

GEOVIC MINING CORP.
Form 10-Q
November 12, 2013
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2013

OR

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

Commission File Number 000-52646

GEOVIC MINING CORP.

(Exact name of registrant as specified in its charter)

| | |
|--|---|
| DELAWARE (State or other jurisdiction of | 20-5919886 (IRS Employer |
| incorporation or organization) | Identification No.) |
| 5500 E. Yale Ave. Suite 302 | |
| Denver, Colorado (Address of principal executive offices) | 80222 (Zip Code) |
| (303) 476-6455 | |
| (Registrant's telephone number, including area code) | |

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 the filing requirements for the past 90 days: Yes No

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

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

| | |
|--|---|
| Large accelerated filer <input type="checkbox"/> | Accelerated filer <input type="checkbox"/> |
| Non-accelerated filer <input type="checkbox"/> (Do not check if a smaller reporting company) | Smaller reporting company <input checked="" type="checkbox"/> |

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

106,719,602 Shares of Common Stock, \$0.0001 par value, were outstanding at November 8, 2013

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Geovic Mining Corp.

(an exploration stage company)

FORM 10-Q

For the Three and Nine Months Ended September 30, 2013

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Geovic Mining Corp.****(an exploration stage company)****CONDENSED CONSOLIDATED BALANCE SHEETS****(Unaudited, in thousands except per share amounts)**

| | September 30, 2013 | December 31, 2012 |
|--|-----------------------|----------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 268 | \$ 4,259 |
| Restricted cash | 356 | 427 |
| Prepaid expenses | 143 | 495 |
| Other | 38 | 93 |
| Total current assets | 805 | 5,274 |
| Property, plant and equipment, net <i>[note 5]</i> | 1,394 | 2,316 |
| Deposits | 43 | 251 |
| Total assets | \$ 2,242 | \$ 7,841 |
| LIABILITIES | | |
| Current liabilities: | | |
| Accrued liabilities and other payables <i>[note 6]</i> | \$ 794 | \$ 764 |
| Accrued payroll and related <i>[note 6]</i> | 250 | |
| Short-term debt <i>[note 7]</i> | 120 | |
| Accrued litigation <i>[note 17]</i> | 250 | |
| Related party payable | 328 | 359 |
| Total current liabilities | 1,742 | 1,123 |
| Other liabilities | 470 | 720 |
| Total liabilities | 2,212 | 1,843 |
| Commitments and contingencies <i>[note 17]</i> | | |
| EQUITY | | |
| Stockholders equity: | | |
| Common stock, par value of \$0.0001, 200 million shares authorized and 106.7 and 106.6 million shares issued and outstanding as of September 30, | 11 | 11 |

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2013 and December 31, 2012, respectively

| | | |
|--|-----------------|-----------------|
| Additional paid-in capital | 110,581 | 110,577 |
| Deficit accumulated during the exploration stage | (119,208) | (113,563) |
| Total stockholders equity | (8,616) | (2,975) |
| Noncontrolling interest <i>[note 12]</i> | 8,646 | 8,973 |
| Total equity | 30 | 5,998 |
| Total liabilities and equity | \$ 2,242 | \$ 7,841 |

The accompanying notes are an integral part of these financial statements

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Geovic Mining Corp.

(an exploration stage company)

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited, in thousands, except share and per share amounts)

| | Three months ended September 30, | | Nine months ended September 30, | | Unaudited Period from Nov. 16, 1994 (inception) to September 30, 2013 |
|--|----------------------------------|----------------|---------------------------------|----------------|---|
| | 2013 | 2012 | 2013 | 2012 | |
| EXPENSES (INCOME) | | | | | |
| Exploration costs <i>[note 4]</i> | \$ 702 | \$ 1,205 | \$ 1,911 | \$ 3,538 | \$ 95,787 |
| General and administrative | 1,258 | 1,635 | 3,739 | 5,362 | 48,955 |
| Stock-based compensation <i>[note 8]</i> | | 19 | 4 | 94 | 18,701 |
| Change in fair value of warrants | | | | | (675) |
| Interest and bank charges | 5 | 4 | 12 | 14 | 421 |
| Depreciation | 183 | 221 | 581 | 672 | 5,048 |
| Property, plant and equipment impairment <i>[note 5]</i> | 309 | | 309 | | 309 |
| Mineral property impairment | | | | | 3,244 |
| Total Expenses | 2,457 | 3,084 | 6,556 | 9,680 | 171,790 |
| Other Income | (9) | (166) | (91) | (683) | (1,772) |
| (Gain)/Loss on disposal of asset | 12 | 249 | (15) | 250 | 317 |
| Interest income | | | | (8) | (4,861) |
| Net loss before income taxes | (2,460) | (3,167) | (6,450) | (9,239) | (165,474) |
| Income tax benefit | | | | | (65) |
| Consolidated net loss | (2,460) | (3,167) | (6,450) | (9,239) | (165,409) |
| Less: Net loss attributed to the noncontrolling interest | (355) | (330) | (805) | (876) | (32,207) |
| Net loss attributed to Geovic stockholders | \$ (2,105) | \$ (2,837) | \$ (5,645) | \$ (8,363) | \$ (133,202) |

| | | | | |
|---|-------------|-------------|-------------|-------------|
| Net loss per share attributed to Geovic common stockholders | \$ (0.02) | \$ (0.03) | \$ (0.05) | \$ (0.08) |
| Weighted average shares outstanding basic and diluted | 106,700,261 | 106,639,602 | 106,659,896 | 106,592,178 |

The accompanying notes are an integral part of these financial statements

Table of Contents**Geovic Mining Corp.**

(an exploration stage company)

CONDENSED CONSOLIDATED STATEMENTS OF EQUITY**(Unaudited, in thousands, except share amounts)**

| | Common Stock Shares | Amount | Additional paid-in capital | Deficit | Noncontrolling Interest | Total |
|--|--------------------------------|---------------|---------------------------------------|----------------|------------------------------------|--------------|
| Balance, December 31, 2011 | 106,357,754 | \$ 11 | \$ 110,430 | \$ (102,775) | \$ 9,946 | \$ 17,612 |
| Vesting of restricted stock <i>[note 8]</i> | 100,000 | | | | | |
| Stock options exercised <i>[note 8]</i> | 181,848 | | 36 | | | 36 |
| Stock-based compensation <i>[note 8]</i> | | | 111 | | | 111 |
| Noncontrolling interest contribution | | | | | 280 | 280 |
| Net loss for year | | | | (10,788) | (1,253) | (12,041) |
| Balance, December 31, 2012 | 106,639,602 | \$ 11 | \$ 110,577 | \$ (113,563) | \$ 8,973 | \$ 5,998 |
| Vesting of restricted stock <i>[note 8]</i> | 80,000 | | | | | |
| Stock-based compensation <i>[note 8]</i> | | | 4 | | | 4 |
| Noncontrolling interest contribution | | | | | 478 | 478 |
| Net loss | | | | (5,645) | (805) | (6,450) |
| Balance, September 30, 2013 | 106,719,602 | \$ 11 | \$ 110,581 | \$ (119,208) | \$ 8,646 | \$ 30 |

The accompanying notes are an integral part of these financial statements

Table of Contents**Geovic Mining Corp.****(an exploration stage company)****CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS****(Unaudited, in thousands)**

| | Three months ended September 30, 2012 | | Three months ended September 30, 2013 | | Unaudited Period from Nov. 16, 1994 (inception) to September 30, 2013 |
|---|--|----------------|--|----------------|--|
| | 2012 | 2012 | 2013 | 2012 | 2013 |
| OPERATING ACTIVITIES | | | | | |
| Consolidated net loss | \$ (2,460) | \$ (3,167) | \$ (6,450) | \$ (9,239) | \$ (165,409) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | | | | |
| Depreciation expense | 183 | 221 | 581 | 672 | 5,048 |
| Stock-based compensation expense | | 19 | 4 | 94 | 18,701 |
| Change in fair value of warrants | | | | | (675) |
| (Gain)/Loss on disposal of assets | 12 | 249 | (15) | 250 | 317 |
| Property, plant and equipment impairment [note 5] | 309 | | 309 | | 309 |
| Writeoff of mineral leases | | | | | 3,244 |
| Changes in non-cash operating working capital: | | | | | |
| Decrease (increase) in restricted cash | (11) | (2) | 71 | (102) | (356) |
| Decrease (increase) in prepaid expenses | 156 | 300 | 352 | 104 | (143) |
| Decrease (increase) in other assets | 45 | 249 | 55 | 32 | (38) |
| Decrease (increase) in deposits | 236 | 55 | 208 | 71 | (43) |
| Increase (decrease) in accrued liabilities and other payables | 195 | (137) | 30 | (152) | 794 |
| Increase in accrued payroll and related | 250 | | 250 | | 250 |
| Increase in accrued litigation | 250 | | 250 | | 250 |
| Increase (decrease) in other liabilities | (250) | (12) | (250) | (25) | 470 |
| Increase (decrease) in related party payable | (2) | (30) | (31) | (28) | 328 |
| Cash used in operating activities | (1,087) | (2,255) | (4,636) | (8,323) | (136,953) |
| INVESTING ACTIVITIES | | | | | |
| Purchases of property, plant and equipment | (2) | (60) | (11) | (235) | (7,187) |
| Proceeds on sale of assets | | | | | |