

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)

**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)

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<b>Delaware</b> (State or other jurisdiction of incorporation or organization)	<b>20-5919886</b> (I.R.S. Employer Identification No.)
<b>1200 17th Street, Suite 980</b>	
<b>Denver, Colorado</b> (Address of principal executive offices)	<b>80202</b> (Zip Code)
<b>Registrant's telephone number, including area code: (303) 476-6455</b>	

**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

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

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark 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  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

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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**GEOVIC MINING CORP.**

**2008 ANNUAL REPORT ON FORM 10-K**

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**CAUTIONARY LANGUAGE ABOUT FORWARD-LOOKING STATEMENTS**

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

Statements contained in this annual report that are not historical facts are forward-looking statements that involve risks and uncertainties. Forward-looking statements include, but are not limited to, statements with respect to the 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;

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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:

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

\* 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:

	<i>Gross Acres</i>			<i>Net Acres</i>
	<b>LEASES</b>	<b>CLAIMS</b>	<b>TOTAL</b>	<b>TOTAL</b>
<b>COLORADO</b>				
<i>Weld County</i>	57,007		57,007	16,557
<b>WYOMING</b>	95,227	17,021	112,248	63,457
<i>Goshen County</i>	95,227	2,562	97,789	49,502
<i>Sweetwater County</i>		12,987	12,987	12,987
<i>Fremont County</i>		968	968	968
<b>TOTALS</b>	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 17<sup>th</sup> 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](http://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 o*