

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.

The UNDP holes were undertaken several years prior to Geovic's investigations. The drill apparatus, technical personnel, sampling procedures, and assaying practice were entirely different from those used subsequently by Geovic. Therefore, PAH opines that inclusion of the UNDP drill hole data is unwarranted for resource calculations. These 11 holes represent less than one percent of the total sample openings at Nkamouna. In any case, the sites of most of the UNDP holes were subsequently surrounded by gridded Geovic drillholes and pits, and the effective influence of the UNDP holes on resource tonnage calculations is negligible.

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, which covered 4,876 square kilometers and specifically allowed exploration drilling. Geovic's program initially was based entirely on manually-dug test pits, and later incorporated drilling and limited trenching. The program began at Nkamouna and was later extended to the other laterite plateaus including Mada, which were identified by satellite images and air photos. Geologists from the Cameroon Ministry of Mines, Water and Energy participated in the work to provide government oversight as well as training. Geovic's core-drilling program began in 1999, after many hundreds of pits had been completed. A total of 23 holes were drilled (NKM-21 to NKM-43) in the northeast part of West Nkamouna, on an approximate 100-meter grid.

In 2002, Geovic imported an Australian-designed, truck-mounted machine. Holes drilled with this machine are referred to in Geovic reports as "air core" holes, but intact core is not produced, only drill cuttings typical of reverse-circulation drilling. Reverse-circulation holes were drilled between May 2002 and September 2003, when 176 holes (NKM 1010 to 1185, plus NKM-3.3) totaling 3,690 meters were drilled at Nkamouna. Most of these holes were drilled as fill-ins on a series of lines which had already been sampled by pitting, generally at distances greater than 100 meters between drillholes. Several of these were twins (within 5 meters) of previous pits, and several others were later twinned by pits sunk on the drill hole collar. Twenty-two holes were drilled on a tight grid of approximately 15 x 15 meters in West Nkamouna, to test the short-term variability between holes.

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 Presidential decree granting an exclusive right to GeoCam to exploit the deposits and the area was reduced to 1,250 square kilometers, which includes approximately 337 square kilometers of cobalt-nickel mineralized lands.

Geovic's participation in the Mining Permit holder GeoCam is 60 percent direct corporate holding by Geovic, Ltd. In addition, another 0.5 percent is held by Geovic's founder. The 39.5 percent balance is currently held by four Cameroonian individual shareholders with 19.5 percent and 20 percent held by SNI, a Cameroon government investment corporation.

By 2004, Geovic had largely completed the reconnaissance sampling and had undertaken pitting and drilling programs of varying densities at Nkamouna where access was greater due to recent logging operations, with an eye toward defining deposit parameters for an eventual preliminary feasibility study.

In 2006, Geovic completed a program adding 5 new test pits and deepening other test pits adding over 730 meters of additional sampling in preparation for the final feasibility study.

Geovic contracted SCET Cameroon, a local civil engineering firm from Yaounde to provide topography for a 12-square kilometer area mapped in detail at Nkamouna. Map survey points are accurate to within 1 cm (X, Y, and Z) and are contoured at 1 and 2-meter intervals. All pits and drill holes are plotted on the topographic map base.

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.