

GOLDEN CYCLE GOLD CORP
Form DEF 14A
April 28, 2006

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

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
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- Definitive Proxy Statement
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Golden Cycle Gold Corporation

(Name of Registrant as Specified In Its Charter)

Not Applicable

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GOLDEN CYCLE GOLD CORPORATION

1515 South Tejon

Colorado Springs, Colorado 80906

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

June 6, 2006

NOTICE IS HEREBY GIVEN that the Annual Meeting of Shareholders (Annual Meeting) of GOLDEN CYCLE GOLD CORPORATION (the Corporation), a Colorado corporation, will be held at the Sheraton Colorado Springs Hotel, 2886 South Circle Drive, Colorado Springs, Colorado on June 6, 2006, at 9:00 a.m. (local time) for the following purposes:

1. To elect five (5) directors of the Corporation to serve until the next Annual Meeting of Shareholders and until their successors are duly elected and qualified; and
2. To ratify the appointment of Ehrhardt, Keefe, Steiner & Hottman, P.C. independent auditors to audit the books and records of the Corporation at the close of the current year; and
3. To consider and transact such other business as may properly come before the Annual Meeting or any adjournment thereof,

all as more fully set forth in the accompanying Proxy Statement.

The Board of Directors has fixed the close of business on April 24, 2006 as the record date for the determination of shareholders entitled to notice of and to vote at the Annual Meeting or any adjournment thereof, and only shareholders of record at the close of business on that date are entitled to notice of and to vote at the Annual Meeting. The books for transfer of shares of the Corporation will not be closed.

A copy of the Company's Annual Report for the fiscal year ended December 31, 2005 is enclosed herewith.

IF YOU DO NOT EXPECT TO BE PRESENT AT THE MEETING, PLEASE MARK, SIGN, DATE, AND RETURN THE ENCLOSED PROXY.

By Order of the Board of Directors,

Barbara E. Woodside

Secretary

April 30, 2006

GOLDEN CYCLE GOLD CORPORATION

1515 South Tejon

Colorado Springs, Colorado 80906

PROXY STATEMENT

ANNUAL MEETING OF SHAREHOLDERS

June 6, 2006

This proxy statement and the accompanying form of proxy are being mailed on or about April 30, 2006 to the holders of record on April 24, 2006 of the Corporation's Common Stock, without par value (the "Common Stock"), in connection with the solicitation of proxies by the Board of Directors of the Corporation for use at the Annual Meeting to be held for the purposes set forth in the foregoing Notice of Annual Meeting of Shareholders, or any adjournment thereof.

Shares of Common Stock represented by properly executed proxies, if returned in time and not revoked, will be voted in accordance with instructions contained in the proxy. If no instructions are given with respect to any matter specified in the Notice of Annual Meeting to be acted upon at the Annual Meeting, the proxy will be voted for the election of the nominees for election to the Board of Directors (Proposal No. 1), and for the ratification of the appointment of the independent auditors (Proposal No. 2). The enclosed Proxy confers discretionary authority to vote with respect to any and all of the following matters that may properly come before the Annual Meeting: (i) matters which the Company did not receive notice by December 30, 2005; (ii) approval of the Minutes of a prior meeting of Stockholders, if such approval does not amount to ratification of the action taken at such meeting; (iii) the election of any person to any office for which a bona fide nominee named in this Proxy Statement is unable to serve or for good cause will not serve; (iv) any proposal omitted from this Proxy Statement and the form of proxy pursuant to Rules 14a-8 or 14a-9 under the Securities Exchange Act of 1934; and (v) matters incident to the conduct of the Annual Meeting. In connection with such matters, the persons named in the enclosed proxy will vote in accordance with their best judgment.

A shareholder who has given a proxy has the power to revoke it by giving written notice of such revocation to the Corporation's Secretary at any time prior to the exercise of the proxy, or by requesting the return of the proxy at the Annual Meeting. A shareholder's presence at the Annual Meeting, without such written notice of revocation or request for return of the proxy, will not cause the proxy to be revoked. Any later dated proxy will revoke a proxy submitted earlier. **SHAREHOLDERS WHO DO NOT INTEND TO BE PRESENT AT THE ANNUAL MEETING ARE URGED TO CONSIDER CAREFULLY THE INFORMATION IN THIS PROXY STATEMENT AND TO MARK, SIGN, DATE AND RETURN THEIR PROXIES AS SOON AS POSSIBLE. PROMPT RESPONSE IS HELPFUL.**

The cost of solicitation of proxies will be paid by the Corporation. In addition to solicitation of proxies by use of the mails, certain of the officers, directors and employees of the Corporation, without extra remuneration, may solicit proxies personally or by other communication facilities. Arrangements have been made with brokerage houses and other custodians, nominees and fiduciaries which are record holders of the Corporation's Common Stock to forward proxy materials and annual reports to beneficial owners of such stock, and the Corporation will reimburse such record holders for their reasonable expenses incurred in providing such services.

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Pursuant to the Corporation's By-Laws, the Board of Directors has fixed the close of business on April 24, 2006 as the record date for determining the shareholders entitled to notice of and to vote at the Annual Meeting (the Record Date). As of the Record Date, there were outstanding 9,744,250 shares of Common Stock. The presence in person or by proxy of the holders of a majority of the outstanding shares is necessary for a quorum. Each share of Common Stock entitles the holder thereof to one vote. Election of directors is by plurality vote, with the five nominees receiving the highest vote totals to be elected as directors. Proposal No. 2 requires the affirmative vote of

a majority of the shares present in person or represented by proxy at the Annual Meeting. Abstentions are counted as present in determining whether the quorum requirement is satisfied, but they have no other effect on voting for election of directors. Abstentions are the same as a vote against on other matters. In instances where brokers are prohibited from exercising discretionary authority for beneficial owners who have not returned a proxy (broker non-votes), those shares will be counted for quorum purposes; however, broker non-votes will not be included in the vote totals for any proposal and therefore will have no effect on the vote for any proposal (including the election of directors).

The Annual Report of the Corporation for the year ended December 31, 2005 is enclosed herewith.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information as to each person who, to the knowledge of the Board of Directors, was the beneficial owner of more than five (5%) of the Corporation's Common Stock outstanding as of April 24, 2006.

Name and Address of Beneficial Owner	Number of Shares Beneficially Owned(1)	Percent of Class
MIDAS Fund, Inc. 11 Hanover Square New York, NY 10005	1,964,500(2)	20.2%
David W. Tice & Associates, LLC Prudent Bear Funds, Inc. 8140 Walnut Hill Lane, Ste 300 Dallas, Texas 75231	1,298,265(3)	13.5%

(1) To the best knowledge of the Corporation, except as indicated below, each beneficial owner has sole voting and investment power in respect of such shares.

(2) MIDAS Fund, Inc. is a registered, open-end, investment company and is an advisory client of Midas Management Corporation (MMC). Mr. Thomas B. Winmill, a former director of the Corporation, is President of MIDAS Fund, Inc., and its investment manager. MMC is a wholly owned subsidiary of Winmill & Co. Incorporated (Winco). Mr. Bassett S. Winmill owns 100% of the outstanding voting stock of Winco and is the principal shareholder of Winco. MMC, Winco and Mr. Bassett S. Winmill each disclaim any economic interest or beneficial ownership in the securities shown above owned by advisory clients of Winco subsidiaries. The information provided here is based on a report on Schedule 13D, dated April 23, 2003.

(3) David W. Tice & Associates, LLC is a registered investment advisor and Prudent Bear Funds, Inc. is a registered investment company. Prudent Bear Funds, Inc. includes two operating portfolios, Prudent Bear Fund and Prudent Global Income Fund. David W. Tice and Associates, LLC is the investment adviser to Prudent Bear Funds, Inc. The information provided here is based on a report on Schedule 13G/A dated February 14, 2005.

PROPOSAL NO. 1**ELECTION OF DIRECTORS**

Pursuant to the By-Laws of the Corporation, the Board of Directors has fixed the number of Directors at five. The entire Board of Directors is to be elected at each annual meeting of shareholders, and each Director is elected to serve until the next succeeding annual meeting and until his successor is elected and qualifies.

The following individuals have been nominated for election at the Annual Meeting. All of the nominees are currently Directors of the Corporation. The following table sets forth for each nominee his name, age, date of commencement of service on the Corporation's Board, principal occupation and beneficial ownership of the Corporation's Common Stock.

Name of Nominee Age (Year First Became Director)	Principal Occupation (1)	Stock Beneficially Owned as of April 24, 2006(2)	% of Class Outstanding (3)
Taki N. Anagnoston, M.D. Age 74 (2004)	Private security analyst and investor, real estate investor and developer, medical doctor in private practice for more than forty years.	509,280(4)	5.2%
Donald L. Gustafson Age 67 (2004)	Vice President, Exploration of the Corporation since Aug. 1, 2004; Consulting Economic Geologist from 1998 and consultant to the Corporation through June 2004; Director of Gold Summit Exploration since 2001; Director of Green River Geology Co PTY LTD since 2004; President and Chief Operating Officer, Quest International Minerals, 1996-1998; Homestake Mining Company from 1975-1990 And Vice President Exploration of Homestake International Minerals, 1985-1990.	35,000(5)	0.4%
R. Herbert Hampton Age 59 (1999)	President, Chief Executive Officer and Treasurer of the Corporation since April 1999; Vice President, Finance From August 1, 1993 to April 1999; Secretary and Treasurer of the Corporation from May 1994 to April 1999; and an employee of the Corporation since October 1, 1992.	256,110(6)	2.6%
James C. Ruder Age 76 (2003)	Chairman of Board of the Corporation since June 2003 and of Golden Cycle Exploration since June 2002; Private security analyst and investor, primarily in gold and gold mining Equities for more than twenty years.	51,000(7)	0.5%
Robert T. Thul Age 61 (2003)	Independent Certified Public Accountant from 1985 to present. Treasurer of Golden Cycle Gold Corporation from 1973 to 1983.	50,125(8)	0.5%

* Less than 1%

(1) The occupation listed constitutes the principal occupation or employment of the referenced individual for at least the past five (5) years, except as otherwise indicated. Correspondence for nominees may be sent to the Company. The address of the persons named in the chart above is c/o Golden Cycle Gold Corporation, 1515 South Tejon, Suite 201, Colorado Springs, Colorado 80906.

(2) Except as noted below, each beneficial owner has sole voting power and sole investment power.

(3) Based on 9,744,250 shares of Common Stock issued and outstanding as of April 24, 2006. Shares issuable within 60 days from the date of this Proxy Statement upon exercise of options issued to each Director are treated as outstanding for the purpose of computing the percentage ownership of such Director.

(4) The indicated number of shares includes 339,145 shares held by a revocable retirement trust for the benefit of Dr. Anagnoston and of which Dr. Anagnoston is trustee, 69,250 shares held by a revocable trust for the benefit of Dr. Anagnoston's wife, of which he and his wife are trustees, 7,000 shares beneficially owned by Dr. Anagnoston's wife and 68,885 shares held by a partnership, of which Dr. Anagnoston and his wife are general partners and 25,000 shares issuable to Dr. Anagnoston upon exercise of options.

(5) Includes 35,000 shares issuable to Mr. Donald L. Gustafson upon exercise of options.

(6) Includes 225,000 shares issuable to Mr. R. Herbert Hampton upon exercise of options.

(7) Includes 50,000 shares issuable to Mr. James C. Ruder upon exercise of options.

(8) Includes 50,000 shares issuable to Mr. Robert T. Thul upon exercise of options and 75 shares owned by Mrs. Thul.

As of April 24, 2006, the officers and directors (five persons) of the Corporation as a group beneficially owned 901,515 shares of Common Stock or approximately 8.9% of such class. The number of shares of Common Stock owned by officers and directors of the Corporation includes an aggregate of 385,000 shares of Common Stock which the officers and directors have the right to acquire within 60 days from the date of this Proxy Statement upon the exercise of options, which shares are treated as outstanding for the purpose of computing the percentage of outstanding shares of Common Stock owned by officers and directors as a group.

Information Concerning Executive Officers

The Corporation's executive officer is R. Herbert Hampton, President, Chief Executive Officer and Treasurer.

Board and Committee Matters

Independence

The Board of Directors has determined that the following directors, constituting a majority of the members of the Board, are independent as defined under the rules of the NYSE Arca: Mr. Robert T. Thul, Dr. Taki N. Anagnoston, and Mr. James C. Ruder.

Meetings of the Board and Committees

The Board of Directors met 17 times during 2005. Each director attended 75% or more of the total meetings of the Board and the Audit Committee, if he was a member.

Executive Sessions

In addition to the meetings of the Board of Directors discussed above, the Board of Directors conducts at least one Executive Session of the Board of Directors annually. Only the directors who are not also employees of the Corporation, Messrs. Thul, Anagnoston and Ruder, are present at the Executive Sessions. During 2005, one Executive Session was conducted. Each director attended 75% or more of the total meetings of the Board and any committee of which he is a member.

Audit Committee

Pursuant to Paragraph 16 of the Corporation's By-Laws, the Board of Directors has created an Audit Committee, comprised of Messrs. Robert T. Thul (Chairman), James C. Ruder, and Dr. Taki N. Anagnoston, which is empowered to supervise the auditing of the accounts of the Corporation. Its primary duties and responsibilities are to: monitor the integrity of the Corporation's financial reporting process and systems of internal controls regarding finance, accounting, and legal compliance; monitor the independence and performance of the Corporation's independent auditors; provide an avenue of communication among the independent auditors, management and the Board of Directors; and performing other duties and functions deemed appropriate by the Board. Mr. Robert T. Thul is a financial expert as defined by the NYSE Arca and the SEC. The Audit Committee met four times during 2005.

Compensation Committee

The Board of Directors has created a Compensation Committee, comprised of Dr. Taki N. Anagnoston (Chairman), Mr. James C. Ruder, and Mr. Robert T. Thul which is empowered to establish, periodically review and adjust executive compensation. Each of the directors is independent as defined by the NYSE Arca and the SEC. The Compensation Committee was established as of December 2004, its charter is also available on the Company's website, www.goldencycle.com. The Compensation Committee met once during 2005.

Nominating and Corporate Governance Committee

The Board of Directors has created a Nominating and Corporate Governance Committee, comprised of Messrs. James C. Ruder (Chairman), Robert T. Thul, and Dr. Taki N. Anagnoston which is empowered to select and recommend candidates for the Board of Directors and to develop and recommend corporate governance guidelines and policies for the Corporation. Each of the directors is independent as defined by the NYSE Arca and the SEC. The Nomination and Corporate Governance Committee was established as of December 2004, and its charter is also available on the Company's website, www.goldencycle.com. The Nominating and Corporate Governance Committee met once during 2005.

Nomination Procedure for the Board of Directors

The Committee will accept for consideration stockholders' nominations for Directors if made in writing. The nominee's written consent to the nomination and sufficient background information on the candidate must be included to enable the Board to make proper assessments as to his or her qualifications. Nominations must be addressed to the Secretary of the Corporation or the Nominating and Corporate Governance Committee at the Corporation's headquarters and must be received no later than December 30, 2006 to be considered for the next annual election of Directors. The Committee will also make its own search for potential candidates that may include candidates identified directly by a variety of means as deemed appropriate by the Committee.

Shareholder Communication with the Board of Directors

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Historically, the Company has not adopted a formal process for stockholder communications with the Board. Nevertheless, every effort has been made to ensure that the views of stockholders are heard by the Board, or individual directors as applicable, and that appropriate responses are provided to the stockholder in a timely manner. Stockholders wishing to communicate at any time with the Board of Directors, or a specific member of the Board, may do so by writing the Board or a specific member of the Board by delivering correspondence in person or by mail to: The Board of Directors, c/o Barbara E. Woodside, Corporate Secretary, 1515 South Tejon, Suite 201, Colorado Springs, Colorado 80906. Communication(s) directed to the Board or a specific Board member will be relayed to the intended Board member(s).

Code of Ethics

The Company has adopted a Code of Ethics that applies to its management (including its Chief Executive Officer and any other accounting officer, controller or persons performing similar functions) and its directors. The Code of Ethics is also available on the Company's website, www.goldencycle.com. In the event that we amend our Code of Ethics or grant a waiver from its restrictions to a person covered by the Code of Ethics, we intend to provide this information on our website.

Attendance of Board Members at Annual Shareholders Meeting

All Board Members attended the 2005 Annual Shareholders Meeting. The Corporation has an informal policy that all Directors attend every Annual Meeting.

Recommendation of the Board of Directors

The Board of Directors recommends a vote FOR election of the nominees identified above as directors of the Corporation.

Executive Compensation

Summary Compensation Table

The following table sets forth information on the compensation earned by Mr. R. Herbert Hampton, the current Chief Executive Officer. The Chief Executive Officer is the highest paid officer of the Corporation:

Name and Principal Position	Year	Annual Compensation		Securities Underlying Options (#)	All Other Compensation
		Salary	Bonus		
R. Herbert Hampton President, Chief	2005	\$	91,153	25,000	
	2004		87,957		