

GEOVIC MINING CORP.
Form 10-K
March 27, 2013
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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, 2012

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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Delaware
(State or other jurisdiction of

20-5919886
(I.R.S. Employer

incorporation or organization)

Identification No.)

5500 E. Yale Ave. Suite 302

Denver, Colorado
(Address of principal executive offices)

80222
(Zip Code)

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

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

None

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

Common Stock, par value \$0.0001 per share

Title of each class to be so registered

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

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

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

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

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

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

Large Accelerated Filer

Accelerated Filer

Non-accelerated Filer

Smaller Reporting Company

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

The aggregate market value of the Registrant's common stock held by non-affiliates, computed by reference to the closing price of the common stock as of June 30, 2012, the last business day of the Registrant's most recently completed second fiscal quarter, was approximately \$5,832,982.

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At March 20, 2013, there were 106,639,602 shares of the Registrant's common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

NONE

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2012 ANNUAL REPORT ON FORM 10-K

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

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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 the forward looking statements with respect to 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, the timing of additional tests, feasibility studies and environmental permitting, estimates of mineral reserves and mineralized material; our expectations regarding the amount of capital required prior to production at the Nkamouna Project and our ability to source the required capital; success of exploration activities; permitting time lines; construction and capital costs; operating expenses; currency fluctuations; requirements for additional capital; our expectations regarding processing and marketing of future production from the Nkamouna Project; our ability to enter into off-take arrangements; government regulation of mining operations; environmental risks; unanticipated reclamation expenses; title disputes or claims; limitations on insurance coverage; commencement of mine production, anticipated expenditures in 2013; and our expectations regarding securing a potential strategic investor for, or a sale of our interest in, the Nkamouna Project and future debt and equity financing for the Project, and our ability to satisfy our cash requirements through the second quarter of 2013. Forward-looking statements involve known and unknown risks, uncertainties, and other factors which may cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such risks and other factors include, among others, the risk factors discussed below in Item 1A Risk Factors, and other factors described herein and in other filings with the U.S. Securities and Exchange Commission (the SEC) and Canadian securities regulatory authorities. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The forward-looking statements in this annual report speak only as of the date hereof. The Company does not undertake any obligation to release publicly any revisions to these forward-looking statements to reflect new information, events or circumstances except as may be required under applicable securities laws.

CAUTIONARY NOTE REGARDING DISCLOSURE OF MINERAL PROPERTIES

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

We disclose mineral reserves and mineral resources according to the definitions set forth in NI 43-101 and modify them as appropriate to conform to Guide 7 for reporting in the United States. In this Form 10-K, we use the term mineralized material to describe the amount of mineralization in mineral deposits that do not constitute reserves by United States standards. This is substantially equivalent to the total measured mineral

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resources and indicated mineral resources (disclosed as exclusive of reserves), which we disclose for reporting purposes in Canada. U.S. investors are cautioned that, while the terms measured mineral resources, indicated mineral resources and inferred mineral resources are recognized and required by Canadian securities laws, rules adopted by the SEC do not recognize them. U.S. investors are also cautioned not to assume that all or any part of measured or indicated resources will ever be converted into Guide 7 compliant reserves.

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PART I

ITEM 1. BUSINESS

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

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

Intercorporate Relationships

The following chart illustrates the inter-corporate relationships among the Company and its subsidiaries as of March 20, 2013.

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

Our principal business has been conducted through Geovic by which we hold our interest in rights to several cobalt-nickel-manganese deposits in the Republic of Cameroon in Africa through the ownership interest in GeoCam. Our principal business focus from 1994 to 2012 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 had planned to develop and mine the Nkamouna and Mada deposits (together, the Nkamouna Project or the Project) before the other deposits are developed. Since early 2012 we have been seeking to 1) realize value for

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the Cameroonian assets and 2) shift the Company's focus to a prospect generation and strategic investment business model. Because our position in GeoCam will likely be significantly diminished or completely eliminated through strategic investment, the future direction for the Company will be to identify

new exploration prospects, minimally develop and prioritize these prospects, and sell or joint venture further exploration and development of these prospects to others.

Business Operations in Cameroon

Qualified independent consulting firms identified and retained by either Geovic or GeoCam completed engineering pre-feasibility studies and technical reports on the Nkamouna deposit in 2006, a feasibility study in November 2007, a NI 43-101 compliant technical report in January 2008, a feasibility optimization study in September 2008 (2008 OS), an updated NI 43-101 compliant technical report on the Nkamouna Project in November 2009 (the 2009 Nkamouna Technical Report), a final feasibility study (the Feasibility Study) in April 2011 and a NI 43-101 Technical Report describing the results of the Feasibility Study in June 2011.

Beginning in late 2008 and continuing through early 2011, several process improvement programs were initiated to enhance the Nkamouna Project's economics and reduce technical and financial risks. These included adopting conventional leaching technology and demonstrating the processes through readily available batch and continuous pilot scale laboratory testing programs, which were completed in 2011 by independent third parties. These testing programs have validated the process improvements and planned production presented in the Feasibility Study.

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

In December 2009 GeoCam engaged Lycopodium Pty Ltd. (Lycopodium), an independent international engineering firm based in Perth, Australia to prepare the Feasibility Study for the Nkamouna Project. The Feasibility Study was completed in April 2011. The Feasibility Study included estimated construction and capital costs, operating expenses and future net cash flow from mining operations for the Nkamouna Project. After the Feasibility Study was completed, we continued work with GeoCam to seek Project financing options and product sales agreements, including negotiating with potential strategic investors in the Nkamouna Project.

During 2011 after completion of the Feasibility Study and during 2012, GeoCam undertook additional activities to advance the Nkamouna Project as follows:

Completed a Technical Report for the Nkamouna and Mada Deposits to meet the requirements of NI 43-101;

Completed specialty evaluations on elemental deportation in the metallurgical process, critical habitats and sensitive fauna species, and glauber salt and hydrosizer processes;

Completed an update to the Project Environmental and Social Assessment (ESA), which is aligned with the Feasibility Study;

Continued to work with the Public Liaison Committee and Nkamouna area stakeholders to guide and focus community development initiatives;

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

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Assisted with the due diligence of potential strategic partners who have indicated an interest in a potential equity investment and/or have indicated an interest in purchasing the commodities produced;

Assisted with the due diligence efforts of the independent engineering and environmental and social consultants of potential project financing lenders; and

Arranged for numerous product samples to be shipped to potential offtake partners to determine compatibility with their metallurgical processes.

Based on the Feasibility Study and the observations of GeoCam's financial advisor, the estimated construction and capital costs for the Project including financing costs during construction and initial operations totaled approximately \$800 million at the time the Feasibility Study was completed. Lower commodity prices for cobalt, nickel and manganese since the Feasibility Study was completed have diminished the near-term revenue and cash flow expectations from the Project. As a result of these market conditions, during 2012, we and the minority shareholders of GeoCam determined that it would be challenging to finance the amounts required for Project construction and initial operating costs. We, therefore, have shifted our focus to developing a relationship with a strategic partner or selling all or a portion of our interest in the Project, which could lead to our position in GeoCam being significantly diminished or completely eliminated.

Refer to [Item 2. Properties](#) for more detailed information on the Nkamouna Project and other deposits held by GeoCam.

Other Exploration Activities

The Company has discovered new mineralization on a number of its mineral properties in the United States and Asia-Pacific regions.

We have identified multiple chromite deposits in New Caledonia, a French overseas collectivity northeast of Australia in the South Pacific region. In 2010 through a Geovic subsidiary we applied for exploration licenses covering approximately 100 square kilometers. These licenses were granted in late 2010 and early 2011. We devoted the balance of 2011 and early 2012 seeking authorizations to drill these properties. In mid-2012 we commenced exploration activities on these licenses resulting in the augering of 434 holes on 9 of the 31 license areas held by the Company. Since early December 2012 an additional 120 holes have been reported for resource analysis on three additional properties of the 31 Company properties. Further auger drilling is expected to be carried out in 2013 on the remainder of these license areas to complete a NI 43-101 resource report and convert a portion of these exploration licenses to mining licenses later in 2013 and early 2014, subject to obtaining the financial resources necessary to carry out these business plans.

In 2012 we conducted a preliminary exploratory test drill hole for gold in southeastern Arizona on our existing mineral holdings. Based on the drilling results and other surface testing and geophysical surveys, the Company has increased its land holdings from approximately 48 square miles to over 70 square miles. Further permitting of other drill sites was completed in early December 2012 covering 5 drill targets for an additional 14 drill holes. Further drill permitting is underway to obtain an additional 4 drill targets comprising 14 additional drill holes.

In late 2010 the Company discovered zirconium and other related advanced metals and rare earth elements in southeast New Mexico. Later in 2011 and early 2012 the Company carried out a limited subsurface drill program. Based on this drilling and subsequent preliminary metallurgical testing we have prepared documents over the past few months to permit 7 new drill locations, totaling about 42 drill holes on this property.

In March 2012 we were awarded an exploration permit in Papua New Guinea for minerals over a license area covering 178 square miles. Since that time we have carried out multiple exploration reconnaissance trips to the site. Surface sampling, auger drilling and subsequent analyses of the mineral occurrences has resulted in the

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discovery of near surface chromite and gold on the property. No drilling has been carried out over the gold mineralized areas to date. GeoAid representatives have visited the license area on several occasions over the past two years. Their work has provided Geovic with considerable good will amongst the local native population in the district. This effort went a long way in obtaining early exploration approval by the Papua New Guinea government and the local community.

Through our subsidiary Geovic Energy Corp. we acquired uranium leases, exploration permits and claims in Colorado and Wyoming between 2007 and 2010. During 2011 we completed analysis of these properties using existing available historic data. We are now holding these properties at minimal cost to the Company under fully paid up mineral leases expiring beginning in 2017. We do not expect to further explore or develop these properties at this time due to present market conditions.

Please refer to [Item 2. Properties](#) for more information on these other mineral prospects.

GeoCam Shareholder and Other Agreements

Geovic is party to a 2007 shareholders agreement with the other GeoCam shareholders, Societe Nationale d Investissement du Cameroun (SNI) (the owner of a 20% interest in GeoCam), and four Cameroonian individuals (collectively, the owners of a 19.5% interest in GeoCam and represented by SNI) (the Shareholders Agreement). The Shareholders Agreement reflects the historic ownership and management arrangements among the shareholders and sets forth the terms, conditions and fiscal arrangement for continued participation by the shareholders in GeoCam. The Shareholders Agreement includes provisions in accordance with Cameroon business laws for all shareholders to contribute their proportionate share of capital required by GeoCam to meet its annual operating expenditures, as approved periodically by the GeoCam Board of Directors.

As provided in the Shareholders Agreement, in 2007 GeoCam began to operate autonomously from Geovic. Geovic and GeoCam entered into annual Technical Services Contracts for each year from 2008 through 2011 under which Geovic provided certain staff, services and management to assist GeoCam to carry out its budgeted work program at rates set forth in the Technical Services Contracts. SNI also provided services to GeoCam under similar annual agreements during those years. There were no Technical Services Contracts during 2012.

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

Nkamouna Project Financing Activities

In December 2009, we engaged Standard Chartered Bank as the Company's financial advisor in connection with preparing and planning for project financing, reviewing documentation, considering early-stage efforts to locate potential purchasers of the MSP and manganese carbonate products we expect that GeoCam will produce, and related activities. In August 2010, GeoCam assumed the engagement with Standard Chartered Bank. Commencing in 2010, and continuing to the present time, we met with various large international businesses that have indicated an interest in a potential strategic investment in, or purchase of the Company's interest in, the Project in order to secure the future off-take from the Nkamouna Project. Such a potential strategic investment, if it occurs, may offset some or the entire equity funding obligation of the GeoCam shareholders.

The Company and the other GeoCam shareholders have continued to discuss possible strategic investment arrangements, and during 2012 and presently such discussions have primarily involved a large state-owned company in Asia. We hope that these discussions could lead to a proposal under which the strategic investor would acquire a large interest in GeoCam or in the Nkamouna Project directly, for cash, and would assist

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GeoCam to raise the additional required funding to construct the Nkamouna Project and the investor would gain preferred access to Project offtake. Under such an arrangement our interest in the Nkamouna Project would be reduced, perhaps significantly, or eliminated. As of the date of this report, no such proposal has been finalized.

If we are successful in selling some or all of our interest in the Project to a third party, our future requirement to fund GeoCam and Project construction would be reduced or eliminated.

Cameroon Properties

Our business plan had been to use our available management, technical expertise and talent to develop our interests in the Cameroon Properties into a high quality mining and mineral production operation. Assuming external financing in sufficient amounts to complete construction and start-up activities had been available on a timely basis, we would have continued to focus on the Nkamouna Project where our plan was to begin initial mine production approximately three years after completion of Project financing. Instead, our more immediate focus has been to secure one or more qualified strategic investors for the Nkamouna Project to acquire an interest in GeoCam or the Nkamouna Project for cash, and obtaining the financing required to construct and commission the mine and plant facilities. We expect that any such strategic investment will result in a significant dilution or elimination of our ownership interest and a change in control of the Project. In such event we may not be involved in future management of the Nkamouna Project.

We presently have no current revenue from operations and we expect to continue to generate losses and negative cash flows. See [Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.](#)

Corporate Strategy

We are seeking to 1) realize value for the Cameroonian assets and 2) shift the Company's focus to a prospect generation and strategic investment business model in 2012 and beyond. Because our position in GeoCam will likely be significantly diminished or completely eliminated through strategic investment upon completion of a financing transaction, the future direction for the Company will be to identify new exploration prospects, minimally develop and prioritize existing and new prospects, and sell or joint venture further exploration and development of those prospects to others. The Company expects to take its exploration prospects to a level where they can be timely monetized through strategic investments by others who have the resources to complete advanced exploration, permitting and development.

Competitive Conditions

We expect that GeoCam will compete with other cobalt and nickel producers around the world, including those with projects now under development. Other producers with ongoing operations have established production and demonstrated feasibility and have greater financial strength than we do. These competitors include such current producers as Glencore, Vale, Freeport and Sherritt/Dynatec. Significant mines either producing or expected to produce cobalt as a by-product during the next few years include Ambatovy (Sherritt, Sumitomo, Korea Resources and SNC Lavalin), Weda Bay (Eramet), Tenke Fungurume (Freeport McMoRan, Lundin Mining Corp. and Gecamines), and Goro Nouvelle-Calédonie (Vale). Operating expenses, reserve quantities and qualities, operating efficiencies, and location may affect the long-term success of all competing producers, including GeoCam. Competition in the mineral exploration business is intense, as many other persons and businesses are actively involved in prospecting and exploring for potentially recoverable minerals. Geovic faces competition on acquiring permits and licenses associated with the exploration for chromium, olivine, iron, platinum, gold, zirconium and related advanced metals and rare earth elements.

Social and Environmental Policies

Geovic Mining Corp. is committed to sustainable resource development and social responsibility in our activities. We understand that our long-term business security is directly related to the welfare of the people and

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communities in the areas where we operate. We are also committed to excellence in stewardship of the environment. We believe that a strong sense of corporate social and environmental responsibility is essential for our success.

Applicable environmental protection requirements will affect the financial condition, operating performance and earnings of the Company as a result of capital expenditures and operating costs required to meet or exceed these requirements. These expenditures and costs may also have an impact on our competitive position to the extent that our competitors may be subject to less rigorous requirements or may be less willing to voluntarily target a similarly high level of environmental and social performance. GeoCam is subject to ongoing obligations under its mining and environmental permits in Cameroon to provide social and educational assistance to persons and in areas impacted by the mining activities. These obligations have been performed both directly and by engaging third parties. No third parties were engaged in 2012.

An ESA, comprised of an Environmental and Social Impact Assessment (ESIA) and an Environmental and Social Action Plan (ESAP), was prepared by GeoCam. The ESA documents the existing environmental and social conditions, describes the proposed operations, identifies potential impacts, and develops mitigation measures and required actions to reduce or minimize the impacts of the proposed operation. Knight Piésold and Co. (Knight Piésold) and Rainbow Environment Consult (REC) developed the ESA for GeoCam. The ESA was completed and submitted to the Cameroon Ministry of Environment and Protection of Nature (the Ministry) in 2006 and approved by the Ministry in May 2007.

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

The Ministry notified GeoCam in September 2010 that the Update Report provides an appropriate demonstration that the Project continues to move forward and therefore remains in conformity with regulatory requirements. However, the Ministry required that GeoCam consolidate the 2007 ESA, the Update Report, and any other Project modifications that were contained in the final Feasibility Study into a single document. Following the issuance of the final Feasibility Study in April 2011, GeoCam finalized the consolidation of the updated ESA and reissued it to the Ministry at the end of April 2011. Given that the Ministry has already acknowledged that the Project remains in full conformity with the regulatory requirements, the review process for the Update Report is expected to be routine.

Employees

As of March 20, 2013 we had 12 full time and 1 part time employees in our offices in the United States. As of March 20, 2013, GeoCam had 26 full time employees and 1 contract worker in its administrative offices in Yaoundé, and 1 contract workers and 16 full time employees at the Nkamouna Project location in the East Province in the Republic of Cameroon. In New Caledonia, our subsidiary employs 5 persons.

Offices

Our principal corporate head office is located at 5500 E. Yale Avenue, Suite 302, Denver, Colorado 80222, telephone (303) 476-6455. We also maintain an exploration office in Grand Junction, Colorado. In 2012 we opened a small office and sample preparation facility in Noumea, New Caledonia. GeoCam maintains its head office in the capital city of Yaoundé and a mine area office at Kongo Camp in the East Province, both in the Republic of Cameroon.

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Available Information

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

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

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, may be materially and adversely affected, and as a result, the trading price of our common stock and warrants could be materially and adversely impacted. These risk factors should be read in conjunction with other information set forth in this report, including our Consolidated Financial Statements and the related Notes.

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

We have no history of mining or refining any mineral products or metals and none of our properties is currently producing. There can be no assurance that the Nkamouna Project will be successfully placed into production, produce minerals in commercial and processing quantities or otherwise generate operating earnings, or that we will secure a strategic investor in the Project or sell any or all of our interest in it. We will continue to incur losses at least until we sell some or all of our interest in the Project or other projects or mining activities successfully reach commercial production levels and generate sufficient revenue to fund continuing operations. 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 do not generate revenue or raise capital by the end of the second quarter of 2013, we may lack sufficient cash resources to continue business operations. If we are unable to generate revenues or profits, our stockholders may not 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 have a history of losses and if we are unable to secure additional financing our ability to continue as a going concern may be at risk.

As an exploration stage company, we have a history of losses, deficits and negative operating cash flows and do not expect to generate any revenue from ongoing operations in the foreseeable future. As of December 31, 2012, we had an accumulated stockholders' deficiency of approximately \$113.6 million. To date, we have been unable to secure project financing for the Nkamouna Project and we face significant challenges in securing needed additional working capital. These factors, among others, raise doubt about our ability to continue as a going concern. Our Consolidated Financial Statements included in this report do not include any adjustments related to recoverability and classification of asset carrying amounts or the amount and classification of liabilities that might result should we be unable to continue as a going concern.

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We continue to actively seek project financing for our Nkamouna Project and new sources of working capital. We cannot assure we will be able to obtain sufficient additional funds when needed, or that such funds, if available, will be obtainable on terms satisfactory to us.

We have limited cash resources.

Our consolidated unrestricted cash balance at December 31, 2012 was approximately \$4.3 million. We have been closely monitoring our fixed and variable costs and intend to restrict such costs to those expenses that are necessary to complete activities related to securing financing for the Nkamouna Project or the sale of some or all of our interest in the Project, identifying opportunities to generate cash from our existing exploration properties and identifying additional sources of working capital in support of such activities. We anticipate that the Company will be able to satisfy the cash requirements of its operations into the third quarter of 2013 with current cash resources, however, we may be unable to obtain long-term funding and our near-term expenses could be greater than projected. If we are unable to obtain additional capital, we will need to further curtail our operations in order to preserve working capital, which could materially harm our business and our ability to achieve cash flow in the future, including delaying or reducing implementation of certain aspects of our business plans, and we may ultimately need to cease operations.

We continue to actively seek new sources of working capital. Our financial statements do not include any adjustments that might be necessary if we are unable to continue as a going concern.

We may be unable to complete a disposition of some or all of our interest in the Nkamouna Project in Cameroon

We have been negotiating with a potential purchaser of some or all of our interest in the Nkamouna Project for over one year. As of the date of this report, no definitive agreement for such a transaction has been mutually accepted by the GeoCam shareholders and the potential purchaser. If an agreement is reached, it will be subject, among other matters, to approval of our stockholders. If we are unable to complete and close an agreement to sell a significant interest in the Nkamouna project to a strategic partner in a timely manner, our plan is to place the Nkamouna Project on a care and maintenance status and significantly further reduce our level of expenditures in Cameroon. In such event, we would not have sufficient resources to maintain our interest in the Project indefinitely and we could lose our interest in the Project. In such a scenario, our cash resources would likely be insufficient to sustain our other business activities.

Unless we obtain significant additional external financing, enter into a strategic alliance or sell all or a portion of our interest in GeoCam, we will be unable to develop the Nkamouna Project.

The Nkamouna Project requires capital start up and financing expenditures and contingency reserves of at least \$800 million to construct mining and processing facilities and related infrastructure. Development and construction of mining and processing facilities will require significant debt and equity financing which we have been unable to obtain. Alternatively, the Company continues to consider the sale of some or all of its interest in GeoCam and/or the sale by GeoCam of an interest in GeoCam or in one or more of the other Cameroon deposits. The Company has also considered strategic alliance transactions and combinations of these alternatives. We have intended 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 would likely require GeoCam and its owners to comply with costly conditions as a requirement to completion of project financing, including significant additional equity contributions to GeoCam. These financing options may not be available on acceptable terms, or at all. The failure to obtain adequate financing on a timely basis will have a material adverse effect on development and value of the Nkamouna Project and our growth strategy, results of operations and future financial condition.

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

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

The discovery and exploration of other mineral properties consistent with our present business plan will require the commitment of substantial financial resources. The amount and timing of these costs will depend on a number of factors, some of which are beyond our control.

We expect to be subject to all of the risks associated with discovering, exploring and establishing new mineral prospects and projects before we can successfully transfer interests to third parties for development. These risks will include, among others, the availability of sufficient financial resources to bring the activities to a stage that we can monetize the new project; whether appropriate regulatory approvals and rights can be timely secured; timing and costs of the prospecting and exploration activities that will be necessary; the availability and costs of skilled labor and exploration equipment; the need to obtain in a timely manner additional governmental approvals and permits; potential opposition from non-governmental organizations, environmental groups or local groups wherever our exploration activities might be undertaken which could delay or prevent planned activities; and potential increases in operating costs due to changes in the cost of fuel, power, equipment, materials and supplies. Further, the costs, timing and complexities of prospecting and exploration are increased by the remote location of some of our planned projects. Accordingly, our exploration activities and plan to transfer future exploration prospects to third parties may not result in profitable operations and we may fail to successfully implement our business plan going forward.

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

The Feasibility Study completed in April 2011 estimates construction costs and related expenses, contingency reserves and financing fees at approximately \$800 million, which is significantly higher than was estimated in earlier studies. Estimated future operating expenses are also higher than estimates made in previous studies. These and similar cost and expense increases are beyond our control, and will require significantly more capital to bring the Nkamouna Project into production and could result in a decrease in the anticipated future return from operations. The actual capital costs and operating costs may be higher than we presently anticipate.

Our plan to change the focus of our business may not be successful. We may not be successful in monetizing our exploration prospects.

Our present plan is to liquidate some or all of our interest in the Nkamouna Project and to generate mineral exploration prospects suitable for transfer to others in the mineral development business. We presently hold interests in several exploratory prospects that must be advanced to a point that others would have an interest in acquiring them. We may be unable to sell our current prospects to third parties and we may be unsuccessful in generating other mineral prospects for such purposes. If we are unable to monetize prospects we would be unsuccessful in our plans for future business operations.

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

International credit markets or Canadian, United States, Cameroon or global economic conditions, could, among other things, impede access to capital or increase the cost of capital, which would have an adverse effect on our ability to fund the working capital and other capital requirements of GeoCam or to sell some or all of our interest in the Nkamouna Project. Unprecedented disruptions in credit and financial markets in 2008 and 2009 had a significant material adverse impact on a number of financial institutions and limited access to capital and credit for many companies, particularly resource companies such as the Company. While these disruptions improved for a time, the global economy remains unpredictable, particularly due to the growing debt in the United States and the financial instability of certain European countries. Fluctuating prices for cobalt, nickel and manganese may have a significant adverse impact on our success in obtaining financing for the Nkamouna Project, or the sale of some or all of our interest in the Project. It is likely to be more difficult or more expensive for GeoCam to obtain capital and financing for construction and for operations, which could result in lower valuations for our interest in the Project. Access to capital and financing may not be available on terms acceptable to the Company or at all. Nkamouna Project development modifications may be necessary or desirable to secure lending commitments which would also delay the completion of any financing. All delays in completing financing for the Project will delay mine construction, anticipated production activities and future revenue.

Inflation or deflation, changing tax laws, and fluctuating interest rates may make project 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.

The share prices of junior natural resource companies, including Geovic Mining, experienced large declines in value from 2008, stabilizing in 2010, and again declined in 2011 and 2012. Market forces are likely to make it difficult or impossible for the Company to raise equity capital except on terms which results in severe dilution to existing stockholders, or at all. Therefore, there can be no assurance that significant fluctuations in the trading price of the Company's common stock will not continue, or that such fluctuations will not materially adversely impact the Company's ability to raise equity.

General economic conditions may adversely affect our growth and profitability.

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

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

the volatility of commodity prices could impact our future revenues, profits, losses and cash flow and value of our interests in the Nkamouna Project and our other exploration prospects;

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

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

increasing construction related costs could increase and adversely affect economics of the Nkamouna Project. These factors, among others, could have a material adverse effect on our financial condition and results of operations.

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

In response to observations that raised questions about the efficacy of a few aspects of planned ore processing considered in previous feasibility studies, beginning in 2010, we modified certain of the metallurgical processes planned to be utilized and decided that GeoCam will not refine final metal products from the Nkamouna Project ore at the project site. If potential lenders or strategic investors are not ultimately assured that the modified metallurgical processes will allow the processing facilities to operate successfully as designed, Nkamouna Project debt or other financing may be delayed until further enhancement testing is performed or funding could be unavailable altogether which could adversely affect the value of our interest in the Nkamouna Project.

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

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

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

Under the Shareholders Agreement, all GeoCam shareholders agreed to fund their proportionate share of capital and operating costs. However, it is possible that the minority shareholders will be unable or unwilling to provide their respective share of future GeoCam funding, and the business of GeoCam may be adversely affected.

Our lack of operating experience may cause difficulty in managing our business plans.

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. While we hold a significant interest in the Project, we will continue to provide many of such services to GeoCam. Managing GeoCam could require us to improve and expand our management and our operational and financial systems and controls. If our management is unable to manage the development of the Cameroon Properties effectively, our business and financial condition could be adversely affected.

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

GeoCam's ability to place the Nkamouna Project into production will be dependent to a large part upon using the services of appropriately experienced employees, consultants and contractors and agreements with other major resource companies that can provide required expertise or equipment. Also, a significant local work force will be trained, few of whom currently have any related experience. GeoCam may not have available, or we may be unable to retain on satisfactory terms, the necessary expertise, equipment or local workers that would be needed to build the GeoCam facilities and place the Nkamouna Project into production, which could adversely affect the progress and value of the Project.

Development activities in Cameroon may not be commercially successful.

We currently have no producing properties. Substantial expenditures would be required to complete and begin to operate the Nkamouna Project, to construct facilities to implement the metallurgical processes to extract

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metal from the mined ore and to develop the mining and processing facilities and infrastructure at each deposit site chosen for mining. Future financing that would be required to commence mining operations may not be available.

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.

The principal assets are deposits of cobalt, nickel and manganese in the Nkamouna and in the other six deposits held by GeoCam. Our potential future cash flow is expected to be, in large part, derived from the outright sale or joint venture of some or all of our interest in these properties. The value of these deposits, and the value of any potential production therefrom, will vary in proportion to changes in cobalt, nickel and manganese prices. The prices of these commodities have fluctuated widely, peaked and declined significantly in 2008, partially recovered through 2010, and have been lower in 2011 and 2012. These commodity prices are affected by numerous factors beyond our control, including, but not limited to, available production from other mines, worldwide economic conditions, international economic and political trends, realized or expected levels of inflation, currency exchange fluctuations, central bank activities, interest rates, global or regional consumption patterns and speculative activities. The effect of these factors on the prices of cobalt, nickel and manganese and therefore the economic viability of the Nkamouna Project, cannot be accurately predicted. Significant future decreases of the cobalt price, and to a lesser extent, nickel and manganese, would adversely affect asset values, future cash flows, revenue and profits if the Nkamouna Project is placed into production.

GeoCam may not be able to produce and sell mineral products at profitable prices. GeoCam's future operations are, therefore, more exposed to the impact of future decreases in commodity prices. Conversely, forward sales contracts would limit potential upside market swings. Such upside price swings could have a significant benefit to companies that take added market risk and sell produced mineral product on the open spot metals market. There are no central markets for the intermediate cobalt, nickel and manganese products GeoCam intends to produce and sell, and these products will likely be sold under metal sales agreements for process plant off-take with one or more companies. Prices under these agreements would be related to prevailing market prices at time of delivery. Selling intermediate products produced at mine site, while reducing process risk and required capital expense, will also likely result in lower operating profit and cash flow from the mining and processing operations. There may be reduced demand or no market for intermediate products that are expected to be produced at the Nkamouna Project site.

Mineral exploration and development are inherently hazardous and may not be insured or insurable.

Mineral exploration and development 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. The hazards and risks normally incidental to exploration, development and production of minerals, may 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, GeoCam or our subsidiaries 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.

The mineralized material and reserve estimates for the Nkamouna Project may be inaccurate which could adversely affect the estimated value of the Project.

There is a high degree of uncertainty attributable to the calculation of mineralized material and reserves and ore grades dedicated to future production because such estimates are expressions of judgment based on

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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 Project's operation and profitability. There is a risk that full scale production activities may indicate technical and commercial shortcomings to whatever operating 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 and significant price decreases, such as those that have occurred recently, could substantially reduce estimated reserve quantities. Any material change in the quantity of reserves, grade or overburden stripping ratio or price of cobalt, nickel and manganese may affect the economic viability of the Nkamouna Project. In addition, metal recoveries obtained in pilot-scale tests may not be duplicated during production.

Conformance with GeoCam's Biodiversity Management Plan (BMP) and Equator Principles could cause Project delays, impact mineralized material and reserve estimates and adversely affect the value of the Project.

Environmental permits required to construct and operate the Nkamouna Project were received by GeoCam from the government of Cameroon in 2007 and reaffirmed in September 2010. Included in these authorizations was our commitment to a number of follow-on environmental, social, health and safety obligations, including preparation of a BMP and delineation of critical habitats, if they exist within the project area.

The Equator Principles are a credit risk management framework for determining, assessing and managing environmental and social risk in project finance transactions. International lending institutions voluntarily subscribe to the Equator Principles and commit to providing loans to projects only where the borrower can and will comply with certain social and environmental expectations. Accordingly, borrowers such as GeoCam must demonstrate that their projects can and will conform to the Equator Principles. Among those expectations is the obligation to protect biodiversity and important natural habitats.

An independent expert was engaged by GeoCam in mid-2011 as a part of GeoCam's ongoing BMP implementation to determine whether or not endangered species and/or critical habitat may be affected by the Nkamouna Project. The advisor reported that great apes and other important fauna species use the area and that certain wetlands around a portion of the Mada area of the Project may represent higher value habitat. Subsequently, a panel of qualified independent experts reviewed the advisor's work and recommended that additional studies be carried out to better enumerate animal presence and the importance of the habitat to the species before mitigation measures are applied. These additional studies could indicate that additional mitigation measures are required.

Any additional mitigation requirements could delay Project development and increase related costs. Also, areas included within the mine permit area could be withdrawn from future mine development activities as a means of offsetting adverse Project impacts. Such a decision could reduce our present reserves and mineralized material estimates and/or may result in other areas being withdrawn either within or outside of the Mining Concession. These risks also affect the value of our interest in the Project.

We face intense competition in the mining industry.

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

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

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

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

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

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

Our prospecting, 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

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National Environmental Policy Act (NEPA). The NEPA process requires the completion of either an environmental assessment or an environmental impact statement prior to approval of the plan of operations. Whether on public or private land, mining companies must comply with all relevant federal, state and county requirements and will be required to post a bond or other surety to guarantee the cost of post-mining reclamation.

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

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

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

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

The cost, timing and complexities of mine construction and development are increased by the remote location of the Cameroon Properties and our other mineral prospects in other foreign countries. It is common in new mining operations to experience unexpected problems and delays during construction, development, mine start-up and ramp-up to full commercial production. Also, ongoing cost and expense increases being faced throughout the mining and natural resources industries are beyond our control. Accordingly, our activities may not result in timely or profitable mining operations, and we may fail to successfully establish mining operations or profitably produce metals at any of our properties or arrange strategic partners for other exploration prospects. In addition, factors such as 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 exploration properties will also impact the magnitude of the cost and timing of Company expenditures and our future profitability.