

**SCHEDULE 14A**  
**Information Required in Proxy Statement**

SCHEDULE 14A INFORMATION  
Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by the Registrant ☒

Filed by a Party other than the Registrant ☐

Check the appropriate box:

☒ Preliminary Proxy Statement

☐ Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

☐ Definitive Proxy Statement

☐ Definitive Additional Materials

☐ Soliciting Material Pursuant to § 240.14a-11(c) or § 240.14a-12

**Hanover Gold Company, Inc**  
(Name of Registrant as Specified In Its Charter)

N/A  
(Name of Person(s) Filing Proxy Statement if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

☐ \$125 per Exchange Act Rules 0-11(c)(1)(ii), 14a-6(i)(1), 14a-6(i)(2) or Item 22(a)(2) of Schedule 14A.

☐ \$500 per each party to the controversy pursuant to Exchange Act Rule 14a-6(i)(3).

☒ Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

1) Title of each class of securities to which transaction applies: None

2) Aggregate number of securities to which transaction applies: None

3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11  
(Set forth the amount on which the filing fee is calculated and state how it was determined):  
-\$0- no fee is payable pursuant to Rule 0-11(c) (ii)

4) Proposed maximum aggregate value of transaction: n/a

5) Total fee paid: \$-0-

☐ Fee paid previously with preliminary materials.

☐ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form of Schedule and the date of its filing.

1) Amount Previously Paid: n/a

2) Form, Schedule or Registration Statement No.: n/a

3) Filing Party: n/a

4) Date Filed: n/a

**Hanover Gold Company, Inc  
601 W. Main Ave., Suite 1017  
Spokane, Washington 99201**

**Notice of Special Meeting of Shareholders  
To be Held on XX, 2006**

Dear Shareholder:

We are pleased to invite you to attend a Special Meeting of Shareholders of Hanover Gold Company, Inc., which will be held at 1:30 PM, local Spokane time on XX, 2006, at 601 W. Main Ave., Spokane, WA, 99201. The primary business of the meeting will be to:

- To consider and vote upon the adoption of an amendment to the Company's Articles of Incorporation to change the authorized capital of the Company from 48,000,000 shares of \$0.0001 par value Common Stock to 500,000,000 shares of \$0.0001 par value Common Stock and to increase the authorized preferred stock from 2,000,000 to 10,000,000 shares. (See "Amended Articles of Incorporation").
- To approve the sale of the Company's mineral claims consisting of 121 unpatented mining claims and 32 patented mining claims in the Virginia City Mining District of Montana, and 31 patented mining claims near Norris and Pony, Montana.
- Transact such other business as may properly come before the meeting or any adjournment thereof.

Only Shareholders of record on the books of the Company at the close of business on XX, 2006, the record date fixed by the Board of Directors, are entitled to notice of and to vote at the Special Meeting and at any postponements or adjournments thereof.

It is important that your shares be represented at the meeting whether or not you are personally able to attend. You are therefore urged to complete, date and sign the accompanying Proxy and mail it in the enclosed postage-paid envelope as promptly as possible. Your Proxy is revocable, either in writing or by voting in person at the Special Meeting, at any time prior to its exercise. Thank you for your timely response.

We look forward to seeing you at the Shareholders' Meeting on XX, 2006.

Sincerely,

Terrence J. Dunne  
President

**Hanover Gold Company, Inc.**  
**601 W. Main Ave., Suite 1017**  
**Spokane, Washington 99201**

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**PROXY STATEMENT**  
**Relating to**  
**Special Meeting of Shareholders**  
**To be held on XX, 2006**

**INTRODUCTION**

This Proxy Statement is being furnished by the Board of Directors of Hanover Gold Company, Inc., (the "Company") to holders of shares of the Company's \$0.0001 par value Common Stock (the "Common Stock") in connection with the solicitation by the Board of Directors of Proxies to be voted at the Special Meeting of Shareholders of the Company to be held on XX, 2006, and any postponements or adjournments thereof (the "Special Meeting"), for purposes set forth in the accompanying Notice of Special Meeting of Shareholders. This Proxy Statement is first being mailed to the Shareholders on or about XXX, 2006.

Management is the record and beneficial owner of 5,093,743 shares (approximately 15%) of the Company's outstanding Common Stock. It is management's intention to vote all of its shares in favor of each matter to be considered by the Shareholders.

**PURPOSE OF THE ANNUAL MEETING**

**Amendment to Articles of Incorporation**

To consider and vote upon the adoption of an amendment to the Company's Articles of Incorporation to change the authorized capital of the Company from 48,000,000 shares of \$0.0001 par value Common Stock to 500,000,000 shares of \$0.0001 par value Common Stock and to increase the authorized preferred stock from 2,000,000 shares to 10,000,000 shares (See "Amended Articles of Incorporation").

**Sale of Assets**

To approve the sale of the Company's mineral claims consisting of 121 unpatented mining claims and 32 patented mining claims in the Virginia City Mining District of Montana, and 31 patented mining claims near Norris and Pony, Montana.

**Other Business**

To transact such other business as may properly come before the Special Meeting or any postponements or adjournments thereof.

*As your vote is important, it is required that you complete and sign the enclosed proxy card and mail it promptly in the posted return envelope provided. Shares cannot be voted at the*

meeting unless the owner is present to vote or is represented by Proxy.

## VOTING AT ANNUAL MEETING

1. **Record Date.** The Board of Directors of the Company has fixed the close of business on XXX, 2006 as the record date for the purpose of determining Shareholders of the Company entitled to notice of and to vote at the Special Meeting. At the close of business on that date, the Company had 34,281,443 issued and outstanding shares of Common Stock. A majority of such shares will constitute a quorum for the transaction of business at the Special Meeting. Proxies that are submitted but are not voted for or against (whether by abstentions, broker nonvotes, or otherwise) will be treated as present for all matters considered at the meeting.
2. **Solicitation of Proxies.** The accompanying Proxy is solicited on behalf of the Board of Directors of the Company and the cost of solicitation will be borne by the Company. Following the original mailing of the Proxies and soliciting materials, directors, officers and employees of the Company may, but do not presently intend to, solicit Proxies by mail, telephone, telegraph, or personal interviews. The Company may request brokers, custodians, nominees, and other record holders to forward copies of the Proxies and soliciting materials to persons for whom they hold shares of the Company and to request authority for the exercise of Proxies. In such cases the Company will reimburse such holders for their reasonable expenses. The Company intends to utilize the services of OTC Stock Transfer Company, to assist in proxy solicitation.
3. **Revocation of Proxy.** Any Proxy delivered in the accompanying form may be revoked by the person executing the Proxy by written notice to that effect received by the Secretary of the Company at any time before the authority thereby granted is exercised, by execution of a Proxy bearing a later date presented at the meeting or by attendance of such person at the Special Meeting.
4. **How Proxies will be Voted.** Proxies received by the Board of Directors in the accompanying form will be voted at the Special Meeting as specified therein by the person giving the Proxy. If no specification is made with respect to the matters to be voted upon at the meeting, the shares represented by such Proxy will be voted FOR the nominees to the Board of Directors in the election of Directors. All shares represented by valid Proxy will be voted at the discretion of the proxy holders on any other matters that may properly come before the meeting. However, the Board of Directors does not know of any matters to be considered at the meeting other than those specified in the Notice of Meeting.
5. **Voting Power.** Shareholders of the Common Stock of the Company are entitled to one vote for each share held. There is no cumulative voting for directors.
6. **Principal Shareholders.** The following tables set forth information regarding the number and percentage of shares of Common Stock of the Company held by any person known to the Company to be the beneficial owner of more than five percent and each

director, each of the name and executive officers and directors and officers as a group.

### **Certain Beneficial Owners**

| <b>Title of Class</b> | <b>Name &amp; Address of Beneficial Owner</b> | <b>Amount &amp; Nature of Beneficial Ownership</b> | <b>Percent of Class</b> |
|-----------------------|---|--|-------------------------|
| Common                | Estate of Neal A. Degerstrom (1)              | 3,950,533  | 11.52                   |
| Common                | Margaret A. Nierengarten (2)                  | 2,323,200  | 6.68                    |
| Common                | Terrence Dunne                                | 2,200,000  | 6.48                    |

(1) Includes 1,459,953 shares owned by N. A. Degerstrom, Inc.

(2) Includes 940,400 shares owned by her spouse

### **Management**

| <b>Title of Class</b> | <b>Name &amp; Address of Beneficial Owner</b>                 | <b>Amount &amp; Nature of Beneficial Ownership</b> | <b>Percent of Class</b> |
|-----------------------|---|--|-------------------------|
| Common                | Terrence Dunne  | 2,200,000  | 6.48                    |
| Common                | Hobart Teneff   | 1,213,743  | 3.54                    |
| Common                | Daniel McKinney   | 880,000  | 2.57                    |
| Common                | Paul Fredericks   | 800,000  | 2.33                    |
| Common                | Total of all executive officers and directors (4 individuals) | 5,093,743  | 14.92                   |

There are no arrangements known to the Company, the operation of which may at a subsequent time result in the change of control of the Company.

7. **Required Approvals.** By unanimous consent the Board of Directors of the Company has adopted resolutions (1) approving the amendment to the Articles of the Corporation; (2) approving the sale of the Company's mineral claims to Roy Moen and (3) recommending that the Company's Shareholders vote to approve both the amendment to the Articles of Incorporation and the sale of the Company's mineral claims as submitted to the Shareholders for consideration at the Special Meeting of Shareholders.

8. **Dissenters' Rights.** There are no dissenters' rights applicable to any matters to be considered at the Special Meeting.

### **MARKET PRICE OF COMMON EQUITY**

The Common Stock of the Company is traded on the over the counter market in the Pink Sheets. The following table shows the high and low bid prices for the Common Stock for each quarter since January 1, 2004. The quotations reflect inter-dealer prices, without retail mark-up, mark-down or commission and may not represent actual transactions.

| <u>Fiscal Year</u> | <u>High Closing</u> | <u>Low Closing</u> |
|--------------------|---------------------|--------------------|
| 2004:              |                     |                    |
| First Quarter      | .20                 | .14                |
| Second Quarter     | .13                 | .07                |
| Third Quarter      | .10                 | .07                |
| Fourth Quarter     | .07                 | .05                |
| 2005:              |                     |                    |
| First Quarter      | .10                 | .055               |
| Second Quarter     | .06                 | .04                |
| Third Quarter      | .05                 | .04                |
| Fourth Quarter     | .06                 | .03                |
| 2006:              |                     |                    |
| First Quarter      | .11                 | .03                |
| Second Quarter     | .55                 | .13                |

### **Holders**

As of the date of this memorandum there were approximately 400 shareholders of record of the Company's Common Stock.

### **Dividends**

The Company has never paid any dividends and does not anticipate the payment of dividends in the foreseeable future.

## EXECUTIVE OFFICERS AND DIRECTORS

### MANAGEMENT

#### Executive Officers and Directors

The following information is provided as of the date of this memorandum with respect to each executive officer and director of the Company:

| <u>Name</u>                               | <u>Age</u> | <u>Year First Became A Director</u> |
|---|------------|-------------------------------------|
| Terrence J. Dunne, Director and President | 57         | 2006                                |
| Daniel McKinney, Director                 | 56         | 2006                                |
| Hobart Teneff, Director                   | 86         | 1999                                |
| Paul E. Fredericks, Director              | 51         | 2006                                |

**Terrence J. Dunne.** For more than the past five years Mr. Dunne has operated Terrence J. Dunne & Associates, a sole proprietorship which provides bookkeeping, income tax return preparation and business consulting services for small businesses. Mr. Dunne received his BBA, MBA and Masters in Taxation degrees from Gonzaga University.

Mr. Dunne has the following present and past experience with “blind pool” or “shell” type companies (1) New Hilarity Mining Company which became Orbit E-Commerce after the reverse merger was completed on September 5, 2000. Prior to the reverse merger with Orbit Canada (the private company), Mr. Dunne was a principal shareholder of New Hilarity. He purchased stock in New Hilarity for \$.025 per share. After the reverse merger and the reverse split of the common stock, Mr. Dunne owned 249,000 shares. Mr. Dunne sold all of his shares from October, 2000 to April of 2003. The current market price of the stock is approximately \$.08. Mr. Dunne received no other compensation, directly or indirectly, from the company. (2) Mr. Dunne was a principal shareholder of Gold Bond Resources, Inc. from March of 2000 until the reverse merger was completed in January of 2003. Mr. Dunne originally owned approximately 1,880,000 shares of common stock for which he paid \$.005 per share for 1,795,585 shares and \$.10 per share for another 35,000 shares in October of 2001. The balance of the shares were purchased in the market at an average price of about \$.21. Since December 5, 2002, Mr. Dunne has sold all of his shares at prices ranging from \$.21 to about \$.32. Currently, the stock is trading at about \$1.85 per share after a one for ten reverse stock split. (3) Mr. Dunne was a principal shareholder of Royal Pacific Resources, Inc. (formerly Painted Desert Uranium and Oil Company). Mr. Dunne purchased 2,030,000 (after a reverse stock split of one for six, Mr. Dunne now has 338,334 shares) shares at \$.005 per share in January of 2002. This company (Now known as Great American Family Parks) is currently listed on the pink sheets at approximately \$.30. (4) Mr. Dunne was a principal shareholder in Quad Metals Corporation. Mr. Dunne purchased 18,000,000 shares of common stock at \$0.001 per share in October, 2001. After a reverse stock split in November 2002 of 1 for 50, Mr. Dunne had owned 233,000 shares

of stock. On October 1, 2003, Quad Metals closed a share exchange transaction with DataJungle Ltd. DataJungle is a software company that develops and markets web-based enterprise-class business intelligence software solutions that translate business data into interactive tables, charts and maps. The former shareholders of Quad Metals retained approximately 13% of the company after the share exchange. Mr. Dunne received no compensation in connection with the DataJungle transaction, but has sold all of his shares. DataJungle currently trades in the \$.30 - \$.35 range. (5) Mr. Dunne is an officer, director and a principal shareholder of Daybreak Oil & Gas, Inc. having purchased 3,200,000 shares of common stock in December of 2001 for \$.005 per share. Mr. Dunne purchased an additional 150,000 shares of Daybreak stock at \$.02 per share in July, 2003. In November, 2004, Mr. Dunne sold 50,000 shares of Daybreak at \$.12 per share. In January, 2005, Mr. Dunne sold an additional 40,000 shares of Daybreak stock at \$.13 per share. During 2005, Mr. Dunne received approximately 527,000 shares for services and debt conversion and he currently owns 3,787,000 shares. Daybreak currently trades for around \$2.50 per share (6) Mr. Dunne purchased 931,628 shares of Aberdeen Idaho Mining Company from January of 2002 until April, 2002. His average price per share is just under \$.03 per share. Prior to an acquisition in May 2004, the company had 9,866,500 shares issued and outstanding. After an acquisition, additional issuances of shares, and a one for one hundred reverse stock split, the stock trades for around \$.04 per share. Mr. Dunne received 400,000 shares of Missouri River Gold and Gem Corp. for services in 2000. He purchased an additional 100,000 shares of stock in 2001 at \$.05 per share. In March 2004, Missouri River Gold and Gem Corp. merged with a company named Extremetrix, Inc. This stock trades currently around \$.40 per share. In November and December, 2003, Mr. Dunne purchased a total of 2,400,000 shares of Silver Butte Mining Company at \$.01 per share. In September of 2005, Mr. Dunne purchased an additional 100,000 shares at \$.06 per share. The stock currently trades for around \$.35 per share, and there are 17,277,080 shares outstanding.

Mr. Dunne was a consultant and founding shareholder in Nova Oil, Inc. Mr. Dunne originally purchased 500,000 shares at \$.0025 per share in 2000. He purchased an additional 160,000 shares in 2003 at \$.05 per share, and received 110,000 shares of stock valued at \$.10 per share for services in 2005. He sold 59,000 shares in 2004 at \$.03 per share in 2004. After the acquisition of Bio-Source America on March 30, 2006, and the subsequent forward split of three for two, and the recent sale of 12,500 shares. Mr. Dunne has 1,054,000 shares of stock. The stock is currently trading for approximately \$3.70 per share.

In 2003, Mr. Dunne purchased 720,000 shares of Bonanza Gold, Inc. for \$.03 per share. In February 2006, he received 50,000 for services on the board of directors. Also in February, the company acquired Left Behind Games, Inc. and there was a reverse stock split of one for four. Currently Mr. Dunne owns 192,500 shares of stock and the stock trades for \$3.30 per share.

**Daniel McKinney.** Mr. McKinney has been a licensed real estate broker for over 25 years and has worked as a vocational rehabilitation consultant in the Inland Northwest since 1980. Since 1989 he has been the owner and managing consultant of Vista Consulting Services Inc., specializing in self-insurance employability evaluations, pension adjudication, negotiated settlements and forensic evaluations & testimony on disability related cases. Mr. McKinney is a Certified Rehabilitation Counselor, a Certified Disability Management Specialist, a Licensed Mental Health Counselor and is a Board Certified Disability Analyst. He received a Bachelor of



Arts degree in Psychology from Eastern Washington University in 1973 and a Master of Education Degree in Guidance and Counseling from Whitworth College in 1977. He has been a principal and developer of commercial and residential real estate projects in Washington, Idaho and Arizona. Mr. McKinney is a director and secretary/treasurer of Silver Crest Resources, Inc.

**Hobart Teneff.** Mr. Teneff was appointed a director, president and chief executive officer on June 1, 1999. From 1975 through 1988 Mr. Teneff served as president of Gold Reserve Corporation, and from 1975 through 1994, was also one of its directors. He was also president, chief executive officer and a director of Pegasus Gold Inc. from 1976 through 1987 and President of Argo Gold Inc. and Montoro Inc. prior to their being merged into Pegasus in 1980 and 1981, respectively. Since 1950, Mr. Teneff has been president of General Equipment Inc. a privately held company in the industrial water, air, and heat transfer Equipment business. Mr. Teneff holds a degree in chemical engineering from Gonzaga University.

**Paul E. Fredericks:** Mr. Fredericks has been appointed a director of Hanover Gold Company, Inc. as of May 17, 2006. Since February 2000, he has also been director of Nova Oil, Inc. (NVAO.OB), and has held positions of Vice President (2000-2002) and President (2002-2006) with Nova Oil. From January 1985 to present, he has owned and operated his own business, Mineral Logic. His company consults for mineral exploration and mining companies throughout the western hemisphere performing GIS development and data compilation to assist with target delineation. From March 1999 to January 1991, he was Senior Geologist and a computer specialist for Western Gold Exploration and Mining Company, located in Missoula Montana. Mr. Fredericks attended Humboldt State University where he received a Bachelor of Science Degree in geology in 1977, and the University of Texas at Austin, where he received a Master's Degree in geology in 1980. Mr. Fredericks resides in Missoula, Montana.

### **Code of Ethics**

The Company has not adopted a Code of Ethics for its President, Chief Executive Officer and Senior Financial Officers but intends to do so during the third quarter of 2006.

### **Audit Committee Pre-Approval Policy**

The Board of Directors has not adopted a pre-approval policy requiring that the Audit Committee pre-approve the audit and non-audit services performed by the independent auditor in order to assure that the provision of such services do not impair the auditor's independence. Such a policy will be adopted during the third quarter of 2006.

### **Legal Proceedings**

No Director, or person nominated to become a Director or Executive Officer, has been involved in any legal action involving the Company during the past five years.

### **Board Committees**

The entire board performs the function of the Nominating Committee. Directors are currently nominated by the total Board of Directors. A written Nominating Committee charter will be

adopted in the third quarter of 2006

The entire board performs the function of the Audit Committee. The audit committee approves the selection of the Company's independent certified public accountants to audit the annual financial statements and quarterly financial statement reviews, discusses with the auditors and approves in advance the scope of the audit and reviews, reviews management's administration of the system of internal controls, and reviews the Company's procedures relating to business ethics. Messrs. McKinney and Fredericks are deemed to be independent directors as that term is defined in Rule 4200(a) (14) of the NASD's listing standards. Mr. Dunne is a financial expert for the purpose of compliance with the Sarbannes – Oxley Act.

### **COMPENSATION OF DIRECTORS AND OFFICERS**

No Officer or Director has received any compensation from the Company during the past two fiscal years

### **CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

There have been no other transactions or series of transactions, or proposed transactions during the last two years to which the Company is a party in which any director, executive officer or beneficial owner of five percent or more of the Company's common stock had an interest.

Directors receive reimbursement for out of pocket costs incurred relating to attendance at directors' meetings. The only arrangements that we have, standard or otherwise, pursuant to which directors are compensated by us for their services in their capacity as directors, or for committee participation, involvement in special assignments or for services as consultant or expert during the most recently completed financial year or subsequently, are the issuance of stock options. Since the end of the most recently completed financial year, we have not issued any incentive stock options to any of our directors.

### **THE FOLLOWING PROPOSALS ARE SUBMITTED TO THE SHAREHOLDERS FOR CONSIDERATION AT THE ANNUAL MEETING OF SHAREHOLDERS:**

#### **Amended Articles of Incorporation**

The Board of Directors proposes to amend Article Four of the Articles of Incorporation to read as follows

#### **Article Four Capitalization**

The authorized capital stock of the corporation shall consist of two classes of stock, designated as Common Stock and Preferred Stock.

The total number of shares of Common Stock that the corporation will have authority to issue is Five Hundred Million (500,000,000). The shares shall have a par value of \$0.0001 per share.

All of the Common Stock authorized herein shall have equal voting rights and powers without restrictions in preference.

The total number of shares of Preferred Stock that the corporation will have authority to issue is Ten Million (10,000,000). The Preferred Stock shall have a stated value of \$0.0001 per share. The authorized but unissued shares of Preferred Stock may be divided into and issued in designated series from time to time by one or more resolutions adopted by the Board of Directors. The Directors in their sole discretion shall have the power to determine the relative powers, preferences, and rights of each series of Preferred Stock.

## **Discussion**

The Company is currently authorized to issue 48,000,000 shares of Common Stock and 2,000,000 shares of Preferred Stock, of which 34,281,443 shares of Common Stock and –0– shares of Preferred Stock were issued and outstanding as of July 31, 2006,. The Board of Directors has determined that it would be advisable and in the best interest of the Company to increase the number of authorized shares of Common Stock from 48,000,000 shares to 500,000,000 shares in order to provide the Company with an adequate supply of authorized but unissued shares of Common Stock for general corporate needs including obtaining additional mineral interests, financing, possible stock dividends, employee incentive and benefit plans or consummation of acquisitions at times when the Board, in its discretion, deems it advantageous to do so. At present, the Company has no commitments to issue additional shares of its Common Stock.

All shares of Common Stock are equal to each other with respect to voting, liquidation, dividend and other rights. Owners of shares of Common Stock are entitled to one vote for each share they own at any Shareholders' meeting. Holders of shares of Common Stock are entitled to receive such dividends as may be declared by the Board of Directors out of funds legally available therefore, and upon liquidation are entitled to participate pro rata in a distribution of assets available for such a distribution to Shareholders. Although the Board of Directors would authorize the issuance of additional shares of Common Stock based on its judgment as to the best interests of the Company and its Shareholders, the issuance of authorized shares of Common Stock could have the effect of diluting the voting power and book value per share of the outstanding Common Stock.

Authorized shares of Common Stock in excess of those shares outstanding will remain available for general corporate purposes, may be privately placed and could be used to make a change in control of the Company more difficult. Under certain circumstances, the Board of Directors could create impediments to, or frustrate, persons seeking to effect a takeover or transfer in control of the Company by causing such shares to be issued to a holder or holders who might side with the Board of Directors in opposing a takeover bid that the Board of Directors determines is not in the best interests of the Company and its stockholders, but in which unaffiliated stockholders may wish to participate. In this connection, the Board of Directors could issue authorized shares of Common Stock to a holder or holders which, when voted together with the shares held by members of the Board of Directors and the executive officers and their families, could prevent the majority stockholder vote required by the Company's

Restated Articles of Incorporation to effect certain matters. Furthermore, the existence of such shares might have the effect of discouraging any attempt by a person, through the acquisition of a substantial number of shares of Common Stock, to acquire control of the Company, since the issuance of such shares should dilute the Company's book value per share and the Common Stock ownership of such person. One of the effects of the proposal, if approved, might be to make a tender offer more difficult to accomplish. This may be beneficial to management in a hostile tender offer, thus having an adverse impact on stockholders who may want to participate in such tender offer.

If the proposal is approved, the additional, authorized Common Stock, as well as the currently authorized but unissued Common Stock, would be available for issuance in the future for such corporate purposes as the Board of Directors deems advisable from time to time without the delay and expense incident to obtaining shareholder approval, unless such action is required by applicable law or by the rules of the National Association of Securities Dealers, Inc., or of any stock exchange upon which the Company's shares may then be listed. It should be noted that subject to the limitations discussed above, all of the types of Board action with respect to the issuance of additional shares of Common Stock that are described in the preceding paragraphs can currently be taken and that the power of the Board of Directors to take such actions would not be enhanced by the proposal, although the proposal would increase the number of shares of Common Stock that are available for the taking of such action.

The Company will have authority to issue up to Ten Million (10,000,000) shares of newly created Preferred Stock ("Preferred Stock"). The Preferred Stock will have a par value of \$0.0001 per share. The Preferred Stock shall be entitled to preference over the Common Stock with respect to the distribution of assets of the Company in the event of liquidation, dissolution, or winding-up of the Company, whether voluntarily or involuntarily, or in the event of any other distribution of assets of the Company among its shareholders for the purpose of winding-up its affairs. The authorized, but unissued shares of Preferred Stock, may be divided into and issued in designated series from time to time by one or more resolutions adopted by the Board of Directors. The Directors, in their sole discretion, shall have the power to determine the relative powers, preferences, and rights of each series of Preferred Stock.

If approved, the Board of Directors would be empowered without the necessity of further action or authorization by the Company's Shareholders (unless such action or authorization is required in a specific case by applicable laws or regulations or stock exchange rules) to authorize the issuance of the Preferred Shares from time to time in one or more series or classes, and to fix by resolution the designations, preferences, limitations, and relative rights of each such series or class. Each series of Preferred Shares would, as determined by the Board of Directors at the time of issuance, rank senior to the Company's shares of Common Stock with respect to dividends and redemption and liquidation rights.

The Preferred Shares will provide authorized and unissued shares of Preferred Stock, which may be used by the Company for any proper corporate purpose. Such purpose might include, without limitation, issuance as part or all of the consideration required to be paid by the Company in the acquisition of other businesses or properties, or issuance in public or private sales for cash as a means of obtaining additional capital for use in the Company's business and operations. There

are no transactions currently under review by the Board of Directors which contemplate the issuance of Preferred Shares.

It is not possible to state the precise effects of the authorization of the Preferred Shares upon the rights of the holders of the Company's Common Stock until the Board of Directors determines the respective preferences, limitations, and relative rights of the holders of each class or series of the Preferred Shares. Such effects might include, however: (a) reduction of the amount otherwise available for payment of dividends on Common Stock to the extent dividends are payable on any issued Preferred Shares; (b) restrictions on dividends on the Common Stock; (c) dilution of the voting power of the Common Stock to the extent that the Preferred Shares had voting rights; (d) conversion of the Preferred Shares into Common Stock at such prices as the Board of Directors determines, which could include issuance at below the fair market value or original issue price of the Common Stock; and (e) the holders of Common Stock not being entitled to share in the Company's assets upon liquidation until satisfaction of any liquidation preference granted to holders of the Preferred Shares.

In addition, the Preferred Shares could, in certain instances, render more difficult or discourage a merger, tender offer or proxy contest and thus potentially have an "anti-takeover" effect, especially if Preferred Shares were issued in response to a potential takeover. In addition, issuances of authorized Preferred Shares can be implemented, and have been implemented by some companies in recent years, with voting or conversion privileges intended to make acquisition of the Company more difficult or more costly. Such an issuance could deter the types of transactions which may be proposed or could discourage or limit Shareholders' participation in certain types of transactions that might be proposed (such as a tender offer), whether or not such transactions were favored by the majority of the Shareholders, and could enhance the ability of officers and directors to retain their positions.

Although the Board of Directors would authorize the issuance of additional Preferred Shares based on its judgment as to the best interests of the Company and its Shareholders, the issuance of authorized Preferred Shares could have the effect of diluting the voting power and book value per share of the outstanding Common Stock.

**Board Recommendation.** The Board of Directors recommends that shareholders vote to approve the amendment to the Articles of Incorporation

### **Sale of Mineral Claims**

In June 2006 the Company entered into an agreement to sell the Company's mineral claims to Roy A. Moen and Marlene Moen, husband and wife, of Virginia City, Montana. Mr. Moen and his wife are shareholders of the Company. The sale of the mineral interests is subject to the approval of our shareholders. A copy of the Sale Agreement is attached to this Proxy Statement.

**Property Description.** Our mining properties are located within the upper part of Brown's Gulch, Hungry Hollow, and Barton Gulch within the Virginia City Mining District of Montana. Thirty-two patented and 121 unpatented mining claims are within the Virginia City Mining District and another 31 patented claims are located near Pony and Norris, Montana. These claims were

acquired in September 1997, in conjunction with our merger acquisition of Easton-Pacific. In addition to the significant placer production that came from the adjoining Alder Gulch, gold has been produced from lode mines located in Alder Gulch, Brown's Gulch, and Hungry Hollow since the late nineteenth century, although there are no reliable production records. We believe the historical mining activities and geology of the district are indicative of large gold-bearing mineral systems, and that the district has a very high potential for additional discovery. The topography is mountainous, although the properties are seasonally accessible by road.

We own or hold nearly all of our claims outright. Those several claims that we do not own or hold outright are held through a lease with a 2.5% net smelter production royalty, which becomes payable once minerals are produced from the claims. None of the Company's properties have any proven or probable reserves.

Terms of Purchase. The purchase price of the mineral interests is Four Hundred Thousand Dollars (\$400,000.00). The purchase price is payable in full at closing with an adjustment of approximately \$3,969 for monies owing to Mr. Moen. In addition the Company is releasing Mr. Moen from a contingent liability to the Company in the amount of \$75,000 and releasing a one percent net smelter return royalty payable to the Company.

Discussion. We ceased operations during the fourth quarter of 1998 due to low gold prices and the passage of a Montana citizen's initiative (known as Initiative I-137) which banned the use of cyanide in the extraction of gold and silver from new and expanded open pit mining operations in the state. Due to increased gold and precious metals prices the company wishes to again become involved in the exploration and, if warranted, the development of properties containing precious or base metals. Management believes that its cash resources are best deployed in seeking properties other than those in which we currently have an interest. The sale of our mineral interests will give the Company the additional funds it needs to finance its search for properties management considers viable exploration targets.

Board Recommendation. The Board of Directors recommends that shareholders vote to approve the sale of the Company's mineral interests.

## **Other Business**

As of the date of this Proxy Statement, the Board of Directors is not aware of any matters that will be presented for action at the Special Meeting other than those described above. However, should other business properly be brought before the Special Meeting, the proxies will be voted thereon at the discretion of the persons acting thereunder.

## **ADDITIONAL SHAREHOLDER INFORMATION**

A shareholder of record may obtain a copy of the Company's annual, quarterly and current reports as filed with the Security and Exchange Commission, without cost, upon written request to the Secretary of the Company at the following address 601 West Main Avenue, Suite 1017, Spokane, Washington 99201. The Company's Form 10KSB and other reports required to be

filed under the Securities Exchange Act of 1934 may also be accessed at SEC's website at [www.sec.gov](http://www.sec.gov).

By Order of the Board of Directors,

Terrence J. Dunne, President and Chairman

## **EXHIBIT 10 SALE AGREEMENT**

Agreement made this \_\_\_\_ day of \_\_\_\_\_, 2006, between Hanover Gold, Inc., a Delaware Corporation, 601 West Main Avenue, Suite 1017, Spokane, Spokane County, Washington, here referred to as Seller, and Roy A. Moen and Marlene Moen, husband and wife, 96 Prospect Mine Road, Virginia City, Madison County, Montana, here referred to as Buyers.

In consideration of the mutual covenants contained in this Agreement, the parties agree for themselves, their heirs, successors and assigns as follows:

1. Seller shall sell, and Buyers shall purchase, all real property, minerals, mining rights and any and all other right, title and interest of Seller in and to the following described land in Mineral County, Montana:

A copy of the legal description is attached as Exhibit "A" and by this reference incorporated herein.

2. The Purchase Price and Adjustments. The purchase price of the sale is Four Hundred Thousand and 00/100 Dollars (\$400,000.00), payable in full on execution and delivery of a deed to the land by Seller as provided in this Agreement. The purchase price shall be decreased in the sum of Three Thousand Nine Hundred Sixty-Nine and 00/100 Dollars (\$3,969.00) representing a reclamation bill owed Buyers by Seller. A copy of said reclamation bill is attached as Exhibit "B" and by this reference incorporated herein. As additional consideration for said sale Buyers shall not be liable for that certain contingent obligation due Seller from Buyers in the amount of Seventy-Five Thousand and 00/100 Dollars (\$75,000.00). Said contingent liability is evidenced by a letter dated the 3<sup>rd</sup> day of November, 2005. Further, Buyers shall be relieved from any and all obligations related to a one percent (1%) NRS in favor of Seller under the terms of a previous agreement herein evidenced by the above referenced letter. A copy of said letter is attached as Exhibit "C" and by this reference incorporated herein.

### **SECTION ONE TITLE MATTERS**

Seller shall promptly deliver to Buyers all abstracts of title to and copies of all title documents affecting the subject properties which Seller has in its possession. In addition, Seller agrees to furnish to Buyers copies of any exploration data, assays, logs, maps, including mine plan maps, geological, geochemical and geophysical surveys and reports, and any records or data relating to production or development that Seller has in its possession relating to the subject properties.

Buyers agree that they are familiar with the mining claims described in this Agreement, and are familiar with the condition of the title they shall receive from Seller pursuant to this Agreement. Buyers shall accept the title in its present condition and shall never assert any claim against Seller for or on account of any defects, objections or other claims to the title of the property,



except for such defects or claims as may arise from a breach of the following warranty: SELLER WARRANTS THAT IT HAS PLACED ON THE PROPERTY NO MORTGAGES THAT HAVE NOT BEEN PAID, SATISFIED AND DISCHARGED, AND THAT IT HAS NOT SOLD OR ASSIGNED THE PROPERTY, OR ANY PART OF THE PROPERTY, TO ANY THIRD PERSON, FIRM OR CORPORATION.

## **SECTION TWO BUYERS' INDEMNITY**

Buyers' Indemnity. Buyers hereby agree to indemnify, defend (with counsel selected by the Seller) and hold Seller and Seller's affiliates and its directors, officers, shareholders, employees, tenants, contractors, assigns and successors and their affiliates harmless from any claims (including without limitation third party claims for personal injury or real or personal property damage), actions, administrative proceedings (including informal proceedings), judgments, damages, punitive damages, penalties, fines, costs, liabilities (including sums paid in settlement of claims), interest or losses, including attorneys' fees (including any fees and expenses incurred in enforcing this indemnity), consultant fees, and expert fees that arise directly or indirectly from or in connection with the operation of the property as a mining property or the condition of the property, including but not limited to the presence, suspected presence, release or suspected release of any hazardous substance of any kind, whether into the air, soil, surface water, groundwater, pavement, structures, fixtures, equipment, tanks, containers or other personality at the property or any other real property in which the Buyers have or may acquire any interest.

Remedial Work. Without limiting the generality of the foregoing, the indemnification set forth herein shall specifically cover costs, including capital, operating and maintenance costs, incurred in connection with any investigation or monitoring of site conditions or any cleanup, remedial, removal or restoration work required or performed by any federal, state or local governmental agency or political subdivision or performed by any non-governmental entity or person because of the presence, suspected presence, release or suspected release of a hazardous substance in the air, soil, surface water, or groundwater at the Property (hereinafter the "remedial work"). The performance of remedial work will be by the Buyers, in the name of the Buyers. The Buyers will obtain all necessary licenses, manifests, permits and approvals to perform such work. All remedial work will be performed in accordance with all applicable laws.

Releases; Discharges. Without limiting the generality of any of the foregoing, this indemnification shall also specifically cover costs incurred in connection with:

- (i) Hazardous substances of any kind present or suspected to be present in the air, soil, surface water or groundwater at the Property before the date of this Agreement;
- (ii) Hazardous substances of any kind that migrate, flow, percolate, diffuse, or in any way move onto or under the Property before or after the date of this Agreement; and
- (iii) Hazardous substances of any kind present at the Property as a result of any

release, discharge, disposal, dumping, spilling, or leaking (accidental or otherwise) onto the Property before or after the date of this Agreement by any person, corporation, partnership or entity, as well as third parties or trespassers.

Easements. Without waiving its indemnity, at its option, the Seller may, upon failure of the Buyers to promptly perform the remedial work, commence such work itself and require the Buyers to pay, pursuant to the foregoing indemnity, all costs thereby incurred. To the extent legally practicable, Buyers hereby:

- (i) Agree to grant Seller any easements or licenses (in recordable form, and in form and substance acceptable to Seller) allowing Seller, at any time, to enter the Property and use all facilities or equipment located on the Property to accomplish the purposes set forth in clause (iii) below;
- (ii) Agree to allow Seller access to Buyers' environmental and other relevant records; and,
- (iii) Grant to Seller all other rights necessary for the following purposes: investigation, sampling, well installation, groundwater monitoring, and the installation, operation, maintenance and modification of any environmental remedial work that Seller may be required to perform or that Seller deems appropriate to satisfy its obligations and to comply with applicable environmental laws or that relate to legal or administrative proceedings to which Seller is or may become a party.

The grant of said easements, licenses and rights is not intended to and shall not be construed to impose any obligation on the Seller to exercise the rights granted therein or otherwise investigate, monitor or clean up any environmental condition at the Property.

Agency Action; Third Party Claims. Without limiting the generality of the foregoing or any other paragraph of this Agreement, Buyers shall be solely and completely responsible for responding to, defending against and/or complying with any administrative order, request or demand relating to potential or actual contamination on the premises, or third party claim (including the claims of former or future tenants in the premises, or other tenants in units or parcels adjoining or near the premises) for response or remedial actions or for the costs of any such actions which the third-party claimant has undertaken, whether such order, request, demand or claim names Buyer, Seller or both, or refers to the premises in any way. The responsibility conferred under this paragraph includes but is not limited to responding to such orders, requests, demands and claims on behalf of Seller and defending against any assertion of Seller's financial responsibility or individual duty to perform thereunder. Buyers shall assume, pursuant to the foregoing indemnity, any liabilities or responsibilities which are assessed against Seller in any action described under this paragraph. In satisfying its obligations under this Indemnity, Buyers shall provide to Seller copies of all communications, filing or other writings, photographs or materials given to or received from any person, entity or agency in connection with any claim, order request or demand described herein, or with any cleanup or remedial work conducted by Buyers, and shall notify Seller of, and permit Seller's representative to attend any meeting or oral communications relating thereto.

No Waiver. No provision of this indemnity shall be waived or released except by express written statement by the party against whom such waiver would be asserted. Except where specifically referring by name to this Indemnity or any provision therein, no written waiver or release between the parties, whether contained in the Purchase Agreement or otherwise, shall affect the liabilities and responsibilities under this Indemnity, or the rights of the parties' assigns and insurers to seek enforcement or compensation therefore.

### **SECTION THREE NOTICES**

The addresses of the respective parties for the purpose of all notices required by this Agreement are as listed below:

Seller: Hanover Gold, Inc.  
601 West Main Avenue, Suite 1017  
Spokane, Washington 99201

Buyers: Roy A. and Marlene Moen  
96 Prospect Mine Road  
P.O. Box 33  
Virginia City, Montana 59755

Any change in address shall be immediately furnished by each party to the other.

Mailing to a party at the address for the party specified above, or to an address furnished by a party to the other in the event of a change of address, by registered mail (return receipt requested) of any and all notices required shall constitute service of the notice and shall be conclusive evidence of the mailing.

### **SECTION FOUR REPRESENTATIONS AND WARRANTIES OF SELLER**

As a material inducement to cause Buyers to enter into this Agreement, Seller hereby represents and warrants to Buyers that the following statements are true and correct on the date hereof and will be true and correct on the closing date as though made on such dates.

- (a) Corporate Authority. Corporation is authorized to lawfully acquire the stock of Seller as set forth in this agreement.
- (b) Good Title. Seller is the owner of the real property and the patented mining claims and clear of all liens, claims or encumbrances and subject to no option, warrants, contacts or agreements, and has the right to sell and transfer the property.
- (c) Disclosure. Neither this Agreement nor any of the schedules annexed contain any untrue statement of any material fact or omit to state any material fact required to

be stated or necessary in order to make the statements made with respect to Seller not misleading.

- (d) Prior Agreements. Seller warrants that there are no prior enforceable Agreements, either written or oral by and between the Seller and any third party related to the sale of the above described property.

## **SECTION FIVE REPRESENTATIONS AND WARRANTIES OF BUYERS**

As a material inducement to cause Seller to enter into this Agreement, Buyers hereby represent and warrant to Seller that the following statement is true and correct on the date hereof and will be true and correct on the closing date as though made on such date.

- (a) Disclosure. Neither this Agreement nor any of the schedules annexed contain any untrue statement of any material fact or omit to state any material fact required to be stated or necessary in order to make the statements made with respect to the Buyer not misleading.

## **SECTION SIX CLOSING**

At closing, each of the parties shall execute all documents and take all actions as are reasonably necessary or proper to carry out the terms of this Agreement and consummate the transactions contemplated hereby.

## **SECTION SEVEN FURTHER ASSURANCES**

Seller and Buyers shall, at any time and from time to time after the Closing Date, upon request of any party, do, execute, acknowledge and deliver and cause to be done, executed, acknowledged and delivered, all such further acts, deeds, assignments, transfers, conveyances, and instruments, whether by or from Seller, Buyers or third parties, as any party may reasonably request in order to convey and transfer to and vest in Buyers, and protect its rights, title and interest in and enjoyment of, the assets purchased hereunder.

## **SECTION EIGHT CONSTRUCTION; ENTIRE AGREEMENT**

This Agreement will be construed in accordance with the laws of the State of Montana. The headings and subheadings used in the Agreement are for convenience only and will not be deemed to be a part of the Agreement for purposes of construction of it. All of the Agreements and understandings of Buyers and Seller with reference to the subject properties are embodied in this Agreement, which supersedes all prior Agreements or understandings between Seller and Buyers and with reference to the subject properties.

## **SECTION NINE WAIVER**

No waiver of any provision of this Agreement shall be deemed, or shall constitute, a waiver of any other provision, whether or not similar, nor shall any waiver constitute a continuing waiver. No waiver shall be binding unless executed in writing by the party making the waiver.

## **SECTION TEN BINDING EFFECT**

All rights, remedies and liabilities herein given to or imposed upon the parties shall extend to, inure to the benefit of and bind, as the circumstances may require, the parties and their respective heirs, personal representatives, administrators, successors and, insofar as this Agreement is assignable by the terms hereof, assigns.

## **SECTION ELEVEN AMENDMENT**

No supplement, modification or amendment to this Agreement shall be valid unless the same is in writing and signed by all parties.

## **SECTION TWELVE SEVERABILITY**

In the event any provision or portion of this Agreement is held to be unenforceable or invalid by any court of competent jurisdiction, the remainder of this Agreement shall remain in full force and effect and shall in no way be affected or invalidated thereby.

## **SECTION THIRTEEN ATTORNEYS' FEES**

In the event any suit, action or other legal proceeding shall be instituted to declare or enforce any right created by this Agreement, the prevailing party shall be entitled to recover reasonable attorney fees as fixed by the trial court and all appellate courts.

## **SECTION FOURTEEN SCHEDULES AND EXHIBITS**

All Schedules and Exhibits to this Agreement shall be deemed an integral part of this Agreement and shall be incorporated herein by this reference as though set forth in full.

## **SECTION FIFTEEN COUNTERPARTS**

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original instrument and all of which together shall constitute a single agreement.

**SECTION SIXTEEN  
ATTORNEY'S REPRESENTATIONS**

The parties all acknowledge that Michael Agostinelli of Workland & Witherspoon, PLLC, Seller's counsel, prepared this Agreement on behalf of and in the course of his representation of Seller, and that:

- (1) BUYERS HAVE BEEN ADVISED BY MICHAEL AGOSTINELLI THAT A CONFLICT EXISTS AND HE CAN NOT REPRESENT THEIR INTERESTS; AND
- (2) BUYERS HAVE BEEN ADVISED BY MICHAEL AGOSTINELLI TO SEEK THE ADVICE OF INDEPENDENT COUNSEL; AND
- (3) BUYERS HAVE HAD THE OPPORTUNITY TO SEEK THE ADVICE OF INDEPENDENT COUNSEL; AND
- (4) BUYERS HAVE NOT RECEIVED ANY REPRESENTATIONS FROM MICHAEL AGOSTINELLI REGARDING THE TAX CONSEQUENCES OF THIS AGREEMENT.

IN WITNESS WHEREOF, the parties have executed this Agreement in duplicate on the respective dates set forth below, effective as of the day and year first above written.

SELLER:  
HANOVER GOLD COMPANY, INC.

Date: \_\_\_\_\_

By: \_\_\_\_\_  
Terrence J. Dunne, President

BUYERS:

Date: \_\_\_\_\_

\_\_\_\_\_  
ROY A. MOEN

Date: \_\_\_\_\_

\_\_\_\_\_  
MARLENE MOEN

**PROXY**  
**HANOVER GOLD COMPANY, INC.**  
**601 W. Main Avenue, Suite 1017**  
Spokane, Washington 99201

The undersigned hereby appoints Terrence J. Dunne and Daniel McKinney, or either of them, as Proxies, each with the power to appoint his substitute, and hereby authorizes them to represent and vote, as designated below, all of the shares of Common Stock of Hanover Gold Company, Inc. held on record by the undersigned on XXX, 2006 at the Special Meeting of Shareholders to be held on yyy, 2006, or any adjournment thereof.

1. Approve the amendment to the Articles of Incorporation changing the capitalization of the Company

For ☐      Against ☐      Abstain ☐

2. Approve the sale of the Company's mineral interests

For ☐      Against ☐      Abstain ☐

3. In their discretion, the proxies are authorized to vote upon such other business as may properly come before the meeting.

This proxy, when properly executed, will be voted in the manner directed herein by the undersigned shareholder. If no direction is made, this proxy will be voted for each proposal.

Please sign exactly as name appears below. When shares are held by joint tenants, both should sign. When signing as attorney, as executor, administrator, trustee, or guardian, please give full title as such. If a corporation, please sign in full corporate name by President or other authorized officer. If a partnership, please sign in partnership name by authorized person.

DATED: \_\_\_\_\_

PLEASE MARK, SIGN, DATE AND RETURN

\_\_\_\_\_  
THIS PROXY PROMPTLY USING THE  
ENCLOSED ENVELOPE