

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM 10-KSB**

[X] ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

**For the fiscal year ended December 31, 2006**

[ ] TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

**HANOVER GOLD COMPANY, INC.**  
(Name of small business issuer in its charter)

**Delaware**

**11-2740461**

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

**601 W. Main Ave., Suite 1017, Spokane, WA**

**99201**

(Address of principal executive offices)

(Zip code)

Issuer's telephone number, including area code: (509) 462-0315

Securities registered under Section 12(b) of the Exchange Act: None

Securities registered under Section 12(g) of the Exchange Act:

Common Stock, par value \$0.0001 per share

Preferred Stock, par value \$0.001 per share

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B contained in this form and no disclosure will be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB. [ X ]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☒ No ☐

The registrant's revenues for its most recent fiscal year were \$0.

The aggregate market value of the voting and non-voting common stock held by non-affiliates of the Registrant, based on the average of the bid and ask prices (\$0.30) on January 31, 2007, as reported by the Over the Counter Bulletin Board (OTC BB), was \$6,844,456.

At January 31, 2007, the registrant had 34,261,775 outstanding shares of \$0.0001 par value common stock.

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## **CAUTIONARY STATEMENT ABOUT FORWARD-LOOKING STATEMENTS**

This Annual Report on Form 10-KSB includes “forward-looking statements”. All statements made in this annual report other than statements of historical fact, included or incorporated by reference in this report, including, without limitation, statements that address operating performance, events or developments that management expects or anticipates will or may occur in the future, including statements related to cash flows, revenues, profitability, adequacy of funds from operations, statements expressing general optimism about future operating results and non-historical information, are forward-looking statements. In particular regarding our future financial position or results, levels of activity, events, trends or plans, are forward-looking statements.

Forward-looking statements generally can be identified by the use of forward-looking terminology such as “may,” “will,” “expect,” “intend,” “forecast,” “plan,” “project,” “estimate,” “anticipate,” “propose,” or “believe” or the negative thereof or any variation thereon or similar terminology.

Although we believe that the expectations reflected in such forward-looking statements are reasonable, there is no assurance that such expectations will be accomplished. You should not place undue reliance on these forward-looking statements, which are based on management's current expectations and projections about future events, are not guarantees of future performance, are subject to risks, uncertainties and assumptions (including those described below) and apply only as of the date of this report. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

## **PART I**

### **Item 1. Description of Business**

We were organized under Delaware law in 1984 to engage in mining activities. From 1992 to September 1998, we engaged in acquiring and exploring mining claims in the Alder Gulch area of the Virginia City Mining District in southwestern Montana.

Our activities consisted of diamond drilling, mapping and sampling, lithologic logging of drill holes, metallurgical testing, assaying, and aerial surveying. During this period we were also engaged in some very limited underground development, although no mining or milling activities have been conducted since 1995.

Our properties were never placed into production. 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 that state.

We previously owned various patented and unpatented mining claims near Norris and Pony, Montana. All but one of these claims were acquired in connection with our 1997 acquisitions of Easton-Pacific and Riverside Mining Company ("Easton-Pacific").

In July 2005, we sold our Bozeman Lode mining claim for \$10,000, and in August 2005, we sold our Pony claims for \$140,000 to an existing shareholder of the company. Both of these properties are located in Madison County, Montana.

In early 2006, we appointed three directors to fill positions on our Board of Directors that had been vacated, and undertook a new business direction for the Company, which is to seek out a suitable merger partner with an established operating history and to achieve some type of business combination.

In June 2006, we conducted a private placement of our common stock, selling 14,000,000 shares at \$0.025 per share for net proceeds of \$303,115. The proceeds will be utilized to pay expenses relating to the Company's ongoing reporting requirements under the Securities Exchange Act of 1934 and other operating expenses.

Additionally, in June 2006, we entered into an agreement to sell our remaining mineral claims in Montana. This sale, representing the majority of our assets, requires the approval of our shareholders. If approved by our shareholders, we will receive proceeds of \$400,000.

### **Business Outlook**

We ceased our mineral exploration activities 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 that state.

Our present plan of operation is to seek out a suitable merger partner with an established operating history and achieve a business combination. There is no way to estimate how long the process will take to find a suitable merger candidate.

## **Regulation**

Laws and regulations relating to our business frequently change, and future laws and regulations, could adversely affect our business.

In the past, we have been subject to potential risks and liabilities associated with environmental compliance and the disposal of waste rock and materials that could occur as a result of our mineral exploration on both public and private lands in Montana. A preliminary environmental assessment review has revealed evidence of recognized environmental conditions that would suggest an existing release, a past release, or a material threat of a release of contaminants into the ground, surface water, or ground water at our claims. We have not accrued any amount for potential environmental remediation costs because we are currently unable to estimate our liability. In addition, we have not been notified by any private or public agency of any required cleanup. We believe we have been in substantial compliance with all such regulations, and we are unaware of any pending action or proceeding relating to regulatory matters that would effect the financial position of the Company.

## **Risk Factors**

The following risk factors together with other information, as set forth in this Form 10-KSB, should be carefully considered by current and future investors in our securities. These risk factors could have a material adverse effect upon our business, financial condition, results of operations, our ability to implement our business plan and the market price for our securities. Many of these events are outside our control.

Our shares are highly speculative and stockholders should carefully consider the following risks factors, which are illustrative of the possible risks pertaining to the Company, but which should not be construed as representing all of the possible risks to be considered.

### **No Revenue**

During the years ended December 31, 2006 and 2005, we generated no revenue. The Company will, in all likelihood, sustain operating expenses without corresponding revenues, at least until the consummation of a business combination. This may result in our incurring a net operating loss, which will increase continuously, until we can consummate a business combination with a profitable business opportunity. There is no assurance that we can identify such a business opportunity and consummate such a business combination.

### **Speculative Nature of Company's Proposed Operations**

The success of the Company's proposed plan of operation will depend, to a great extent, on the operations, financial condition and management of any potential identified business opportunity. While management intends to seek business combinations with entities having established operating histories, there can be no assurance that the Company will be successful in locating candidates meeting such criteria. In the event that the Company completes a business combination, of which there can be no assurance, the success of operations may be dependent upon management of the successor firm or venture partner firm and numerous other factors beyond the Company's control.

### **Scarcity of and Competition for Business Opportunities and Combinations**

The Company is and will continue to be an insignificant participant in the business of seeking mergers with, joint ventures with, and acquisitions of other business entities. A large number of established and well-financed entities, including venture capital firms, are active in mergers and acquisitions of

companies which may be desirable target candidates for us. Nearly all such entities have significantly greater financial resources, technical expertise and managerial capabilities than the Company, and, consequently, we will be at a competitive disadvantage in identifying possible business opportunities and successfully completing a business combination. We will be competing with numerous other small public companies in seeking merger or acquisition candidates.

### **Limited Time Availability**

While seeking a business combination, management anticipates devoting up to ten hours per week to the business of the Company. The Company's officer has not entered into a written employment agreement with the Company, and is not expected to do so in the foreseeable future. The Company has not obtained key man life insurance on its officer or directors. Notwithstanding the combined limited experience and time commitment of management, loss of the services of any of these individuals would adversely affect development of the Company's business and its likelihood of continuing operations.

### **Conflicts of Interest - General**

The Company's officer and directors participate in other business ventures which compete directly with the Company. Additional conflicts of interest and non-arms length transactions may also arise in the future in the event the Company's officer or directors are involved in the management of any firm with which the Company transacts business.

### **Lack of Market Research or Marketing Organization**

The Company has neither conducted, nor have others made available to it, results of market research indicating that market demand exists for the transactions contemplated by the Company. Even in the event demand is identified for a merger or acquisition contemplated by the Company, there is no assurance the Company will be successful in completing any such business combination.

### **Probable Change in Control and Management**

A business combination involving the issuance of the Company's stock will, in all likelihood, result in shareholders of a private company obtaining a controlling interest in the Company. The resulting change in control of the Company will likely result in removal of our present officer and/or directors and a corresponding reduction in, or elimination of, their participation in the future affairs of the Company.

### **Reduction of Percentage Share Ownership Following Business Combination**

The Company's primary plan of operation is based upon a combination with a business entity which, in all likelihood, would result in the Company issuing securities to shareholders of such company. The issuance of previously authorized and unissued common stock of the Company would result in a reduction in the percentage of shares owned by present and prospective shareholders of the Company and would most likely result in a change in control or management of the Company.

### **Requirement of Audited Financial Statements May Disqualify Business**

Management of the Company believes that any potential business opportunity must provide audited financial statements for review, and for the protection of all parties to the business combination. One or more attractive business opportunities may choose to forego the possibility of a business combination

with the Company, rather than incur the expenses associated with preparing audited financial statements.

### **Risks Related to our Business**

#### **We may be subject to environmental risks and land reclamation requirements for mineral properties that may be financially burdensome**

We are subject to potential risks and liabilities associated with environmental compliance and the disposal of waste rock and materials that could occur as a result of our mineral exploration. To the extent that we are subject to environmental liabilities, the payment of such liabilities or the costs that we may incur to remedy any non-compliance with environmental laws would reduce funds otherwise available to us and could have a material adverse effect on our financial condition or results of operations. If we are unable to fully remedy an environmental problem, we might be required to suspend operations or enter into interim compliance measures pending completion of the required remedy. The potential exposure may be significant and could have a material adverse effect on us. We have not purchased insurance for environmental risks (including potential liability for pollution or other hazards as a result of the disposal of waste products occurring from exploration) because it is not generally available at a reasonable price or at all.

Although variable, depending on location and the governing authority, land reclamation requirements are generally imposed on mineral exploration companies in order to minimize long term effects of land disturbance. Reclamation may include requirements to control dispersion of potentially deleterious effluents and to reasonably re-establish pre-disturbance land forms and vegetation. In order to carry out reclamation obligations imposed on the Company in connection with its mineral exploration, the Company must allocate financial resources that might otherwise be spent on other business opportunities.

#### **Need for additional capital**

We have minimal assets, a history of net losses, and need to obtain additional capital to continue operations. The Company has historically raised capital through equity and debt financing and in the future may raise capital through equity or additional debt financing, joint ventures or other means. There can be no assurance that the Company will be able to obtain necessary financing in a timely manner on acceptable terms, if at all. If additional financing is not available, it may have to abandon its business plan of finding a suitable merger candidate.

#### **Competitive disadvantages**

We expect to be at a competitive disadvantage in seeking to find a suitable merger candidate and seeking additional financing.

#### **We may lose key management personnel**

Our President, who is also a director, has limited experience in the merger and acquisition (M & A) industry. Our other directors have little or no experience in the M & A field. The loss of any of these individuals could adversely affect our business. If one or more of our directors dies, becomes disabled, or voluntarily resigns, there is no assurance that a suitable or comparable substitute will be found.

**We are required to evaluate our internal controls under Section 404 of the Sarbanes-Oxley Act of 2002, and any adverse results from such evaluation could result in a loss of investor confidence in our financial reports and have an adverse effect on the price of our shares of common stock.**

Pursuant to Section 404 of the Sarbanes-Oxley Act of 2002, we expect that beginning with our annual report on Form 10-KSB for the fiscal year ended December 31, 2007, we will be required to furnish a report by management on our internal controls over financial reporting. Such report will contain among other matters, an assessment of the effectiveness of our internal control over financial reporting, including a statement as to whether or not our internal control over financial reporting is effective. This assessment must include disclosure of any material weaknesses in our internal control over financial reporting identified by our management. Such report may also contain a statement that our auditors have issued an attestation report on our management's assessment of such internal controls.

We cannot be certain that we will be able to complete our assessment, testing and any required remediation in a timely fashion. During the evaluation and testing process, if we identify one or more material weaknesses in our internal control over financial reporting, we will be unable to assert that such internal control is effective. If we are unable to assert that our internal control over financial reporting is effective (or if our auditors are unable to attest that our management's report is fairly stated or they are unable to express an opinion on the effectiveness of our internal controls), we could lose investor confidence in the accuracy and completeness of our financial reports, which would have a material adverse effect on our stock price.

Failure to comply with the new rules may make it more difficult for us to obtain certain types of insurance, including director and officer liability insurance, and we may be forced to accept reduced policy limits and coverage and/or incur substantially higher costs to obtain the same or similar coverage. The impact of these events could also make it more difficult for us to attract and retain qualified persons to serve on our board of directors, on committees of our board of directors, or as executive officers.

### **Risks related to our stock**

#### **Penny stock regulations may impair our shareholders' ability to sell their stock**

Currently, the Company's stock trades on the OTC Bulletin Board under the symbol "HVGO." Penny stocks generally are equity securities with a price of less than \$5.00 per share, other than securities registered on certain national securities exchanges. Penny stocks are subject to rules and regulations that impose additional sales practice requirements on broker-dealers who sell the securities to persons other than established customers and accredited investors, and these additional requirements may restrict the ability of broker-dealers to sell a penny stock.

#### **We may experience volatility in our stock price and limited liquidity**

Our common stock is currently quoted on the OTC Bulletin Board, which is characterized by low trading volume. Because of this limited liquidity, stockholders may be unable to sell their shares. The trading price of our shares has from time to time fluctuated widely and may be subject to similar fluctuations in the future.

The trading price of our common stock may be affected by a number of factors including events described in the risk factors set forth in this Annual Report, as well as our operating results, financial condition, announcements of any potential merger and acquisition combinations and other events or factors.



In recent years, broad stock market indices, in general, and smaller capitalization companies, in particular, have experienced substantial price fluctuations. In a volatile market, we may experience wide fluctuations in the market price of our common stock. These fluctuations may have a negative effect on the market price of our common stock.

### **There is currently a limited trading market for our common stock**

There is currently no established public trading market for our common stock, other than through the OTC Bulletin Board. Purchasers of our common stock may therefore have difficulty selling their shares, should they desire to do so.

### **If we seek to raise additional funds, our existing shareholders may experience dilution**

It is possible that the Company may sell additional shares of our common stock in order to finance our operations. Any additional equity financing that we obtain would involve the sale of our common shares and/or sales of securities that are convertible or exercisable into our common shares, such as share purchase warrants or convertible notes, and the issuance of such securities would have the effect of diluting existing shareholders.

If additional capital is raised through the issuance of equity securities, the percentage ownership of our shareholders will be reduced. These shareholders may experience additional dilution in net book value per share and any additional equity securities may have rights, preferences and privileges senior to those of the holders of our common stock.

### **Shares of preferred stock may have greater rights than shares of common stock**

Our certificate of incorporation authorizes our Board of Directors to issue one or more series of preferred stock and to set the terms of the preferred stock without seeking any further approval from the existing shareholders.

### **Substantial voting power in the hands of our principal stockholders and directors**

Our stockholders do not have the right to cumulative votes in the election of our directors. Our two largest principal beneficial stockholders, along with the four directors of the Company own and control about thirty-three percent of our outstanding common stock.

Should these principal stockholders and directors wish to act in concert, they may be able to elect directors of their choice, and otherwise directly or indirectly, control the direction and operation of the Company.

### **We do not intend to pay dividends on our stock**

We do not anticipate paying any cash or stock dividends in the foreseeable future. Prospective investors should not purchase our stock with any view toward receipt of dividends.

### **Employees and Consultants**

We have no employees. All services that need to be done are handled by consultants. The Company has not obtained key man life insurance on any of its officers or directors.

### **Availability of SEC Filings**

You may read and copy any materials we file with the SEC at the SEC's Public Reference Room at 100 F Street, NE, Room 1580, Washington, DC 20549. You can obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. The address of that site is (<http://www.sec.gov>).

### **Item 2. Description of Property**

At December 31, 2006, we owned various patented mining claims near Norris, Montana. In July 2005, we sold our Bozeman Lode mining claim for \$10,000, and in August 2005, we sold our Pony Claims for \$140,000.

In June 2006, we entered into an agreement to sell our remaining mineral claims in Montana. This sale, representing the majority of our assets, requires the approval of our shareholders. If approved by our shareholders, the Company will receive proceeds of \$400,000.

### **Item 3. Legal Proceedings**

None

### **Item 4. Submission of Matters to a Vote of Security Holders**

None

## PART II

### Item 5. Market for Common Equity and Related Stockholder Matters

*Market Information.* Our common stock is traded on the OTC Bulletin Board ("OTC BB") under the symbol "HVGO." The following table shows the high and low closing sale prices per share for our common stock for each quarter in the years ended December 31, 2006 and 2005. The prices reflect inter-dealer prices without regard to retail mark-ups, markdowns, or commissions, and do not necessarily reflect actual transactions.

	2006		2005	
	Low	High	Low	High
First Quarter	\$ 0.03	\$ 0.13	\$ 0.06	\$ 0.14
Second Quarter	\$ 0.11	\$ 0.65	\$ 0.04	\$ 0.10
Third Quarter	\$ 0.30	\$ 0.58	\$ 0.04	\$ 0.08
Fourth Quarter	\$ 0.21	\$ 0.40	\$ 0.03	\$ 0.10

*Dividends.* We have not paid any cash dividends, and do not anticipate declaring or paying any cash or stock dividends in the foreseeable future.

*Shareholders.* As of January 31, 2007, we had approximately 415 shareholders of record. We believe approximately 1,100 persons beneficially own our shares.

#### **Equity Compensation Plan Information**

<u>Plan Category</u>	<u>Number of securities to be issued upon exercise of outstanding options</u>	<u>Weighted average price of outstanding options</u>	<u>Number of securities remaining available for future issuance under equity compensation plan</u>
Equity compensation plan approved by security holders	150,000	\$0.125	1,850,000

The 1998 Equity Incentive Plan was adopted to aid the Company in maintaining and developing a management team, and attracting qualified officers and employees. A total of 2,000,000 common shares may be issued pursuant to the terms of the Plan. There was no option activity during 2006.

### Recent Sales of Unregistered Securities

#### **Private Placement**

In 2006, the Company conducted a private placement offering of 14,000,000 shares of unregistered common stock at \$0.025 per share. Proceeds of \$350,000 were raised from the sale, less a 10% underwriting fee and attorney fees of \$11,885, for net proceeds of \$303,115. Additionally, the underwriter, Pennaluna and Company, Inc., exercised 490,000 warrants at \$0.05 per share for proceeds of \$24,500. The shares were offered and sold to accredited investors pursuant to a Regulation D exemption from the registration requirements of the Securities Act of 1933, as amended.

#### **Common Stock Issued as Payment of Interest Payable**

In 2005, accrued interest payable of \$29,371 was paid by the Company issuing 293,713 unregistered common shares, at a value of \$0.10 per share, to the various note holders.

## Common Stock Issued for Services

In December 2005, the Company issued 80,000 shares of unregistered common stock to Jackie Stephens, former President of the Company, for consulting services. The shares were valued by the Company at \$8,000, or \$0.10 per share.

## **Item 6. Management's Discussion and Analysis or Plan of Operation**

### **General**

Certain matters discussed are forward-looking statements that involve risks and uncertainties including changing market conditions and the regulatory environment and other risks. Actual results may differ materially from those projected. These forward-looking statements represent the Company's judgment as of the date of this filing. The Company disclaims, however, any intent or obligation to update these forward-looking statements.

### **Plan of Operation**

We intend to seek to acquire the assets or shares of an entity actively engaged in business in exchange for our securities, but have not entered into any negotiations regarding such an acquisition. None of our officers, directors, promoters or affiliates has engaged in any preliminary contact or discussions with any representative of any other company regarding the possibility of an acquisition or merger between us and such other company as of the date of this annual report. While we will attempt to obtain audited financial statements of a target entity, there is no assurance that such audited financial statements will be available.

The Board of Directors intends to obtain certain assurances of value of the target entity's assets prior to consummating such a transaction, with further assurances that an audited statement would be provided within seventy-five days after closing of such a transaction. We have no full time employees. Our officers have agreed to allocate a portion of their time to our activities without compensation. Management anticipates that our business plan can be implemented by an officer devoting an aggregate of approximately five to ten hours per week to our business affairs.

Consequently, conflicts of interest may arise with respect to the limited time commitment by such officers. In addition, our officers and directors may, in the future, become involved with other companies, which have a business purpose similar to that of ours. As a result, additional conflicts of interest may arise in the future. Any business combination or transaction would likely result in a significant issuance of shares and substantial dilution to our present stockholders.

### **General Business Plan**

Our purpose is to seek, investigate and, if such investigation warrants, acquire an interest in a business opportunity which desires to seek the perceived advantages of an Exchange Act registered corporation. We will not restrict our search to any specific business, industry, or geographical location and we may participate in a business venture of virtually any kind or nature.

This discussion of the proposed business is purposefully general and is not meant to be restrictive of our virtually unlimited discretion to search for and enter into potential business opportunities. We may seek a business opportunity with entities which have recently commenced operations, or that wish to utilize the public marketplace in order to raise additional capital in order to expand into new products or markets, to develop a new product or service, or for other corporate purposes.

We anticipate that the selection of a business opportunity in which to participate will be complex and extremely risky. Due to general economic conditions, rapid technological advances being made in some industries and shortages of available capital, management believes that there are numerous firms seeking the perceived benefits of a publicly registered corporation. Such perceived benefits may include facilitating or improving the terms on which additional equity financing may be sought, providing liquidity for incentive stock options or similar benefits to key employees, providing liquidity (subject to restrictions of applicable statutes) for all shareholders and other factors.

Business opportunities may be available in many different industries and at various stages of development, all of which will make the task of comparative investigation and analysis of such business opportunities extremely difficult and complex. We have, and will continue to have, minimal capital with which to provide the owners of business opportunities with any significant cash or other assets. However, management believes we will be able to offer owners of acquisition candidates the opportunity to acquire a controlling ownership interest in a publicly registered company without incurring the cost and time required to conduct an initial Public Offering. The owners of the business opportunities will, however, incur significant legal and accounting costs in connection with the acquisition of a business opportunity, including the costs of preparing Form 8-K's, 10-K's or 10-KSB's, agreements and related reports and documents. The Securities Exchange Act of 1934 (the "1934 Act"), specifically requires that any merger or acquisition candidate comply with all applicable reporting requirements, which include providing audited financial statements to be included within the numerous filings relevant to complying with the 1934 Act.

The analysis of new business opportunities will be undertaken by, or under the supervision of, our officers and directors, none of whom is a professional business analyst. Management intends to concentrate on identifying preliminary prospective business opportunities which may be brought to its attention through present associations of our officers or through advertising our availability for acquisition. In analyzing prospective business opportunities, management will consider such matters as the available technical, financial and managerial resources; working capital and other financial requirements; history of operations, if any; prospects for the future; nature of present and expected competition; the quality and experience of management services which may be available and the depth of that management; the potential for further research, development, or exploration; specific risk factors not now foreseeable but which then may be anticipated to impact our proposed activities; the potential for growth or expansion; the potential for profit; the perceived public recognition or acceptance of products, services, or trades; name identification; and other relevant factors.

We will not acquire or merge with any company for which audited financial statements cannot be obtained within the time frame required by federal securities laws. Our management, while not especially experienced in matters relating to our new business, will rely primarily upon their own efforts to accomplish our business purposes.

There are no arrangements, agreements or understandings between non-management shareholders and management under which non-management shareholders may directly or indirectly participate in or influence the management of the Company's affairs. There is no agreement or understanding that non-management shareholders will exercise their voting rights to continue to elect the current directors to the Company's board. The Company's officers, directors or affiliates have not used any particular consultants or advisors on a regular basis and there is no intention that any particular consultant or advisor will be hired by the Company in the future. It is not anticipated that any outside consultants or advisors, other than our legal counsel and accountants, will be utilized by us to effectuate our business purposes described herein. However, if we do retain such an outside consultant or advisor, any cash fee earned by such party will probably be paid by us. There have been no discussions, understandings,

contracts or agreements with any outside consultants and none are anticipated in the future. It is not anticipated that any consultant or finders' fees be paid to any member of the Company's management or any of the Company's principal shareholders.

We will not restrict our search to any specific industry, but may acquire a venture which is in its preliminary or development stage, which is already in operation, or in essentially any stage of its corporate life. It is impossible to predict, at this time, the status of any business in which we may become engaged, in that such business may need to seek additional capital, may desire to have its shares publicly traded, or may seek other perceived advantages which we may offer.

There are no preliminary agreements or understandings between the Company and its officers and directors or affiliates or lending institutions with respect to any loan agreements. The Company will not enter into any loan transactions to loan money to or borrow money from any prospective merger or acquisition candidates or to an unaffiliated third party. We also have no plans to conduct any offerings under Regulation S.

### **Acquisition Of Opportunities**

In implementing a structure for a particular business acquisition, we may become a party to a merger, consolidation, reorganization, joint venture, or licensing agreement with another corporation or entity. We may also acquire stock or assets of an existing business. On the consummation of a transaction, it is probable that our present management and shareholders will no longer be in control. In addition, our directors may, as part of the terms of the acquisition transaction, resign and be replaced by new directors without a vote of our shareholders.

It is anticipated that any securities issued in any such reorganization would be issued in reliance upon exemption from registration under applicable federal and state securities laws. In some circumstances, however, as a negotiated element of the transaction, we may agree to register all or a part of such securities immediately after the transaction is consummated or at specified times thereafter. If such registration occurs, of which there can be no assurance, it will be undertaken by the surviving entity after we have successfully consummated a merger or acquisition and we are no longer considered a "shell" company. Until such time as this occurs, we will not attempt to register any additional securities. The issuance of substantial additional securities and their potential sale into any trading market which may develop in our securities may have a depressive effect on the value of our securities in the future.

While the actual terms of a transaction to which we may be a party cannot be predicted, it may be expected that the parties to the business transaction will find it desirable to avoid the creation of a taxable event and thereby structure the acquisition in a so-called "tax-free" reorganization under Sections 368a or 351 of the Internal Revenue Code (the "Code"). With respect to any merger or acquisition, negotiations with target company management is expected to focus on the percentage of our company which target company shareholders would acquire in exchange for all of their shareholdings in the target company. Depending upon, among other things, the target company's assets and liabilities, our shareholders will hold a substantially lesser percentage ownership interest following any merger or acquisition. The percentage ownership may be subject to significant reduction in the event we acquire a target company with substantial assets. Any merger or acquisition effected by us can be expected to have a significant dilutive effect on the percentage of shares held by our then-shareholders.

We will participate in a business opportunity only after the negotiation and execution of appropriate written agreements. Although the terms of such agreements cannot be predicted, generally such

agreements will require some specific representations and warranties by all of the parties thereto, will specify certain events of default, will detail the terms of closing and the conditions which must be satisfied by each of the parties prior to and after such closing, will outline the manner of bearing costs, including costs associated with our attorneys and accountants, will set forth remedies on default and will include miscellaneous other terms. As stated above, we will not acquire or merge with any entity that cannot provide independent audited financial statements within a reasonable period of time after closing of the proposed transaction.

We intend to be subject to all of the reporting requirements included in the 1934 Act. Included in these requirements is our affirmative duty to file independent audited financial statements as part of our Form 8-K to be filed with the Securities and Exchange Commission upon consummation of a merger or acquisition, as well as our audited financial statements included in our annual report on Form 10-KSB. If such audited financial statements are not available at closing, or within time parameters necessary to insure our compliance with the requirements of the 1934 Act, or if the audited financial statements provided do not conform to the representations made by the candidate to be acquired in the closing documents, the closing documents may provide that the proposed transaction will be voidable.

### **Financing**

The Company believes it that can satisfy its cash requirements through the fiscal year ending December 31, 2007.

## Item 7. Financial Statements



### Report of Independent Registered Public Accounting Firm

Board of Directors  
Hanover Gold Company, Inc.

We have audited the accompanying balance sheets of Hanover Gold Company, Inc. (“the Company”) as of December 31, 2006 and 2005, and the related statements of operations, changes in stockholders’ equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the financial position of Hanover Gold Company, Inc. as of December 31, 2006 and 2005, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

/s/ DeCoria, Maichel & Teague, P.S.

DeCoria, Maichel & Teague, P.S.  
Spokane, Washington  
February 5, 2007



**HANOVER GOLD COMPANY, INC.****Balance Sheets****December 31, 2006 and 2005**

	<u>2006</u>	<u>2005</u>
<b>ASSETS</b>		
Current assets:		
Cash	\$ 324,324	\$ 65,870
Total current assets	324,324	65,870
Mineral properties	400,000	400,000
<b>Total assets</b>	<u>\$ 724,324</u>	<u>\$ 465,870</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 3,969	\$ 5,303
Accrued interest payable	-	1,438
Total current liabilities	<u>3,969</u>	<u>6,741</u>
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.001 par value; 2,000,000 shares authorized; no shares outstanding		
Common stock, \$0.0001 par value; 48,000,000 shares authorized, 34,261,775 and 19,771,775 shares issued and outstanding, respectively	3,426	1,977
Additional paid-in capital	27,680,638	27,354,472
Accumulated deficit	(26,963,709)	(26,897,320)
Total stockholders' equity	<u>720,355</u>	<u>459,129</u>
<b>Total liabilities and stockholders' equity</b>	<u>\$ 724,324</u>	<u>\$ 465,870</u>

The accompanying notes are an integral part of these financial statements.

**HANOVER GOLD COMPANY, INC.****Statements of Operations****For the Years Ended December 31, 2006 and 2005**

	<u>2006</u>	<u>2005</u>
<b>Operating expenses:</b>		
Legal and accounting	\$ 60,226	\$ 660
General and administrative	<u>10,228</u>	<u>21,379</u>
<b>Operating loss</b>	<u>70,454</u>	<u>22,039</u>
 <b>Other (income) expense:</b>		
Interest income	(4,065)	-
Interest expense	<u>-</u>	<u>4,472</u>
<b>Total other (income) expense</b>	<u>(4,065)</u>	<u>4,472</u>
 <b>Net loss</b>	 \$ <u>66,389</u>	 \$ <u>26,511</u>
 <b>Net loss per common share-basic</b>	 \$ <u>Nil</u>	 \$ <u>Nil</u>
 <b>Weighted average number of common shares outstanding-basic</b>	 <u>27,143,638</u>	 <u>19,507,762</u>

The accompanying notes are an integral part of these financial statements.

**HANOVER GOLD COMPANY, INC.****Statements of Changes in Stockholders' Equity****For the Years Ended December 31, 2006 and 2005**

	<u>Common Stock</u>		<u>Additional</u>	<u>Accumulated</u>	
	<u>Issued</u>		<u>Paid in</u>	<u>Deficit</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>	<u>Capital</u>		
Balances, December 31, 2004	19,398,062	1,940	27,317,138	(26,870,809)	448,269
Issuance of shares for services	80,000	8	7,992		8,000
Issuance of shares for accrued interest payable	293,713	29	29,342		29,371
Net loss				(26,511)	(26,511)
Balances, December 31, 2005	19,771,775	1,977	27,354,472	(26,897,320)	459,129
Issuance of shares for cash:					
Private placement sales	14,000,000	1,400	301,715		303,115
Exercise of warrants	490,000	49	24,451		24,500
Net loss				(66,389)	(66,389)
Balances, December 31, 2006	<u>34,261,775</u>	<u>\$ 3,426</u>	<u>\$ 27,680,638</u>	<u>\$ (26,963,709)</u>	<u>\$ 720,355</u>

The accompanying notes are an integral part of these financial statements.

**HANOVER GOLD COMPANY, INC.****Statements of Cash Flows****For the Years Ended December 31, 2006 and 2005**

	<u>2006</u>	<u>2005</u>
<b>Cash flows from operating activities:</b>		
Net loss	\$ (66,389)	\$ (26,511)
Adjustments to reconcile net loss to net cash used by operating activities:		
Issuance of shares for services	-	8,000
Issuance of shares for interest	-	4,472
Change in:		
Prepaid claim fees	-	10,082
Reclamation bond	-	4,000
Accounts payable	(1,334)	303
Accrued interest payable	(1,438)	-
Accrued reclamation costs	-	(4,000)
Net cash used by operating activities	<u>(69,161)</u>	<u>(3,654)</u>
<b>Cash flows from investing activities:</b>		
Proceeds from sale of mineral property	-	149,945
Net cash provided by investing activities	<u>-</u>	<u>149,945</u>
<b>Cash flows from financing activities:</b>		
Proceeds from sale of common stock in private placement	303,115	(81,000)
Proceeds from exercise of warrants	24,500	-
Net cash provided (used) by financing activities	<u>327,615</u>	<u>(81,000)</u>
Net increase in cash	258,454	65,291
<b>Cash, beginning of period</b>	<u>65,870</u>	<u>579</u>
<b>Cash, end of period</b>	<u>\$ 324,324</u>	<u>\$ 65,870</u>
<b>Supplemental disclosure of cash flow information:</b>		
Cash paid during the year for interest	\$ <u>1,438</u>	
<b>Noncash financing activity:</b>		
Payment of accrued interest with shares of common stock		\$ <u>29,371</u>

The accompanying notes are an integral part of these financial statements.

**HANOVER GOLD COMPANY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 1 - ORGANIZATION AND DESCRIPTION OF BUSINESS**

Hanover Gold Company, Inc. (hereinafter “the Company”) was formed to acquire gold mining properties for exploration and future development. The Company, which is the successor-company to an entity incorporated in the state of Delaware in 1984, commenced its operations in May 1990.

The Company has undertaken a new plan of operation seeking a suitable merger partner with an established operating history to achieve some type of business combination.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies is presented to assist in understanding the financial statements. The financial statements and notes are representations of the Company’s management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Cash and Cash Equivalents

Highly liquid short-term investments with a remaining maturity when purchased of three months or less are classified as cash equivalents. The Company deposits its cash and cash equivalents in high quality financial institutions.

Use of Estimates

In preparing financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

The Company accounts for income taxes using the liability method. Under this method, deferred income tax liabilities or assets at the end of each period are determined using the tax rate expected to be in effect when the taxes will be actually paid or recovered. A valuation allowance is recorded to reduce the deferred tax assets, if there is uncertainty regarding their realization.

Mineral Properties

Costs of acquiring and developing mineral properties are capitalized by the project area. Costs to maintain the mineral rights and leases are expensed as incurred. When a property reaches the production stage, related capitalized costs are amortized using the units-of-production method on the basis of periodic estimates of ore reserves. If a property is abandoned, its capitalized costs are charged to operations, based on the proportion of claims sold, to the claims remaining within the project area.

**HANOVER GOLD COMPANY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:**

Stock-Based Compensation

On January 1, 2006, the Company prospectively adopted the provisions of Statement of Financial Accounting Standards No. 123(R), "Share-Based Payments" (hereinafter "SFAS No. 123(R)"). SFAS No. 123(R) establishes standards for the accounting for share-based payment transactions, in which an entity exchanges its equity instruments for goods or services. It also addresses transactions in which an entity incurs liabilities in exchange for goods or services that are based on the fair value of the entity's equity instruments or that may be settled by the issuance of those equity instruments. This statement covers a wide range of share-based compensation arrangements, including share options, unregistered share plans, performance-based awards, share appreciation rights, and employee share purchase plans. SFAS No. 123(R) requires the measurement of the cost of employee services received in exchange for an award of equity instruments based on the fair value of the award on the grant date, which is recognized in the financial statements over the service period. The adoption of SFAS No. 123(R) had no effect on previously issued financial statements. In addition, the Company had no activity during the year ended December 31, 2006, that would fall under the provisions of SFAS No. 123(R).

Prior to January 1, 2006, the Company accounted for stock options using the intrinsic value method. Shares of unregistered common stock issued for services were recorded as expense based upon management's estimate of the fair value of the shares at the time of issuance and the value of services rendered.

Net Loss per Share

Basic loss per share is calculated by dividing net loss available to common stockholders by the weighted average number of common shares outstanding, and does not include the impact of any potentially dilutive common stock equivalents. Common stock equivalents are excluded from the calculations when their effect is anti-dilutive.

Reclamation

The Company's mineral properties have been, and are subject to, standards for mine reclamation that have been established by various governmental agencies. The Company records a liability for the present value of estimated environmental remediation costs and the related asset created with it. If there is a current impairment of an asset's carrying value and a decision is made to permanently abandon the property, changes to the liability will be recognized currently and charged to the provision for closed operations and environmental matters.

For non-operating properties, the Company accrues costs associated with environmental remediation obligations when it is probable that such costs will be incurred and they are reasonably estimable. Accruals for estimated losses from environmental remediation obligations will be recognized no later than completion of the remedial feasibility study for such facility and are charged to provision for closed operations and environmental matters. Costs of future expenditures for environmental remediation are not discounted to their present value unless subject to a contractually obligated fixed payment schedule. Such costs are based on management's estimate of amounts expected to be incurred when the remediation work is to be performed within current laws and regulations. Recoveries of environmental remediation costs from other parties are recorded as assets when their receipt is deemed probable.

**HANOVER GOLD COMPANY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:**

Reclamation, continued:

It is reasonably possible that, due to uncertainties associated with defining the nature and extent of environmental contamination and the application of laws and regulations by regulatory authorities and changes in reclamation technology, the ultimate cost of reclamation could change in the future. The Company periodically reviews accrued liabilities for such reclamation costs as evidence becomes available indicating that its liabilities have potentially changed.

Impaired Asset Policy

Long-lived assets held by the Company are reviewed to determine whether any events or changes in circumstances indicate that the carrying amounts of the assets may not be recoverable. The Company bases its evaluation on such impairment indicators as the nature of the assets, the future economic benefit of the assets, any historical or future profitability measurements, as well as other external market conditions or factors that may be present. If such impairment indicators are present or other factors exist that indicate that the carrying amounts of the assets may not be recoverable, the Company determines whether impairment has occurred through the use of an undiscounted cash flows analysis of assets. If impairment has occurred, the Company recognizes a loss for the difference between the carrying amount and the estimated value of the asset. Mineral properties are subject to influence from many factors including precious metal prices and environmental and permitting conditions. The Company determines the fair value of its mineral properties based on its best estimate of the value of undiscounted cash flows it believes the properties would be able to generate in future mining production or outright sales to third parties.

Common Stock Issued Other Than for Cash

Transactions in which goods or services are received for the issuance of common shares, and are not subject to the provisions of SFAS 123(R), are accounted for based on the fair value of the consideration received, or the fair value of the common stock issued, whichever is more reliably measurable.

Recent Accounting Pronouncements

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements" (SFAS 157). SFAS 157 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair-value measurements required under other accounting pronouncements, but does not change existing guidance as to whether or not an instrument is carried at fair value. SFAS 157 is effective for the Company's fiscal year 2008. The Company is currently evaluating the impact of adopting SFAS 157.

In July 2006, the FASB issued FASB interpretation No. 48 (FIN 48), "Accounting for Uncertainty in Income Taxes, an Interpretation of FASB Statement No. 109." Fin 48 clarifies the accounting for uncertainty in income taxes recognized in a company's financial statements and prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in an income tax return. FIN 48 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. FIN 48 is effective beginning in fiscal 2008. The Company is currently evaluating the impact of adopting FIN 48.

**HANOVER GOLD COMPANY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:**

Recent Accounting Pronouncements, continued:

In February 2006, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 155, "Accounting for Certain Hybrid Financial Instruments, and Amendment of FASB No. 133 and 140" (SFAS 155), which establishes the accounting for certain derivatives embedded in other instruments. It simplifies accounting for certain hybrid financial instruments by permitting fair value remeasurement for any hybrid instrument that contains an embedded derivative, that otherwise would require bifurcation under SFAS No. 133, as well as eliminating a restriction on the passive derivative instruments that a qualifying special-purpose entity ("SPE") may hold under SFAS No. 140. This statement allows a public entity to irrevocably elect to initially, and subsequently, measure a hybrid instrument that would be required to be separated into a host contract and derivative in its entirety at fair value (with changes in fair value recognized in earnings) so long as that instrument is not designated as a hedging instrument pursuant to the statement. SFAS No.140 previously prohibited a qualifying special-purpose beneficial interest, other than another derivative financial instrument. The statement is effective for fiscal years beginning after September 15, 2006, with early adoption permitted as of the beginning of an entity's fiscal year. Management believes the adoption of this statement will have no immediate impact on the Company's financial condition or results of operations.

**NOTE 3 – MINERAL PROPERTIES:**

The Company's mineral properties consist of various patented and unpatented lode mining claims and leasehold mining interests in Madison County, Montana. The claims are located principally in the Virginia City Mining District and near the towns of Pony and Norris, Montana.

Mineral properties represent amounts paid to acquire property rights and for services rendered in the exploration, drilling, sampling, engineering and other related technical services toward the evaluation and development of the properties.

In July 2005, the Company sold its Bozeman Lode mining claim for \$10,000, and in August 2005, the Company sold its Pony claims for \$140,000. No gain or loss was recognized on these sales, as the value of the mineral property was reduced to its fair value during 2004.

In June 2006, the Company entered into an agreement to sell its remaining mineral claims located in Montana. This sale, representing the majority of our assets, requires the approval of our shareholders. If approved by our shareholders in early 2007, the Company will receive proceeds of \$400,000. No gain or loss will be recognized on the sale, as the value of the mineral property was reduced to its fair value during 2004.



**HANOVER GOLD COMPANY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 4 - ENVIRONMENTAL MATTERS**

The Company owns, and has previously owned, mineral property interests on public and private lands in Montana, on which it has explored for commercial mineral deposits. The Company and its properties are subject to a variety of federal and state regulations governing land use and environmental matters. In the past, the Company has been subject to potential risks and liabilities associated with environmental compliance and the disposal of waste rock and materials that could occur as a result of our mineral exploration on both public and private lands in Montana. A preliminary environmental assessment review has revealed evidence of recognized environmental conditions that would suggest an existing release, a past release, or a material threat of a release of contaminants into the ground, surface water, or ground water at our claims. Management believes it has been in substantial compliance with all such regulations, and is unaware of any pending action or proceeding relating to regulatory matters that would effect the financial position of the Company. We have not accrued any amount for potential environmental remediation costs because we are currently unable to estimate our liability. In addition, we have not been notified by any private or public agency of any required cleanup.

**NOTE 5 – INCOME TAXES**

The Company did not record an income tax provision for the years ended December 31, 2006 or 2005, as it had no taxable income. At December 31, 2006, the Company had federal net operating loss carryforwards available for income tax purposes of approximately \$20,250,000, which will expire through 2026, and associated deferred tax assets of approximately \$6,885,000. The deferred tax asset was calculated assuming a 34% marginal tax rate, and has been fully reserved for, as management believes it is more likely than not that the deferred tax assets will not be utilized.

At December 31, 2006, the Company's net operating loss carry forwards will expire as follows:

Year	Net Operating Loss Carryforwards	Year	Net Operating Loss Carryforwards
2010	\$ 38,000	2020	150,000
2011	139,000	2021	250,000
2012	485,000	2022	76,000
2013	560,000	2023	40,000
2014	1,380,000	2024	65,000
2015	1,535,000	2025	25,000
2016	1,240,000	2026	67,000
2017	1,000,000	<b>Total</b>	<b>\$ 20,250,000</b>
2018	12,900,000		
2019	300,000		

**HANOVER GOLD COMPANY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 6 - STOCKHOLDERS' EQUITY**

Common Stock Issued for Services

During 2005, the Company issued 80,000 shares of its unregistered common stock to Jackie Stephens, former President of the Company, for consulting services. The shares were valued by the Company at \$8,000, or \$0.10 per share.

Common Stock Issued as Payment of Interest Payable

In October 2005, accrued interest payable amounting to \$29,371 was paid by the Company issuing 293,713 shares, at \$0.10 per share, of unregistered common stock to the various note holders.

Stock Option Plans

Under the Company's stock plan ("the 1995 Plan") eligible employees and directors could be granted stock options, stock appreciation rights, or restricted stock. Pursuant to terms of the 1995 Plan, the total number of shares of stock subject to issuance could not exceed 1,000,000. Grants of options, stock appreciation rights and restricted stock were solely at the discretion of the Board of Directors, at exercise prices at least equal to the fair value of the stock on the date of grant and vest immediately. The 1995 Plan terminated in 2005.

The 1998 Equity Incentive Plan (the 1998 Plan) was adopted in May 1999, to aid the Company in maintaining and developing a management team and attracting qualified officers and employees. A total of 2,000,000 shares of common stock may be subject to, or issued pursuant to, the terms of the 1998 Plan. The 1998 Plan shall terminate in May 2009, and no further awards may be granted after that date, but options granted under the 1998 Plan shall remain in effect until they have either been exercised or expire by reason of lapse of time.

At January 1, 2005, there were 325,000 stock options outstanding with exercise prices that ranged from \$0.125 to \$0.15. During 2005, 175,000 stock options expired, and at December 31, 2006 and 2005, 150,000 options were outstanding, out of 2,000,000 available, at an exercise price of \$0.125 per share and have a remaining contractual life until June 1, 2009. There was no option activity during 2006.

Warrants

Warrants to purchase 2,022,275 shares of common stock, with exercise prices of \$0.25 and \$0.35, were outstanding at January 1, 2005. During 2005, all outstanding warrants expired, unexercised, and no additional warrants were issued. At December 31, 2006 and 2005, no warrants were outstanding.

Private Placement

In 2006, the Company conducted a private placement offering of 14,000,000 shares of unregistered common stock at \$0.025 per share. Proceeds of \$350,000 were raised from the sale, less a 10% underwriting fee and attorney fees of \$11,885, for net proceeds of \$303,115. Additionally, the underwriter, Pennaluna and Company, Inc., exercised 490,000 warrants at \$0.05 per share for proceeds of \$24,500. The shares were offered and sold to accredited investors pursuant to a Regulation D exemption from the registration requirements of the Securities Act of 1933, as amended.

## **Item 8. Changes In and Disagreements with Accountants on Accounting and Financial Disclosure**

None

### **Item 8A. Controls and Procedures**

#### **Disclosure Controls and Procedures**

Our President, who also serves as Principal Accounting Officer, has evaluated the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Rule 13a-15(e) of the Securities Exchange Act of 1934 (the “Exchange Act”), which disclosure controls and procedures are designed to insure that information required to be disclosed by a company in the reports that it files under the Exchange Act is recorded, processed, summarized and reported within required time periods specified by the Securities & Exchange Commission rules and forms.

Based upon that evaluation, the President, who also serves as the Principal Accounting Officer, concluded that our disclosure controls needed improvement and were not adequately effective as of December 31, 2006, to ensure timely reporting with the Securities and Exchange Commission. Specifically, the Company’s corporate governance and disclosure controls and procedures do not provide reasonable assurance that required reports are timely and accurately reported in our periodic reports filed with the Securities and Exchange Commission. In particular, the 10-KSB report for the year ended December 31, 2005, as well as the first and second quarter Form 10-QSB’s for the year ending December 31, 2006, were not filed timely.

#### **(a) Internal Control over Financial Reporting**

In an assessment of the effectiveness of our internal controls over financial reporting, it was determined our controls were not effective. A material weakness was identified by management because of lack of segregation of duties. The President is currently handling the duties of President and Principal Accounting Officer, and is also responsible for all cash disbursements. There is no system of proper financial controls for the segregation of duties that has been implemented at this time.

#### **(b) Changes in Internal Control**

As required by Rule 13a-15(d) the President, who also serves as the Principal Accounting Officer, conducted evaluations of our internal controls over financial reporting to determine whether any changes occurred during the fiscal year that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting. There have been no such changes.

#### **(c) Limitations**

Our President, who also serves as Principal Accounting Officer, does not expect that our disclosure controls or internal controls over financial reporting will prevent all errors or all instances of fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met.

Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs.

Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within our company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls is based in part upon certain assumptions about the likelihood of future events, and any design may not succeed in achieving its stated goals under all potential future conditions.

Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures. Because of the inherent limitation of a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

**Item 8B. Other Information**

None

## PART III

### Item 9. Directors and Executive Officers of the Registrant

Name	Age	Year First Became A Director
Terrence J. Dunne, President and a director	58	2006
Daniel McKinney, director	57	2006
Hobart Teneff, director	86	1999
Paul E. Fredericks, director	51	2006

**Terrence J. Dunne** serves as President and a director of the Company. 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 experience with "blind pool" or "shell" type companies:

(1) New Hilarity Mining Company became Orbit E-Commerce, after a reverse merger in 2000. Prior to the reverse merger with Orbit, Mr. Dunne was a principal shareholder of New Hilarity, and had purchased stock in New Hilarity for \$0.025 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 between 2000 and 2003. Mr. Dunne received no other compensation from the company.

(2) Mr. Dunne was a principal shareholder of Gold Bond Resources, Inc. from March of 2000 until the reverse merger in 2003. Mr. Dunne owned approximately 1,880,000 shares of common stock. He paid \$0.005 per share for 1,795,585 shares, and \$0.10 per share for 35,000 shares in 2001. The balance of the shares was purchased in the market at an average price of \$0.21 per share. Mr. Dunne presently owns no shares of Enerteck Corp, the present name of the company, which trades on the OTC Bulletin Board.

(3) Mr. Dunne was a principal shareholder of Royal Pacific Resources, toe. (formerly Painted Desert Uranium and Oil Company). Mr. Dunne purchased 2,030,000 shares at \$0.005 per share in 2002. This company (now known as Great American Family Parks) is currently listed on the OTC Bulletin Board, and had a 1:6 reverse stock split.

(4) Mr. Dunne was a principal shareholder in Quad Metals Corporation. He purchased 18,000,000 common shares at \$0.001 per share in 2001. After a 1:50 reverse stock split in 2002, Mr. Dunne owned 233,000 shares. In 2003, Quad Metals had a share exchange with DataJungle Ltd. No compensation was received by Mr. Dunne in connection with the DataJungle transaction, and he has sold all of his shares.

(5) Mr. Dunne is an officer, director and a principal shareholder of Daybreak Oil & Gas, Inc. He purchased 3,200,000 common shares in 2001 for \$0.005 per share and an additional 150,000 shares at \$0.02 per share in 2003. In November, 2004, Mr. Dunne sold 50,000 shares at \$0.12 per share. In January, 2005, Mr. Dunne sold an additional 40,000 shares at \$0.13 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 trades on the OTC Bulletin Board.

(6) Mr. Dunne purchased 931,628 shares of Aberdeen Idaho Mining Company from January of 2002 to April, 2002. His average price per share is just under \$0.03 per share. Prior to an acquisition in May 2004, the company had 9,866,500 outstanding shares. After an acquisition, additional shares were issued and there was a 1:100 reverse stock split. Mr. Dunne has sold all of his shares in this company.

(7) Mr. Dunne received 400,000 shares of Missouri River Gold and Gem Corp. for services in 2000, and purchased an additional 100,000 common shares in 2001 at \$0.05 per share. In 2004, Missouri River Gold and Gem Corp. merged with Extremetrix, Inc., and Mr. Dunne sold all his shares in the company.

(8) In 2003, Mr. Dunne purchased 2,400,000 shares of Silver Butte Mining Co. at \$0.01 per share. In 2005, Mr. Dunne purchased an additional 100,000 shares at \$.06 per share. In August 2006, Mr. Dunne purchased an additional 100,000 shares at \$0.06 per share.

(9) Mr. Dunne was a consultant and founding shareholder in Nova Oil, Inc. Mr. Dunne purchased 500,000 shares at \$0.0025 per share in 2000. He purchased an additional 160,000 shares in 2003 at \$0.05 per share, and received 110,000 shares of stock valued at \$0.10 per share for services in 2005. In 2004, he sold 59,000 shares at \$0.03 per share. After the acquisition of Biosource America on March 30, 2006, and the subsequent forward split of three for two, Mr. Dunne sold 84,000 shares of stock in 2006. The Company has changed its name to Nova Biosource Fuels, Inc., and trades on the OTC Bulletin Board.

(10) In 2003, Mr. Dunne purchased 720,000 shares of Bonanza Gold, Inc. for \$0.03 per share. In February 2006, he received 50,000 for services as a director. Also in February, the company acquired Left Behind Games, Inc. and there was a reverse stock split of one for four.

(11) Mr. Dunne acquired 7,954,464 shares of Silver Crest Resources, Inc. between 2003 and August of 2006. The Company remained dormant until August 2006, when the name was changed to Gold Crest Mines, Inc., and it became an active mineral exploration company. Mr. Dunne is Secretary/Treasurer, a director, and major shareholder of the Company, which is listed on the Pink Sheets.

**Daniel McKinney** was appointed as a director of the Company in 2006. Mr. McKinney has been a licensed real estate broker for over 25 years and 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 BA in Psychology from Eastern Washington University in 1973 and a Master of Education 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. In addition, Mr. McKinney is a director and Secretary/Treasurer of Gold Crest Mines, Inc.

**Hobart Teneff** is a director of the Company, and was appointed a director, President and Chief Executive Officer on June 1, 1999. Mr. Teneff resigned as President and CEO in 2004. From 1975 through 1988 Mr. Teneff served as President of Gold Reserve Corporation, and from 1975 through 1994, was also one of its directors. Additionally, he was President, Chief Executive Officer and a director of Pegasus Gold Inc. from 1976 through 1987. Mr. Teneff

holds a degree in chemical engineering from Gonzaga University.

**Paul E. Fredericks** was appointed a director of the Company on of May 17, 2006. From February 2000 through November 2006, he was also director of Nova Oil, Inc. (NVBF.OB), held positions of Vice President (2000-2002) and President (2002-2006) with Nova Oil, and served on their Governance and Nominating Committee, Audit Committee, and Compensation Committee. 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 BS in Geology in 1977, and the University of Texas at Austin, where he received a Masters in Geology in 1980. Mr. Fredericks resides in Missoula, Montana.

### **Directors' Term of Office**

Directors hold office until the next annual meeting of shareholders and the election and qualification of their successors. Officers are elected annually by our board of directors and serve at the discretion of the board of directors.

### **Director Compensation**

Currently, directors receive no compensation in either cash or stock for their services as a director of the Company. In the future, the directors may receive some compensation for their services.

### **Committees of the Board of Directors**

#### **Audit Committee**

The Audit Committee is responsible for monitoring the integrity of the Company's financial reporting standards and practices and its financial statements, overseeing the Company's compliance with ethics and compliance policies and legal and regulatory requirements, and selecting, compensating, overseeing, and evaluating the Company's independent auditors.

The entire Board of Directors serve as members of the Audit Committee. Mr. McKinney and Mr. Teneff are independent as defined by NASDAQ marketplace rules 4200(a)(15) and 4350(d)(2). In forming our Board of Directors, we sought individuals with the ability to guide our operations based on their business experience, both past and present, and their education. Our business model is not complex and our accounting issues are straightforward. Responsibility for our operations is centralized within management. We rely on the assistance of others to help us with the preparation of our financial information. We recognize that having a person who possesses all of the attributes of an independent audit committee financial expert would be a valuable addition to our Board of Directors. However, we are not, at this time, able to compensate such a person, and therefore, may find it difficult to attract such a candidate.

The Board of Directors has not adopted a 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 does not impair the auditor's independence. Such a policy will be adopted during the first quarter of 2007.

#### **Nominating Committee**

The entire Board performs the function of the Nominating Committee. A written nominating charter will be adopted in the first quarter of 2007.

None of the foregoing Directors or the Executive Officer has, during the past five years:

(a) Had any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer, either at the time of the bankruptcy or within two years prior to that time.

(b) Been convicted in a criminal proceeding or subject to a pending criminal proceeding;

(c) Been subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities or banking activities; and

(d) Been found by a court of competent jurisdiction (in a civil action), the Commission, or the Commodity Futures Trading Commission, to have violated a federal or state securities or commodities law, and the judgment has not been reversed, suspended, or vacated.

Compliance with Section 16(a) of the Exchange Act. Our officer, directors and persons owning more than 10% of our common stock are obligated to file reports of ownership and changes in ownership with the Securities and Exchange Commission under Section 16(a) of the Securities Exchange Act of 1934. To our knowledge, based solely upon review of the copies of such reports received or written representations from the reporting persons, we believe that during our fiscal year ended December 31, 2006, our directors, executive officer and persons who own more than 10% of our common stock complied with all Section 16(a) filing requirements.

### **Code of Ethics**

The Company has adopted a Code of Ethics for its President and directors.

### **Item 10. Executive Compensation**

The officer does not receive any compensation for services rendered to the Company. Additionally, at this time, directors do not receive compensation or attendance fees for serving in such capacity.

### **Item 11. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters**

The information on beneficial ownership in the table and the footnotes thereto is based upon the Company's records and, in the case of holders of more than 5% of the Company's stock, the most recent Forms 3 and 4 filed by each such person or entity and information supplied to the Company by such person or entity. Unless otherwise indicated, to the Company's knowledge each person has sole voting power and sole investment power with respect to the shares shown.



## Security Ownership of Certain Beneficial Owners

Title of Class	Name & Address of Beneficial Owner	Amount & Nature of Beneficial Ownership	Percent of Class
Common	Estate of Neal A. Degerstrom(1)	3,950,533	11.53
Common	Margaret A. Nierengarten (2)	2,323,200	6.78
Common	Terrence Dunne	2,200,000	6.42

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

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

The following table sets forth, as of January 31, 2007, information regarding the beneficial ownership of our common stock with respect to each of our directors, and all of our directors and executive officer as a group. The term "executive officer" is defined as the President, Chief Executive Officer, Secretary, Treasurer and the Chief Operating Officer. Each individual or entity named has sole investment and voting power with respect to shares of common stock indicated as beneficially owned by them, subject to community property laws, where applicable, except where otherwise noted. The percentage of common stock beneficially owned is based on 34,261,775 shares of common stock outstanding as of January 31, 2007.

Title of Class	Name & Address of Beneficial Owner	Amount & Nature of Beneficial Ownership	Percent of Class
Common	Terrence Dunne	2,200,000	6.42
Common	Hobart Teneff	1,293,189	3.77
Common	Daniel McKinney	880,000	2.57
Common	Paul Fredericks	800,000	2.34
Common	Total of all executive officers and directors (4 individuals)	5,173,189	15.10

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.

## Item 12. Certain Relationships and Related Transactions

The Company receives rent free office space in Spokane, Washington, from its President. The value of the space is not considered materially significant for financial reporting purposes.

### Item 13. Exhibits

The following exhibits are filed as part of this report. Exhibits previously filed are incorporated by reference, as noted.

- 3.1 Articles of Incorporation of the registrant. (Filed as an exhibit to the registrant's registration statement on Form S-1 (Commission File No. 33-38745) and incorporated by reference herein.)
- 3.2 Bylaws of registrant. (Filed as an exhibit to the registrant's registration statement on Form S-1 (Commission File No. 33-38745) and incorporated by reference herein.)
- 5.1 Opinion of Randall & Danskin, P.S. regarding legality of securities offered. (Filed as an exhibit to the registration statement on Form S-1 (Commission File No. 33-29361) and incorporated by reference herein.)
- 10.1 Claim Option Agreement dated December 20, 1990 between the registrant and Hanover Resources, Inc. (Filed as an exhibit to the registrant's registration statement on Form S-1 (Commission File No. 33-38745) and incorporated by reference herein.)
- 10.2 Mineral Sublease Agreement dated August 31, 1993 between the registrant and Group S Limited. (Filed as an exhibit to the registrant's annual report on Form 10-K for the year ended December 31, 1993, and incorporated by reference herein.)
- 10.3 Assignment of Lease and Option to Purchase dated November 15, 1993 between the registrant and John Magnus. (Filed as an exhibit to the registrant's annual report on Form 10-K for the year ended December 31, 1993, and incorporated by reference herein.)
- 10.4 Amendment No. 1, dated December 3, 1993, to Claim Option Agreement dated December 20, 1990 between the registrant and Hanover Resources, Inc. (Filed as an exhibit to the registrant's annual report on Form 10-K for the year ended December 31, 1993, and incorporated by reference herein.)
- 10.5 Amendment No. 1, dated December 3, 1993, to Assignment and Mineral Sublease Agreement dated February 20, 1992, between the registrant and Hanover Resources, Inc. (Filed as an exhibit to the registrant's annual report on Form 10-K for the year ended December 31, 1993, and incorporated by reference herein.)
- 10.6 Assignment Agreement between the registrant and Hanover Resources, Inc. (Filed as an exhibit to the registrant's registration statement on Form S-1 (Commission File No. 33-38745) and incorporated by reference herein.)
- 10.7 Securities Purchase Agreement dated June 1, 1995, as amended, between the registrant and Neal A. Degerstrom. (Filed as an exhibit to the registrant's annual report on Form 10-K for the year ended December 31, 1995 and incorporated by reference herein.)
- 10.8 Consulting Agreement dated as of January 29, 1996, between the registrant and Fred R. Schmid. (Filed as an exhibit to the registrant's annual report on Form 10-K for the year ended December 31, 1995 and incorporated by reference herein.)

- 10.9 Consulting Agreement dated as of January 29, 1996, between the registrant and Stephen J. Schmid. (Filed as an exhibit to the registrant's annual report on Form 10-K for the year ended December 31, 1995 and incorporated by reference herein.)
- 10.10 Asset Purchase Agreement dated March 25, 1996, between the registrant and Tabor Resources Corporation. (Filed as an exhibit to the registrant's annual report on Form 10-K for the year ended December 31, 1995 and incorporated by reference herein.)
- 10.11 Agreement and Amendment to Mining Lease and Option to Purchase dated March 26, 1996 between the registrant and Roy A. and Marlene Moen and Moen Builders, Inc. (Filed as an exhibit to the registrant's annual report on Form 10-K for the year ended December 31, 1995, and incorporated by reference herein.)
- 10.12 Amendment to Asset Purchase Agreement dated April 19, 1996, between the registrant and Tabor Resources Corporation. (Filed as an exhibit to the registrant's quarterly report on Form 10-Q for the quarter ended March 31, 1996, and incorporated by reference herein.)
- 10.13 Form of Lock-Up Agreement between the registrant and certain Selling Stockholders. (Filed as an exhibit to the registrant's statement on Form S-1 (Commission File No. 33-3882) and incorporated by reference herein.)
- 10.14 Form of Lock-Up Agreement between the registrant and certain shareholders of Easton-Pacific and Riverside Mining Company. (Filed as an exhibit to the Agreement and Plan of Reorganization included in the registrant's registration statement on Form S-1 (Commission File No. 33-29361) and incorporated by reference herein.)
- 10.15 Steininger Report on Evaluation of the Virginia City Properties dated July 6, 1997. (Filed as an exhibit to the registrant's annual report on Form 10-K for the year ended December 31, 1997 and incorporated by reference herein.)
- 10.16 Henricksen Report on Virginia City Mining District dated May 1997. (Filed as an exhibit to the registrant's annual report on Form 10-K for the year ended December 31, 1997, and incorporated by reference herein.)
- 10.17 Professional Consulting Services Agreement dated August 1, 2001. (Filed as an exhibit to the registrant's quarterly report on Form 10-QSB for the quarter ended September 30, 2001, and incorporated by reference herein.)
- 10.18 Agreement to redeem options for shares. (Filed as an exhibit to the registrant's quarterly report on Form 10-Q for the quarter ended September 30, 2001 and incorporated by reference herein.)
- 10.19 Consultants agreement with Jackie E. Stephens & Associates, Inc., dated effective September 1, 2004. (Filed as an exhibit to the registrant's quarterly report on Form 10-Q for the quarter ended September 30, 2004, and incorporated by reference herein.)

- 14.1 Code of Ethics. (Filed as an exhibit to the registrant's annual report on Form 10-QSB for the quarter ended March 31, 2004, and incorporated by reference herein.)
- 23.8 Consent of Tom Henricksen. (Filed as an exhibit to the registrant's annual report on Form 10-K for the year ended December 31, 1997, and incorporated by reference herein.)
- 23.9 Consent of Roger Steininger. (Filed as an exhibit to the registrant's annual report on Form 10-K for the year ended December 31, 1997, and incorporated by reference herein.)
- 31.1\* Rule 13a-14(a)/15d-14(a) Certification of Terrence J. Dunne
- 32.1\* Section 1350 Certification of Terrence J. Dunne

\*As filed herewith

#### **Item 14. Principal Accountant Fees and Services**

The Company's board of directors has appointed DeCoria, Maichel & Teague P.S. ("DM-T") as the Company's independent accountants. The board reviews and approves audit and permissible non-audit services as well as the fees charged for such services. In its review of non-audit service fees, the board of directors considered whether the provision of such services is compatible with maintaining DM-T's independence. All of the services provided and fees charged by DM-T in 2006 were pre-approved by the board of directors.

##### *Audit Fees*

The aggregate fees billed by DM-T for professional services for the audit of the annual financial statements of the Company and the reviews of the financial statements included in the Company's quarterly reports on Form 10-QSB for 2006 and 2005 were \$17,150 and \$18,200 respectively.

##### *Audit-Related Fees*

There were no other fees billed by DM-T during the last two fiscal years for assurance and related services that were reasonably related to the performance of the audit or review of the Company's financial statements and not reported under "Audit Fees" above.

##### *Tax Fees*

DM-T billed the Company \$446 during 2006 for professional services relating to tax compliance. No tax related fees were billed to the Company by DM-T during 2005.

##### *All Other Fees*

There were no fees billed by DM-T during the last two fiscal years for products and services, other than those services reported under Audit Fees above..

## **SIGNATURES**

Pursuant to the requirements of Section 13 or 15 (d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

HANOVER GOLD COMPANY, INC.

By: /s/ Terrence J. Dunne  
Terrence J. Dunne, President and  
Principal Accounting Officer

Date: February 20, 2007

## Exhibit 31.1

### Certification

I, Terrence J. Dunne, certify that:

- (1) I have reviewed this annual report on Form 10-KSB of Hanover Gold Company, Inc.
- (2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- (3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods presented in this report;
- (4) I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the small business issuer and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to me by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Not required;
  - (c) Evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and
- (5) I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of the small business issuer's board of directors:
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting.

Date: February 20, 2007

By /s/TERRENCE J. DUNNE

Terrence J. Dunne, President and  
Principal Accounting Officer

**Exhibit 32.1**

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Hanover Gold Company, Inc., (the "Company") on Form 10-KSB for the period ending December 31, 2006, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Terrence J. Dunne, President of Hanover Gold Company, Inc., certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 20, 2007

By /s/ TERRENCE J. DUNNE

Terrence J. Dunne, President and  
Principal Accounting Officer