

GEOVIC MINING CORP.
Form 10-Q
August 10, 2009
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2009

OR

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

Commission File Number 000-52646

GEOVIC MINING CORP.

(Exact name of registrant as specified in its charter)

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DELAWARE
(State or other jurisdiction of
incorporation or organization)

20-5919886
(IRS Employer
Identification No.)

1200 Seventeenth St., Suite 980
Denver, Colorado 80202

(Address of principal executive offices)

(303) 476-6455

(Registrant's telephone number, including area code)

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

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

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

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act): Yes No

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

102,974,046

Common Shares, \$0.0001 par value, outstanding at August 9, 2009

Table of Contents

Geovic Mining Corp.

(an exploration stage company)

Geovic Mining Corp.

(An Exploration Stage Company)

FORM 10-Q

For the Three Months and Six Months Ended June 30, 2009

INDEX

PART I FINANCIAL INFORMATION

ITEM 1.	<u>CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)</u>	3
ITEM 2.	<u>MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</u>	14
ITEM 3.	<u>QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK</u>	18
ITEM 4.	<u>CONTROLS AND PROCEDURES</u>	19

PART II OTHER INFORMATION

ITEM 1.	<u>LEGAL PROCEEDINGS</u>	20
ITEM 1A.	<u>RISK FACTORS</u>	20
ITEM 2.	<u>UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS</u>	20
ITEM 3.	<u>DEFAULTS UPON SENIOR SECURITIES</u>	20
ITEM 4.	<u>SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS</u>	20
ITEM 5.	<u>OTHER INFORMATION</u>	20
ITEM 6.	<u>EXHIBITS</u>	20
	<u>SIGNATURES</u>	21

Table of Contents**Part I - Financial Information****Item 1. Consolidated Financial Statements (unaudited)
Geovic Mining Corp.**

(an exploration stage company)

CONSOLIDATED BALANCE SHEETS

(In thousands)

	Unaudited June 30, 2009	December 31, 2008
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 55,049	\$ 64,184
Income tax receivable <i>[note 12]</i>	-	458
Prepaid expenses	519	444
Other	196	541
Total current assets	55,764	65,627
Property, plant and equipment, net <i>[note 6]</i>	4,465	4,742
Deposits	21	23
Other	132	132
Total assets	\$ 60,382	\$ 70,524
LIABILITIES		
Current liabilities:		
Accrued liabilities and other payables	\$ 2,968	\$ 5,176
Total current liabilities	2,968	5,176
Other liabilities	1,056	1,023
Related party payable	154	152
Share-based payment liability <i>[note 8]</i>	889	-
Total liabilities	5,067	6,351
EQUITY		
Stockholders equity:		
Common stock, par value of \$0.0001, 200 million shares authorized and 103.0 and 101.3 million shares issued and outstanding as of June 30, 2009 and December 31, 2008, respectively	10	10
Additional paid-in capital	107,169	106,648
Stock purchase warrants	1,139	15,748
Deficit accumulated during the exploration stage	(61,909)	(67,377)

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Total stockholders equity	46,409	55,029
Noncontrolling Interest [note 11]	8,906	9,144
Total equity	55,315	64,173
Total liabilities and equity	\$ 60,382	\$ 70,524

The accompanying notes are an integral part of these financial statements

Table of Contents**Geovic Mining Corp.**

(an exploration stage company)

CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited, in thousands, except share amounts)

	Three months ended June 30,		Six months ended June 30,		Unaudited Period
	2009	2008	2009	2008	from Nov. 16, 1994
					(inception) to
					June 30, 2009
EXPENSES (INCOME)					
Exploration costs <i>[note 5]</i>	\$ 2,955	\$ 5,798	\$ 5,882	\$ 8,978	\$ 56,776
General and administrative	2,125	1,391	4,178	2,371	19,435
Stock based compensation <i>[note 8]</i>	684	531	793	1,582	16,895
Interest and bank charges	15	-	30	-	269
Depreciation	190	64	318	87	1,342
Mineral property impairment	-	-	-	-	3,244
Total Expenses	5,969	7,784	11,201	13,018	97,961
Interest income	(63)	(339)	(103)	(803)	(4,781)
Net loss before income taxes	(5,906)	(7,445)	(11,098)	(12,215)	(93,180)
Income tax benefit	(73)	-	(73)	-	(63)
Consolidated net loss	(5,833)	(7,445)	(11,025)	(12,215)	(93,117)
Less: Net loss attributed to the noncontrolling interest	(1,292)	(560)	(2,507)	(1,878)	(17,221)
Net loss attributed to Geovic	\$ (4,541)	\$ (6,885)	\$ (8,518)	\$ (10,337)	\$ (75,896)
Net loss per share attributed to Geovic common stockholders	\$ (0.04)	\$ (0.07)	\$ (0.08)	\$ (0.10)	
Weighted average shares outstanding basic and diluted	102,974,046	102,200,620	102,974,046	101,873,242	

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Table of Contents**Geovic Mining Corp.**

(an exploration stage company)

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited, in thousands)

	Three months ended June 30,		Six months ended June 30,		Unaudited Period from Nov. 16, 1994 (inception) to June 30, 2009
	2009	2008	2009	2008	
OPERATING ACTIVITIES					
Consolidated net loss	\$ (5,833)	\$ (7,445)	\$ (11,025)	\$ (12,215)	\$ (93,117)
Adjustments to reconcile net loss to net cash used in operating activities:					
Depreciation expense	190	64	318	87	1,342
Stock-based compensation expense	684	531	793	1,582	16,895
Writeoff of mineral properties	-	-	-	-	3,244
Changes in non-cash operating working capital:					
(Increase) decrease in income tax receivable	354	(12)	458	120	-
(Increase) decrease in prepaid expenses	(125)	239	(75)	(140)	(519)
(Increase) decrease in other assets	(16)	(431)	345	(277)	(351)
Decrease in deposits	2	-	2	-	2
Increase (decrease) in accrued liabilities and other payables	(252)	(1,541)	(2,208)	(823)	2,968
Increase in other liabilities	24	-	33	-	1,057
Increase (decrease) in related party payable	(158)	40	2	40	154
Cash used in operating activities	(5,130)	(8,555)	(11,357)	(11,626)	(68,325)
INVESTING ACTIVITIES					
Purchases of property, plant and equipment	(39)	(176)	(45)	(558)	(5,812)
Acquisition of mineral leases	-	(183)	-	(372)	(3,243)
Cash used in investing activities	(39)	(359)	(45)	(930)	(9,055)
FINANCING ACTIVITIES					
Noncontrolling interest contribution	828	-	2,266	-	26,123
Proceeds from issuance of common stock and preferred stock	-	-	-	-	95,589
Cash paid to rescind exercise of stock options	-	-	-	-	(15)
Proceeds from issuance of stock warrants	-	-	-	-	16,168
Proceeds from exercise of stock options and warrants	-	68	1	179	2,309
Stock issue costs	-	-	-	-	(7,745)
Cash provided by financing activities	828	68	2,267	179	132,429
Net increase (decrease) in cash	(4,341)	(8,846)	(9,135)	(12,377)	55,049
Cash, beginning of period	59,390	74,948	64,184	78,479	-
Cash, end of period	\$ 55,049	\$ 66,102	\$ 55,049	\$ 66,102	\$ 55,049

The accompanying notes are an integral part of these financial statements

Table of Contents

Geovic Mining Corp.

(an exploration stage company)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(dollars in thousands, except per share amounts or as otherwise indicated)

1. NATURE OF BUSINESS

Geovic Mining Corp. (the Company) is incorporated under the laws of the state of Delaware. The Company owns 100% of the shares of Geovic, Ltd. (Geovic), a company that has been in the mining exploratory stage since its inception on November 16, 1994. The Company is an exploration stage company in the process of planning to develop its mineral properties through its subsidiaries.

Geovic is engaged in the business of exploring for cobalt, nickel and related minerals directly in the United States and through its majority-owned (60%) subsidiary, Geovic Cameroon, PLC (GeoCam), a financially dependent public limited company duly organized and incorporated under the laws of the Republic of Cameroon.

The Company also owns directly or indirectly Geovic Energy Corp. and Pawnee Drilling, LLC, both formed in 2007, Geovic Mineral Sands Corp., formed in 2009 under the laws of the State of Colorado, Geovic France SAS, formed in December 2008 under the laws of France, and Geovic Nouvelle-Calédonie SAS, formed in March 2009 under the laws of New Caledonia. As of June 30, 2009, Pawnee Drilling, LLC was inactive.

2. BASIS OF PRESENTATION

The accompanying interim unaudited consolidated financial statements of the Company have been prepared in accordance with generally accepted accounting principles in the United States (GAAP) for interim financial statements and the instructions to Form 10-Q and Article 10 of Regulation S-X and accordingly do not include all disclosures required for annual financial statements.

With the exception of new accounting pronouncements discussed in note 3, these interim consolidated financial statements follow the same significant accounting policies and methods of application as the Company's audited annual consolidated financial statements as included in the Company's annual report on Form 10-K for the year ended December 31, 2008 (the Annual Financial Statements). The interim consolidated financial statements should be read in conjunction with the Annual Financial Statements.

In the opinion of management, all adjustments (including normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for these interim periods are not necessarily indicative of the results that may be expected for the full year ending December 31, 2009.

Reclassifications

Certain amounts in prior periods have been reclassified to conform with financial statement presentation in 2009, with no effect on previously reported Net loss or Stockholders' equity other than those required by the adoption of new accounting pronouncements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES