

GEOVIC MINING CORP.
Form 10-Q
August 06, 2010
[Table of Contents](#)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2010

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)

Edgar Filing: GEOVIC MINING CORP. - Form 10-Q

DELAWARE
(State or other jurisdiction of

20-5919886
(IRS Employer

incorporation or organization)

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:

103,781,408 Shares of Common Stock, \$0.0001 par value, were outstanding at August 6, 2010

Table of Contents

Geovic Mining Corp.

(an exploration stage company)

FORM 10-Q

For the Three and Six Months Ended June 30, 2010

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> | 17 |
| ITEM 4. | <u>CONTROLS AND PROCEDURES</u> | 17 |

PART II OTHER INFORMATION

| | | |
|----------|--|----|
| ITEM 1. | <u>LEGAL PROCEEDINGS</u> | 17 |
| ITEM 1A. | <u>RISK FACTORS</u> | 17 |
| ITEM 2. | <u>UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS</u> | 17 |
| ITEM 3. | <u>DEFAULTS UPON SENIOR SECURITIES</u> | 17 |
| ITEM 4. | (REMOVED AND RESERVED) | 17 |
| ITEM 5. | <u>OTHER INFORMATION</u> | 17 |
| ITEM 6. | <u>EXHIBITS</u> | 18 |
| | <u>SIGNATURES</u> | 19 |

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, 2010 | December 31, 2009 |
|--|------------------------------------|------------------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 39,675 | \$ 49,153 |
| Prepaid expenses | 600 | 462 |
| Other | 163 | 197 |
| Total current assets | 40,438 | 49,812 |
| Property, plant and equipment, net <i>[note 6]</i> | 4,003 | 4,298 |
| Deposits | 15 | 19 |
| Total assets | \$ 44,456 | \$ 54,129 |
| LIABILITIES | | |
| Current liabilities: | | |
| Accrued liabilities and other payables | \$ 2,741 | \$ 3,423 |
| Total current liabilities | 2,741 | 3,423 |
| Other liabilities | 556 | 682 |
| Related party payable | 164 | 328 |
| Share-based payment liability <i>[note 8]</i> | 172 | 791 |
| Total liabilities | 3,633 | 5,224 |
| EQUITY | | |
| Stockholders' equity: | | |
| Common stock, par value of \$0.0001, 200 million shares authorized and 103.7 and 103.1 million shares issued and outstanding as of June 30, 2010 and December 31, 2009, respectively | 10 | 10 |
| Additional paid-in capital | 108,260 | 107,625 |
| Stock purchase warrants | 1,078 | 1,078 |
| Deficit accumulated during the exploration stage | (77,676) | (69,673) |
| Total stockholders' equity | 31,672 | 39,040 |
| Noncontrolling interest <i>[note 11]</i> | 9,151 | 9,865 |
| Total equity | 40,823 | 48,905 |
| Total liabilities and equity | \$ 44,456 | \$ 54,129 |

Edgar Filing: GEOVIC MINING CORP. - Form 10-Q

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 and per share amounts)**

| | Three months ended June 30, | | Six months ended June 30, | | Unaudited Period from Nov. 16, 1994 (inception) to June 30, 2010 |
|---|-----------------------------|-------------|---------------------------|-------------|--|
| | 2010 | 2009 | 2010 | 2009 | |
| EXPENSES (INCOME) | | | | | |
| Exploration costs <i>[note 5]</i> | \$ 4,379 | \$ 2,955 | \$ 6,892 | \$ 5,882 | \$ 68,752 |
| General and administrative | 1,923 | 2,125 | 3,648 | 4,178 | 27,142 |
| Stock based compensation <i>[notes 7 and 8]</i> | 154 | 349 | 591 | 579 | 17,664 |
| Change in fair value of warrants <i>[note 8]</i> | (347) | 335 | (619) | 214 | (503) |
| Interest and bank charges | 15 | 15 | 27 | 30 | 321 |
| Depreciation | 217 | 190 | 441 | 318 | 2,199 |
| Mineral property impairment | | | | | 3,244 |
| Total Expenses | 6,341 | 5,969 | 10,980 | 11,201 | 118,819 |
| Interest income | (1) | (63) | (2) | (103) | (4,792) |
| Net loss before income taxes | (6,340) | (5,906) | (10,978) | (11,098) | (114,027) |
| Income tax benefit | | (73) | | (73) | (65) |
| Consolidated net loss | (6,340) | (5,833) | (10,978) | (11,025) | (113,962) |
| Less: Net loss attributed to the noncontrolling interest | (1,890) | (1,292) | (2,975) | (2,507) | (22,291) |
| Net loss attributed to Geovic | \$ (4,450) | \$ (4,541) | \$ (8,003) | \$ (8,518) | \$ (91,671) |
| Net loss per share attributed to Geovic common stockholders | \$ (0.04) | \$ (0.04) | \$ (0.08) | \$ (0.08) | |
| Weighted average shares outstanding basic and diluted | 103,724,508 | 102,974,046 | 103,561,077 | 102,974,046 | |

The accompanying notes are an integral part of these financial statements

Table of Contents**Geovic Mining Corp.****(an exploration stage company)****CONSOLIDATED STATEMENTS OF
STOCKHOLDERS EQUITY****(Unaudited, in thousands, except share amounts)**

| | Common Stock | | Additional paid-in capital | Stock Purchase Warrants | Deficit | Noncontrolling Interest | Total |
|---|--------------|--------|-------------------------------|-------------------------------|-------------|----------------------------|-----------|
| | Shares | Amount | | | | | |
| Balance, December 31, 2008 | 102,943,446 | \$ 10 | \$ 106,648 | \$ 15,748 | \$ (67,377) | \$ 9,144 | \$ 64,173 |
| Cumulative effect of adoption of ASC 815-40 [note 8] | | | | (14,670) | 13,995 | | (675) |
| Stock options exercised [note 7] | 130,600 | | 6 | | | | 6 |
| Stock-based compensation [notes 7 and 8] | | | 971 | | | | 971 |
| Noncontrolling interest contribution | | | | | | 5,322 | 5,322 |
| Net loss for year | | | | | (16,291) | (4,601) | (20,892) |
| Balance, December 31, 2009 | 103,074,046 | \$ 10 | \$ 107,625 | \$ 1,078 | \$ (69,673) | \$ 9,865 | \$ 48,905 |
| Stock options exercised [note 7] | 650,462 | | 44 | | | | 44 |
| Stock-based compensation [note 7] | | | 591 | | | | 591 |
| Noncontrolling interest contribution | | | | | | 2,261 | 2,261 |
| Net loss | | | | | (8,003) | (2,975) | (10,978) |
| Balance, June 30, 2010 | 103,724,508 | \$ 10 | \$ 108,260 | \$ 1,078 | \$ (77,676) | \$ | |