

## 10.0 PROJECT EXPLORATION

Nickeliferous laterite deposits in southeast Cameroon were first discovered and investigated by the United Nations Development Programme (UNDP) during 1981-1986, in a cooperative project with the Cameroon Ministry of Mines, Water and Energy (UNDP Project CMR/81/005). Following a regional stream sediment geochemical survey which indicated the likely presence of laterite nickel mineralization, the UNDP project drilled eleven core holes in the Nkamouna area, which was the most accessible laterite area at that time.

Several of the UNDP holes intersected laterite and saprolite with interesting nickel and cobalt values. The first hole, KG-S-1, traversed 56 meters of lateritic profile and fresh serpentinite, with Ni values up to 1.00 percent and Co values up to 0.19 percent. Due to the remote location and the low nickel prices at the time, the discovery did not draw much attention.

In mid-1995 GeoCam received a Prospecting Permit that covered 19,600 square kilometers. In January 1999 the Prospecting Permit was replaced with an Exploration Permit, PDR 67, that covered 4,876 square kilometers, including the Mada and Nkamouna areas, among others. Geovic's program initially was based entirely on manually-dug test pits at Mada and elsewhere, although it later incorporated drilling and limited trenching at Nkamouna. Geologists from the Cameroon Ministry of Mines, Water and Energy participated in the work to provide government oversight as well as training.

A Mining Convention was signed on July 31, 2002 by the Ministry of Mines, Water, and Power of the Republic of Cameroon that defined the general, legal, financial, tax, economic, administrative, customs, social, land and environmental conditions under which GeoCam shall undertake the mining of cobalt, nickel, and their associated substances within GeoCam's Exploration Permit area. On April 11, 2003, Mining Permit No. 33 which replaced the Exploration Permit was issued by decree granting an exclusive right to GeoCam to exploit the deposits and the area was reduced to 1,631 square kilometers, which includes approximately 300 square kilometers of cobalt-nickel mineralized lands.

Geovic's participation in the Mining Permit holder GeoCam is 60.5 percent (55.5 percent direct corporate holding by the US-based Geovic, Ltd., plus 5.0 percent held by Geovic's founder). The 39.5 percent balance is currently held by Cameroonian shareholders.

By 2003, Geovic had largely completed the pitting program at Mada. Much more intensive work was carried out on the nearby Nkamouna plateau, due to the better access there utilizing recent logging roads.

The geological logging is consistent with that described in Section 7, *Laterite Stratigraphy*. The logging scheme has evolved during the history of Geovic's work since 1995. All logging was carried out at the pit or drill site by degreed geologists, using standardized logging forms.