weld County	57,007		57,007	16,557
WYOMING	95,227	17,021	112,248	63,457
Goshen County	95,227	2,562	97,789	49,502
Sweetwater County		12,987	12,987	12,987
Fremont County		968	968	968
TOTALS	152,234	16,517	168,751	80,014

Through Geovic Energy we also hold 1,054 net acres of potential gold resources in Southeastern and Northwestern Arizona. We will also explore these properties for the possibility of recoverable uranium minerals. The Company has decided to write off the full amount of the uranium mineral property costs as of year end 2008. See Footnote (7) to Consolidated Financial Statements.

Competitive Conditions

We expect to compete with other cobalt and nickel producers around the world, including projects now under development by others. As world prices for cobalt and nickel increased significantly until 2008, world production began to increase to meet the expected growing demand. 2008 saw the commencement of worldwide recession with accompanying significant reductions in demand and prices for mineral commodities, including cobalt, nickel, manganese and uranium. 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 Nickel, CVRD Inco and Murrin Murrin (Minara-Glencore). Significant new producers and those with operations expected to begin producing in the next few years include Ambatovy (Sherritt, Sumitomo, Korea Resources and SNC Lavalin), Weda Bay (Eramet), Goro Nouvelle-Calédonie (CVRD-Inco) and Tenke Fungurume (Freeport McMoRan-Tenke Mining Corp.-Gecamines). Costs of operations, reserve quantities and qualities, operating efficiencies, and location may affect the long-term success of all competing producers, including Geovic Mining.

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

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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. Through 2008 the effect of these requirements was limited due to the exploration 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.

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 Piésold and Co. 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. These documents were approved by the Cameroon Government in May 2007. We will also be required to develop a similar, site-specific environmental study of the Mada area before any development can commence on that deposit. See *Item 2 Properties* for additional information about our planned mineral development activities in Cameroon.

Geovic collaborates with GeoAid International (GeoAid), a non-profit entity for which the primary purpose is to provide socioeconomic and humanitarian services and support to areas and peoples likely to be impacted where the Company or its affiliates may carry on mining or similar activities. Since approximately 2000, GeoAid, with financial and other resources provided by Geovic and GeoCam, has provided medical support and training, education and other services and assistance to indigenous peoples in the area surrounding the Cameroon Properties. Certain of these programs and services are required under provisions of permits held by GeoCam. Commencing in 2007, GeoAid provided the services and programs under separate service agreements with GeoCam, and in 2008 a consultant to Geovic served as full time Executive Director for GeoAid. In late 2008, GeoAid engaged a full time independent Executive Director, and established a board of directors, a majority of which are not affiliated with the Company.

Employees

All of our employees are employees of Geovic and our executive officers are also officers of Geovic. Geovic has 17 full time employees in its offices in the U.S., and at year end 2008, GeoCam had 32 full time employees and 213 contract workers in its administrative offices in Yaoundé and at the Nkamouna Project operations location in the East Province in the Republic of Cameroon.

Offices

Our principal corporate head office is located at 1200 17th Street, Suite 980, Denver, Colorado 80202, Telephone (303) 476-6455. We also maintain an operations office in Grand Junction, Colorado. GeoCam maintains its head office in Yaoundé in the Republic of Cameroon.

Available Information

Our website address is *www.geovic.net.* Available on this website under Investor Relations Investor Relations Menu Quarterly Filings, free of charge, are links to our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, Forms 3, 4 and 5 filed on behalf of directors and executive officers and amendments to those reports as soon as reasonably practicable after such materials are electronically filed with or furnished to the SEC.

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

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ITEM 1A. RISK FACTORS

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

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

We have no history of mining or refining any mineral products or metals and none of our properties is currently producing. There can be no assurance that the Nkamouna Project will be successfully placed into production, produce minerals in commercial quantities or otherwise generate operating earnings. We will continue to incur losses at least until mining activities have successfully commenced, which is estimated to be at least 18 months after commencement of construction. There is no certainty that we will produce revenue from any source, operate profitably or provide a return on investment in the future. If we are unable to generate revenues or profits, our stockholders might not be able to realize returns on their investment in our common stock. Even if we do achieve profitability, we may not be able to sustain or increase profitability on a quarterly, annual or sustaining basis.

We expect that the Company will continue to 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. There can be no assurance that the Company will ever achieve profitability.

We will be subject to all of the risks associated with establishing new mining operations and business enterprises including: the availability of funds to finance construction and development activities, timing and cost of the construction of mining and processing facilities; the 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; potential opposition from non-governmental organizations, environmental groups or local groups in Cameroon which may delay or prevent development activities; and potential increases in construction and operating costs due to changes in the cost of fuel, power, materials and supplies. Further, the costs, timing and complexities of mine construction and development are increased by the remote location of the Cameroon Properties. Accordingly, our activities may not result in profitable mining operations and we may fail to successfully establish or maintain mining operations or profitably produce metals at any of our properties.

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

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 increased significantly faster than we or others in the mining industry anticipated. The Feasibility Study completed for GeoCam in December 2007 and the Optimization Study completed in September 2008, both concluded that significantly higher initial capital and future operating costs would be incurred for the Nkamouna Project above those estimated by the preliminary feasibility study. These increases were due in part to a much higher demand for mining and processing equipment through

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mid-2008 reflecting the start-up and/or expansion of other unrelated projects resulting from the generally strong commodity prices experienced during 2007 and early 2008. These and similar cost and expense increases are beyond our control, and will require significantly more capital to bring the Nkamouna Project into production and result in a decrease in our anticipated return from operations. Although commodity prices for cobalt and nickel have decreased since mid-2008, our estimated capital and operating cost estimates have not decreased significantly. There can be no assurance that our actual capital costs and operating costs will not be higher than currently anticipated.

Volatility in worldwide financial and commodities markets and economic recession are likely to delay project financing for the Nkamouna Project and could make project financing unavailable for the foreseeable future.

International lending institutions and government development agencies may be unwilling to extend project debt financing to GeoCam in the foreseeable future, or may be willing to do so only on terms that are not acceptable to the Company or the GeoCam minority shareholders. Securing required additional equity by GeoCam and its stockholders as a condition to debt financing may not be available or may be available only on terms that are not acceptable, if at all.

Recent market events and conditions may adversely affect our business and the mining industry.

Recent market events and conditions, including disruptions in the Canadian, United States and international credit markets and other financial systems and the deterioration of the Canadian, United States and global economic conditions, could, among other things, impede access to capital or increase the cost of capital, which would have an adverse effect on the Company s ability to fund its working capital and other capital requirements. In 2007 and into 2008, the U.S. credit markets began to experience serious disruption due to a deterioration in residential property values, defaults and delinquencies in the residential mortgage market (particularly, sub-prime and non-prime mortgages) and a decline in the credit quality of mortgage-backed securities. These problems led to a slow-down in residential housing market transactions, declining house prices, delinquencies in non-mortgage consumer credit and a general decline in consumer confidence. These conditions continued and worsened in 2008 and early 2009, causing a loss of confidence in the broader U.S. and global credit and financial markets and resulting in the collapse of, and government intervention in, major banks and other financial institutions and insurers, and creating a climate of greater volatility, less liquidity, widening of credit spreads, a lack of price transparency, increased credit losses and tighter credit conditions. Notwithstanding various actions by the U.S. and other governments, concerns about the general condition of the capital markets, financial instruments, banks, investment banks, insurers and other financial institutions caused the broader credit markets to further deteriorate and stock markets to decline substantially. In addition, general economic indicators, including employment levels, announced corporate earnings, economic growth and consumer confidence have deteriorated. These unprecedented disruptions in the current credit and financial markets have had a significant material adverse impact on a number of financial institutions and have limited access to capital and credit for many companies, particularly resource companies such as the Company. These disruptions could, among other things, make it more difficult for the Company to obtain, or increase its cost of obtaining, capital and financing for its operations. The Company s access to additional capital and financing may not be available on terms acceptable to the Company or at all. Nkamouna Project development modifications may be necessary or desirable to secure lending commitments which would also delay the completion of any financing. All delays in completing financing for the project will delay mine construction and anticipated production activities.

In recent months, worldwide securities markets, particularly those in the United States and Canada, have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered exploration- or development-stage companies, have experienced unprecedented declines in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. Most significantly, the share prices of junior natural resource companies have experienced an unprecedented decline in value and there has been a significant decline in the number of buyers

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willing to purchase such securities. As a consequence, despite the Company s past success in securing significant equity financing, market forces may render it difficult or impossible for the Company to secure investors to purchase new share issues at a price which will not lead to severe dilution to existing shareholders, or at all. Therefore, there can be no assurance that significant fluctuations in the trading price of the Company s common shares will not occur, or that such fluctuations will not materially adversely impact on the Company s ability to raise equity funding without significant dilution to its existing shareholders, or at all.

General economic conditions may adversely effect our growth and profitability.

The recent unprecedented events in global financial markets have had a profound impact on the global economy. Many industries, including the mining industry, are impacted by these market conditions. Some of the key impacts of the current financial market turmoil include contraction in credit markets resulting in a widening of credit risk, devaluations and high volatility in global equity, commodity, foreign exchange and precious metal markets, and a lack of market liquidity. A continued or worsened slowdown in the financial markets or other economic conditions, including but not limited to, consumer spending, employment rates, business conditions, inflation, fuel and energy costs, consumer debt levels, lack of available credit, the state of the financial markets, interest rates, and tax rates may adversely affect Geovic Mining s growth and profitability. Specifically:

- the global credit/liquidity crisis could impact the cost and availability of financing and our overall liquidity;
- the volatility of commodity prices would impact our revenues, profits, losses and cash flow;
- volatile energy prices, commodity and consumables prices and currency exchange rates would impact our production costs; and
- the devaluation and volatility of global stock markets would impact the valuation of our equity and other securities.

These factors could have a material adverse effect on Geovic Mining s financial condition and results of operations.

GeoCam may fail to secure Nkamouna Project financing if lenders or their advisors conclude that changes to the complex ore processing techniques considered in the technical analyses currently being conducted and any subsequent feasibility study are not adequately tested, or feasible.

In response to observations that raised questions about the efficacy of a few aspects of planned ore processing considered in the 2007 feasibility study and the September 2008 Optimization Study, we intend to modify certain of the metallurgical processing to be utilized to refine cobalt and nickel from the Nkamouna Project ore. If potential lenders are not ultimately assured that planned metallurgical processes will allow the processing facilities to operate successfully as designed, Nkamouna Project debt financing may be delayed until further testing is performed or funding could be unavailable altogether.

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

Our development in the future will be highly dependent on the efforts of key management employees, namely, John E. Sherborne, William A. Buckovic, David C. Beling, Gary Morris, Greg Hill, and Richard Howe (currently Chief Executive Officer, President, Chief Operating Officer, Senior Vice President, Chief Financial Officer, and GeoCam Managing Director, respectively) and other key employees that we hire in the future. Loss of any of these executives could have a material adverse effect on our operations and future success. We do not have and currently have no plans to obtain key man insurance with respect to any of our key employees.

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

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

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

Geovic has owned a majority interest in GeoCam since its inception more than a decade ago. Geovic employees have managed the exploration of the GeoCam deposits and negotiated the terms of the required Cameroon government approvals and permits and financings we have completed. Under the Technical Services Contract with GeoCam 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.

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

Our ability to place the Nkamouna Project 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 and contractors working under our supervision and entering into agreements with other major resource companies that can provide required expertise or equipment. We also 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, equipment or local workers 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 the Nkamouna Project, 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 or on terms acceptable to us.

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

Our principal assets are reserves of cobalt, nickel and manganese in the Nkamouna Project and unproven mineralization in the 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 declined significantly in 2008. These commodity prices are affected by numerous factors beyond our control, including, but not limited to, worldwide economic conditions, international economic and political trends, realized or expected levels of inflation,

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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 asset values, cash flows, potential revenues and profits of the Cameroon Properties if they were placed into production.

GeoCam may not be able to produce and sell mineral products at profitable prices. GeoCam has not, as yet, entered into forward sales arrangements to help reduce the risk of volatility in commodity prices. Our future operations are therefore more exposed to the impact of future decreases in commodity prices. Conversely, forward sales contracts would limit potential upside market swings. Such upside price swings could have a significant benefit to companies that take added market risk and sell produced mineral product on the open spot metals market. There is currently no futures market for cobalt as a commodity. If cobalt or nickel prices decrease significantly at a time when our properties are producing and we have not completed forward sales arrangements, we would realize reduced revenue.

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.

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 Nkamouna Technical Report 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 independent consultants and the Company in late 2008 concluded that revisions to planned processing methods should be made to reduce risk. These revisions when fully tested and adopted could affect the calculations of our reserves. There is a risk that full scale production activities may indicate technical and commercial shortcomings to whatever processing methodology is installed. Consequently, actual results may vary materially and adversely affect projected values given to reserves.

Until reserves are actually mined and processed, the quantity of ore and grades must be considered as an estimate only. In addition, the quantity of reserves and ore may vary depending on metal prices. Any material

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

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

Completion of the development of the Nkamouna Project is subject to various infrastructure requirements, including the availability and timing of acceptable arrangements for 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, enter into a strategic alliance or sell a property interest, we will be unable to develop the Nkamouna Project.

The Nkamouna Project requires significant capital expenditures to construct mining and processing facilities and related infrastructure. We will require external debt and equity financing to fund the development and to construct mining and processing facilities 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 we may use for these purposes include secured project debt incurred by GeoCam, convertible debt of the Company or GeoCam and equity placements by GeoCam or the Company. In addition, 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, including significant additional equity contributions to GeoCam. The financing options chosen may not be available on acceptable terms, or at all. The failure to obtain adequate financing on a timely basis will have a material adverse effect on our growth strategy, results of operations and financial condition.

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

GeoCam could inadvertently be deemed noncompliant with terms or conditions of its Cameroon mining and other permits and authorizations. There may be challenges to title to other mineral properties that we currently

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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 or lose our interest completely. Also, in any such case, the investigation and resolution of title issues would divert our management s time from ongoing exploration and development programs.

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

All phases of our operations are subject to environmental regulation. Environmental legislation is evolving in countries and local jurisdictions in a manner which will likely require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects, and a heightened degree of responsibility for companies and their officers, directors and employees. Future changes in environmental regulation, if any, could adversely affect our projects.

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

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

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

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

Provisions of the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) impose strict joint and several liability on parties associated with releases or threats of releases of hazardous substances. Our mining operations may produce hazardous substances which could accidentally be released to the environment, and in the United States 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. We expect that decisions made by any

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of such directors relating to the Company will be made in accordance with their duties and obligations to deal fairly and in good faith with the Company and such other companies.

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

The 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 apply to its activities in Cameroon. Other permits required to construct and operate a mining and processing facility may contain terms and conditions that are difficult or expensive to meet. Such laws and regulations may adversely affect the profitability of GeoCam s operations.

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

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

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

The political risk in sub-Saharan Africa is significant. GeoCam s rights to explore and develop mineral deposits in Cameroon are always subject to the continued political stability of the Republic of Cameroon and its government. In March 2008 Cameroon experienced some domestic strikes and political unrest that subsided within weeks. 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.

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

The FCPA prohibits payments of, promises to pay, or authorizations to pay, money, gifts or anything of value to officials of foreign governments, in order to obtain or retain business. Payments or gifts to a third party, such as an agent or sales representative, while knowing (or having reason to know) that all or part of the

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money or gift will be offered or given to such an official, are also prohibited. If employees violate the FCPA, the violation creates severe potential criminal and civil liability for themselves and the affiliated U.S. Company. The types of conduct prohibited by the FCPA are not always clear. As a result, caution is required when doing business through foreign consultants, commercial representatives or agents, or with businesses that are owned, in whole or in part, by foreign governments or that have personal or family ties to government officials. We do not oversee the day to day operations of employees or representatives of GeoCam. Although we emphasize compliance with the FCPA to all our employees and representatives and those of GeoCam, there remains a significant risk of violation in Cameroon.

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

We have documented and tested, during the current fiscal year, our internal controls and procedures in order to satisfy the requirements of Section 404 of the Sarbanes-Oxley Act (SOX). SOX requires an annual report by management of the effectiveness of the Company s internal control over financial reporting and an attestation report by the Company s independent auditors addressing internal controls over financial reporting. Management evaluated the Company s disclosure controls and procedures and concluded that they are not effective as of December 31, 2008. Also, the Company s Chief Executive Officer and Chief Financial Officer evaluated our internal control over financial reporting and determined that as of December 31, 2008 material weaknesses exist. Those material weaknesses included: entity-level weakness in control activities related to the design and operation of our supervision and monitoring of the period-end financial statement review processes, transaction-level material weakness in the design and operating effectiveness of certain controls related to several financial statement accounts, failure to maintain adequate segregation of duties among our accounting staff and management, and entity-level material weakness in the control environment related to our period-end financial reporting process due to an insufficient number of qualified personnel with the required proficiency.

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

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

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Risks related to ownership of our stock

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

As a result of the current instability in the financial markets, our common stock price and warrant prices have decreased significantly since 2007. We cannot predict if or when current adverse economic conditions will be resolved and what the affect this instability will continue to have on the price of our common stock and warrants.

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

The market price of our common stock and warrants may be subject to wide fluctuations in response to many factors, including worldwide economic conditions and commodities prices, variations in our operating results, divergence in financial results from analysts expectations, changes in performance estimates by analysts, changes in our business prospects, 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.

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

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

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

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

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

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

ITEM 1B. UNRESOLVED STAFF COMMENTS

None

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ITEM 2. PROPERTIES
Glossary of Certain Terms

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

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

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

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

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

***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.

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

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

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

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

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

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

Water Table. The 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 NI 43-101 Technical Report, Nkamouna Cobalt Project, Feasibility Study dated January 18, 2008 (the Nkamouna Technical Report) prepared for Geovic Mining by Pincock Allen & Holt (PAH), and the NI 43-101 Technical

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Report Nkamouna and Mada Cobalt Projects, Cameroon, dated March 12, 2007 (the Mada Technical Report) prepared for Geovic and GeoCam by PAH. At the time the NI 43-101 Technical Reports were prepared PAH was and continues to be independent from the Company. 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 Reports. We have omitted much of the background information that is included in the Technical Reports. For a complete description of assumptions, qualifications and procedures associated with the following information and for additional details about the findings of PAH, reference should be made to the full text of the Nkamouna Technical Report and the Mada Technical Report which are available electronically from the Company s website at *www.geovic.net* and on SEDAR at *www.sedar.com*. References to Geovic in this Item 2 Properties include the Company and GeoCam, as applicable.

In September 2008 the Company received an independent study that further optimized the Nkamouna feasibility study described in the Nkamouna Technical Report as reported in the Company s press release and Form 8-K dated September 3, 2008; however, all technical and related information on the Nkamouna Project in this report is based on the Nkamouna Technical Report, which is the last technical report prepared in compliance with NI 43-101. The Company and GeoCam are currently reviewing and evaluating all significant refining and metallurgical aspects of the Nkamouna Project with the aim to improve technical and economic performance.

Project Description and Location

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

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

GeoCam s Nkamouna Project is located in the Haut Nyong district, East Province of Cameroon, Africa. 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. 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 7 hours.

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Figure A

Location Map and Mine Permit Area

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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 the mineral exclusive zone (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. The Mining Permit was issued on April 11, 2003 granting GeoCam the exclusive rights to exploit the deposits within the Permit area, and to commence mining activities within four years, a period which has been extended. The Mining Permit will remain in force for the duration of the mineable resource and has an initial term of 25 years. The Mining Permit and Mining Convention are renewable every 10 years thereafter until the depletion of resources.

Specific sites that will be impacted by mining and mine related activities are being permitted under a government-prescribed 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

The principal remaining permits required by GeoCam before the initiation of construction at Nkamouna include finalization of Land Lease for development sites that were negotiated in late 2008. 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 lease is finalized, in accordance with the Mining Convention.

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. GeoCam s mining operations will result in partial deforestation during the mining phase, which will represent less than 0.5% of the annual deforested area within the region.

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 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.

All environmental permits necessary to construct and operate the project had been received by the end of 2008.

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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.

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 statutory income tax rates in Cameroon as of year end 2008 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 first 17 years of the exploitation phase. 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 are 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 will reduce 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, at least until mine construction begins.

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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 40 kilometer road from Lomie to the site of the GeoCam field camp supports heavy log and lumber transports, as does the road from the field camp to the project site. Driving from Yaoundé to the Nkamouna Project takes approximately 7 hours.

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

The economy of Lomie is largely undeveloped, except for a large sawmill and surrounding timber harvesting operations, and small local businesses and government agencies. Lomie s municipality has provided diesel electric power (200kW) since 1997. Lomie is also 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 in the region.

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

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

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

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 NCTSF. 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 nearly all project electrical energy requirements. In addition to the Kongo compound, a temporary construction camp will be installed and used until permanent housing can be constructed to meet project operating requirements. On-site accommodations will be provided for expatriate staff. Housing and other community assistance will be provided to local employees, who will be drawn from nearby villages.

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Recent logging under of pre-existing timber leases has occurred throughout most of the mineralized areas within the Mine Permit

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 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 16 meters. The majority of the deposit is situated down slope 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.

Geology Setting

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 Cameroon Project

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.

At Nkamouna, petrographic evidence suggests that the parent rock to the serpentinite was probably a dunite (rock containing +90 percent olivine). 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. 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 sites of most of the UNDP holes were subsequently surrounded by gridded Geovic drill holes and pits, and the effective influence of the UNDP holes on resource tonnage calculations is negligible.

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Geovic s exploration 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.

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.

Mineralization

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.

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. 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. Asbolane is widespread in nickeliferous laterites, but elsewhere is usually present in very small amounts and is normally inconspicuous as black blebs on fractures. The asbolane occurrence at 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, which can be readily prepared into a significantly upgraded concentrate prior to processing.

Drilling

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

Until the 2008 drilling program, most of the sampling at Nkamouna, and nearly all sampling in the other deposit areas, has been by pitting, with a lesser amount from drilling. In 1999 a total of 23 core drill 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. A reverse-circulation drill was used between May 2002 and September 2003, when 176 holes totaling 3,690.25 meters were drilled at Nkamouna. The majority of all samples for testing were obtained by developing pits or shafts of a nominal 1.2 meter diameter.

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2008 Drilling

GeoCam completed an extensive exploratory drilling program in the Nkamouna and Mada deposits in 2008, as summarized in *Item 1, Business*, page 8. GeoCam has received assay or other testing results from about 25% of the 2,045 drill holes completed and 48,095 samples collected for assay and no assessment of the data has been completed. It is anticipated that this extensive data may significantly increase our Proven and Probable reserves when analyzed.

Sampling and Analysis

GeoCam maintains a sample-preparation facility at the Kongo Camp, where samples are prepared for assay. Most of the sample points were exposed and sampled by test pits, dug using simple hand tools by local labor crews. PAH reviewed the pre-2008 sampling procedures in detail, and photographed each stage of preparation.

A sample was 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 was visited daily during drilling 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.

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.

PAH found that Geovic personnel, and contractors paid close attention to sampling and sample-processing techniques, and have varied the techniques from time to time, based on careful analysis of results, including comparisons between different methods. PAH determined 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.

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.

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 were undertaken by Geovic on behalf of GeoCam throughout the sampling phase of the project. Geovic undertook a comprehensive program of comparing second sample comparisons from Nkamouna. The pairs of samples extracted from the same sample intervals showed a high degree of correlation for cobalt, nickel and manganese, providing confidence in the ability to generate reproducible assay results from similar sample material. 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. PAH accepted 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 based on data available at the end of 2007, as included in the Nkamouna Technical Report.

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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.

The mineral resource is summarized by resource category and lithologic unit in *Table 1* below. The cutoff grades in this table are different for each lithology and are approximate economic cutoffs based on the different processing characteristics of each lithology.

TABLE 1

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**

A top-of-mineralization, or TOMI, model was created by PAH 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.

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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.

Processing the unique Nkamouna ore will require crushing, attritioning and particle sizing to produce a high-grade, coarse concentrate (PUG). The PUG plant basically consists of a receiving hopper and two stages each of crushing, attritioning and particle classifying to produce coarse, high-grade concentrates low-grade middlings and fine tailings . The concentrate will be conveyed to a receiving bin at the process plant. As 60% of the cobalt is concentrated in only 20.5% of the ore weight, the process plant size is much smaller and financial performance is dramatically improved compared to processing run-of-mine ore.

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

A net revenue cutoff of $12.00 per tonne of ore was used to define the ore and the net revenue summary. 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.

TABLE 2

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[(1)]	**54,742**	**0.248**	**0.687**	**1.331**	**4,327**	**98,231**	**157,299**

(1) Geovic estimates the contained metal to be approximately 299.4 million lbs of cobalt, 829.2 million lbs of nickel and 728 thousand tonnes of manganese.

Mining Operations

Table 3 below summarizes the estimates of project economics for the Nkamouna Project included in the Nkamouna Technical Report, which is based on the data and processes reviewed in the feasibility study completed by consultants in December 2007 (the FFS). PAH has not reviewed the OS and the Nkamouna Technical Report has not been revised or updated since it was prepared in early 2008. Because GeoCam expects to significantly revise the methodology for ore processing on site at Nkamouna, a revised feasibility study is expected to be obtained before proceeding with any mine construction activities. However the following data summarizes the assumptions made by PAH in the Nkamouna Technical Report.

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 mine plan described in the Nkamouna Technical Report 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.

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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 with mine waste. The blocks are developed in a direction progressing downhill. This will minimize 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.

The average annual mining rate is 8.3 million tonnes material over the initial 19 year mine life. This includes 5.4 million tonnes of waste per year and 2.9 million tonnes 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.

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.

The PUG plant throughput at a nominal 9,800 tpd will generate 7,000 tpd of fine tailings, 800 tpd of middling concentrates and 2,000 tpd of feed to the metal recovery plant. The PUG tailings will be disposed of in the NCTSF. The middling concentrate will be backfilled and stored in separate areas of the mine.

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 17 years are estimated to recover 175 million pounds of cobalt, and 133 million pounds of nickel. Economic recovery of Manganese was not considered in the Nkamouna Technical Report, although production of significant amounts of Manganese carbonate from operations was noted.

The total initial capital estimated in the Nkamouna Technical Report is approximately $397 million, with an additional $51 million of working capital required during mine life. Sustaining capital required over the initial 19-year mine life was estimated at $87 million in the Technical Report. Base case estimated cash operating cost per pound of cobalt produced was $3.12 after nickel by-product credits, including direct and indirect costs and production taxes.

The base case used three-year average metal prices $20.08 per pound of cobalt and $11.16 per pound of nickel. Project payback is estimated at 2.9 years based on these assumptions. Total before-tax cash flow is estimated at $2.53 billion.

Reserve estimates were based on the prices used for establishing reserves as summarized in *Table 2* above. The Leveraged Case assumes the same metal prices as the Base Case but assumes 60 percent debt and 40 percent equity with eight year loans at 8.5 percent.

Returns would vary significantly depending on metal prices and other factors. Significantly lower cobalt and nickel prices at year end 2008 would decrease returns and increase the time required for project payback, among other things.

Additional sensitivity models were prepared that varied the capital and operating costs, metal prices and metal recovery. The following Table reflects the Company s information contained in the Nkamouna Technical Report and does not include information included in the optimization study completed in September 2008 (OS) or preliminary studies commenced by the Company since receipt of the OS.

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TABLE 3

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.

The following table reflects the reported annual average spot price for cathodes for cobalt and nickel as reported by Platt s Metals Week and Metals Bulletin (Macquarie) for Cobalt and London Metals Exchange for nickel for each of the last five years, and the last reported price in December 2008. This information was not included in the Technical Report.

	Year end 2008	2008	2007	2006	2005	2004
Price per pound cobalt	$ 17.50	$ 38.42	$ 29.00	$ 17.13	$ 15.90	$ 23.93
Price per pound nickel	$ 4.37	$ 9.62	$ 16.86	$ 11.02	$ 6.69	$ 6.27

MADA PROJECT

Information in this section is summarized, from the Mada 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 10 kilometers 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 above. Nevertheless, GeoCam will need to develop a site specific environmental study of the Mada Project, much the same as was produced for Nkamouna.

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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 other five laterite mineralized plateaus included under the Mine Permit. Geology of the deposit is similar to the Nkamouna Project, described above.

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. Until 2008, when 980 holes, totaling 22,717 meters, were drilled, and 19,839 assay samples gathered from the holes. No extensive drilling had been conducted at the Mada Project before 2008. All previous samples had been obtained by developing pits or shafts of a nominal 1.25 meter diameter. Assay and sample results for 2008 drilling are expected to be received by late summer 2009.

Mineralization

Before the 2008 drilling, 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 was sparse. Nevertheless, through 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 deposit will likely be mined as an open-pit similar to Nkamouna. No mine plan has been developed to date. GeoCam will await results from 2008 and commencement of further development of the Nkamouna Project drilling 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 and early 2008 we actively leased mineral properties and staked mining claims in the United States through our wholly-owned subsidiary, Geovic Energy.

Arizona Properties

Through geologic map