

THUNDER MOUNTAIN GOLD INC
Form 10-K
April 08, 2014

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

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF
1934

For the fiscal year ended December 31, 2013

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF
1934

For the transition period from _____ to _____

Commission file number: 001-08429

Thunder Mountain Gold, Inc.

(Exact Name of Registrant as Specified in its Charter)

Nevada
(State of other jurisdiction of incorporation or
organization)
5248 W. Chinden Blvd.
Boise, Idaho
(Address of Principal Executive Offices)

91-1031015
(I.R.S. Employer Identification No.)
83714
(Zip Code)

(208) 658-1037

(Registrant's Telephone Number, including Area Code)

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

None

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT:

Common stock, Par Value \$0.001

(Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes No

Indicate by checkmark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 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

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 229.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by checkmark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of III of this Form 10-K or any amendment to the Form 10-K.

Edgar Filing: THUNDER MOUNTAIN GOLD INC - Form 10-K

Indicate by checkmark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of “Accelerated filer and large accelerated filer” in Rule 12b-2 of the Exchange Act (Check one):

Large Accelerated Filer Accelerated Filer Non-Accelerated Filer Smaller Reporting Company

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

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant’s most recently completed second fiscal quarter: \$1,794,969 as of June 30, 2013

The number of shares of the Registrant’s Common Stock outstanding as of March 31, 2014 was 33,907,549.

Documents Incorporated by Reference: None.

Table of Contents

THUNDER MOUNTAIN GOLD, INC.

Form 10-K

December 31, 2013

Table of Contents

PART I

3

ITEM 1 - DESCRIPTION OF BUSINESS

3

ITEM 1A - RISK FACTORS

4

ITEM 1B - UNRESOLVED STAFF COMMENTS

7

ITEM 2 - DESCRIPTION OF PROPERTIES

8

ITEM 3 - LEGAL PROCEEDINGS

18

ITEM 4 - MINE SAFETY DISCLOSURES

18

PART II

19

ITEM 5 - MARKET FOR REGISTRANT'S COMMON STOCK, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

19

ITEM 6 - SELECTED FINANCIAL DATA

21

ITEM 7 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

21

ITEM 7A - QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

25

ITEM 8 - FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

26

ITEM 9 - CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

43

ITEM 9A - CONTROLS AND PROCEDURES

43

ITEM 9B - OTHER INFORMATION

44

PART III

45

ITEM 10 - DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

45

ITEM 11 - EXECUTIVE COMPENSATION

48

ITEM 12 - SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND
RELATED STOCKHOLDER MATTERS

50

ITEM 13 - CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR
INDEPENDENCE

51

ITEM 14 - PRINCIPAL ACCOUNTING FEES AND SERVICES

52

PART IV

53

ITEM 15 - EXHIBITS, FINANCIAL STATEMENT SCHEDULES

53

Table of Contents

PART I

Cautionary Statement about Forward-Looking Statements

This Annual Report on Form 10-K includes certain statements that may be deemed to be forward-looking statements. All statements, other than statements of historical facts, included in this Form 10-K that address activities, events or developments that our management expects, believes or anticipates will or may occur in the future are forward-looking statements. Such forward-looking statements include discussion of such matters as:

The amount and nature of future capital, development and exploration expenditures;

The timing of exploration activities, and;

Business strategies and development of our Operational Plans.

Forward-looking statements also typically include words such as anticipate, estimate, expect, potential, could, or similar words suggesting future outcomes. These statements are based on certain assumptions and analyses made by us in light of our experience and our perception of historical trends, current conditions, expected future developments and other factors we believe are appropriate in the circumstances. Such statements are subject to a number of assumptions, risks and uncertainties, including such factors as the volatility and level of metal prices, uncertainties in cash flow, expected acquisition benefits, exploration, mining and operating risks, competition, litigation, environmental matters, the potential impact of government regulations, many of which are beyond our control. Readers are cautioned that forward-looking statements are not guarantees of future performance and actual results or developments may differ materially from those expressed or implied in the forward-looking statements. Except as required by law, we undertake no obligation to revise or update publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

Management's Discussion and Analysis is intended to be read in conjunction with the Company's financial statements and the integral notes (Notes) thereto for the fiscal year ending December 31, 2013. The following statements may be forward looking in nature and actual results may differ materially.

ITEM 1 - DESCRIPTION OF BUSINESS

Company History

The Company was originally incorporated under the laws of the State of Idaho on November 9, 1935, under the name of Montgomery Mines, Inc. In April, 1978 controlling interest in the Montgomery Mines Corporation was obtained by a group of the Thunder Mountain property holders who then changed the corporate name to Thunder Mountain Gold, Inc. with the primary goal to further develop their holdings in the Thunder Mountain Mining District, Valley County, Idaho.

Change in Situs and Authorized Capital

The Company moved its situs from Idaho to Nevada, but maintains its corporate offices in Garden City, Idaho. On December 10, 2007, articles of incorporation were filed with the Secretary of State in Nevada for Thunder Mountain Gold, Inc., a Nevada Corporation. The Directors of Thunder Mountain Gold, Inc. (Nevada) were the same as for Thunder Mountain Gold, Inc. (Idaho).

On January 25, 2008, the shareholders approved the merger of Thunder Mountain Gold, Inc. (Idaho) with Thunder Mountain Gold, Inc. (Nevada), which was completed by a share for share exchange of common stock. The terms of the merger were such that the Nevada Corporation was the surviving entity. The number of authorized shares for the Nevada Corporation is 200,000,000 shares of common stock with a par value of \$0.001 per share and 5,000,000 shares of preferred stock with a par value of \$0.0001 per share.

Table of Contents

The Company is structured as follows: The Company owns 100% of the outstanding stock of Thunder Mountain Resources, Inc., a Nevada Corporation. Thunder Mountain Resources, Inc. owns 100% of the outstanding stock of South Mountain Mines, Inc., an Idaho Corporation.

We have no patents, licenses, franchises or concessions which are considered by the Company to be of importance. The business is not of a seasonal nature. Since the potential products are traded in the open market, we have no control over the competitive conditions in the industry. There is no backlog of orders.

There are numerous Federal and State laws and regulation related to environmental protection, which have direct application to mining and milling activities. The more significant of these laws deal with mined land reclamation and wastewater discharge from mines and milling operations. We do not believe that these laws and regulations as presently enacted will have a direct material adverse effect on our operations.

Subsidiary Companies

On May 21, 2007, the Company filed Articles of Incorporation with the Secretary of State in Nevada for Thunder Mountain Resources, Inc., a wholly-owned subsidiary of Thunder Mountain Gold, Inc. The financial information for the new subsidiary is included in the consolidated financial statements.

On September 27, 2007, Thunder Mountain Resources, Inc., a wholly-owned subsidiary of Thunder Mountain Gold, Inc., completed the purchase of all the outstanding stock of South Mountain Mines, Inc., an Idaho corporation. The sole asset of South Mountain Mines, Inc. consists of seventeen patented mining claims, totaling approximately 326 acres, located in the South Mountain Mining District, Owyhee County, Idaho.

On November 8, 2012, South Mountain Mines, Inc., (SMMI) a wholly owned subsidiary of Thunder Mountain Resources, Inc., which in turn is a wholly owned subsidiary of the Company, and Idaho State Gold Company II LLC (ISGC) formed Owyhee Gold Trust, LLC, (OGT) a limited liability company (LLC). SMMI 's contribution for its 6,000 membership units is mining property located in southwestern Idaho in Owyhee County consisting of 17 patented mining claims, 21 unpatented mining claims and 545 acres of leased private land. As its initial contribution to OGT, ISGC will fund operations totaling \$18 million, or \$8 million if SMMI exercises its participation option. SMMI will own 100% of the LLC membership units until such time as ISGC makes \$3 million in qualifying expenditures (as defined by the operating agreement) not later than December 31, 2014, including the cancellation of the \$1 million note issued by the Company dated April 30, 2012. Upon payment of \$3 million of qualifying

expenditures, ISGC will receive 2,000 units representing 25% ownership.

Current Operations

Thunder Mountain Gold is a mineral exploration stage company with no producing mines. The Company intends to remain in the business of exploring for mining properties that have the potential to produce gold, silver, base metals and other commodities.

Reports to Security Holders

The Registrant does not issue annual or quarterly reports to security holders other than the annual Form 10-K and quarterly Forms 10-Q as electronically filed with the SEC. Electronically filed reports may be accessed at www.sec.gov. Interested parties also may read and copy any materials filed with the SEC at the SEC's Public Reference Room at 450 Fifth Street, N. W., Washington, D.C. 20549. Information may be obtained on the operation of the Public Reference Room by calling the SEC at 1 (800) SEC-0330.

ITEM 1A - RISK FACTORS

Our business, operations, and financial condition are subject to various risks. This is particularly true since we are in the business of conducting exploration for mineral properties that have the potential for discovery of economic mineral resources. We urge you to consider the following risk factors in addition to the other information contained in, or incorporated by reference into, this Annual Report on Form 10-K:

Table of Contents

We have no income and resources and we expect losses to continue for at least the next two years.

Our only continuing source of funds is through sales of equity positions received from investors, which may not be sufficient to sustain our operations. Any additional funds required would have to come from the issuance of debt or the sale of our common stock. There is no guarantee that funds would be available from either source. If we are unsuccessful in raising additional funds, we will not be able to develop our properties and will be forced to liquidate assets.

We have no proven reserves.

We have no proven reserves at any of our properties. We only have indicated and inferred, along with assay samples at South Mountain; and assay samples at some of our other exploration properties.

We will likely need to raise additional capital to continue our operations, and if we fail to obtain the capital necessary to fund our operations, we will be unable to continue our exploration efforts and may have to cease operations.

At December 31, 2013, we had current assets of \$48,599. We are planning to raise additional funds in 2014 to meet our current operating and capital requirements for the next 12 months and beyond. However, we have based this estimate on assumptions that may prove to be wrong, and we cannot assure that estimates and assumptions will remain unchanged. For the year ended December 31, 2013 net cash used for operating activities was approximately \$254,304.

Our future liquidity and capital requirements will depend on many factors, including timing, cost and progress of our exploration efforts, our evaluation of, and decisions with respect to, our strategic alternatives, and costs associated with the regulatory approvals. If it turns out that we do not have enough money to complete our exploration programs, we will try to raise additional funds from public offerings, private placements or loans.

We know that additional financing will be required in the future to fund our planned operations. We do not know whether additional financing will be available when needed or on acceptable terms, if at all. If we are unable to raise additional financing when necessary, we may have to delay our exploration efforts or any property acquisitions or be forced to cease operations. Collaborative arrangements may require us to relinquish our rights to certain of our mining claims.

We believe that there is substantial doubt about our ability to continue as a going concern

We have never generated net income from our exploration efforts and we have incurred significant net losses in each year since inception. Our accumulated deficit as of December 31, 2013 was \$3,004,159. We expect to continue to incur substantial additional losses for the foreseeable future, and we may never become profitable. Our ability to achieve and maintain profitability and positive cash flow is dependent upon our ability to locate and ultimately operate proven or probable precious metals reserves, our ability to generate positive net revenues and our ability to reduce our operating costs.

Based upon current plans, we expect to incur operating losses in future periods. This will happen because our exploration costs are greater than nonexistent revenue. Continued failure to generate revenues could cause us to go out of business.

Our financial statements, for the year ended December 31, 2013, were audited by our independent registered public accountants, whose report includes an explanatory paragraph stating that the financial statements have been prepared assuming we will continue as a going concern and that we have incurred operating losses since inception that raise substantial doubt about our ability to continue as a going concern.

We believe that there is substantial doubt about our ability to continue as a going concern due to our total accumulated deficit of \$3,004,159 as of December 31, 2013. Our plans for our continuation as a going concern include financing our operations through sales of unregistered common stock and the exercising of stock options by our officers, directors and originators. If we are not successful with our plans, equity holders could then lose all or a substantial portion of their investment.

Table of Contents

Our exploration efforts may be adversely affected by metals price volatility causing us to cease exploration efforts.

We have no earnings. However, the success of any exploration efforts is derived from the price of metal prices that are affected by numerous factors including: 1) expectations for inflation; 2) investor speculative activities; 3) relative exchange rate of the U.S. dollar to other currencies; 4) global and regional demand and production; 5) global and regional political and economic conditions; and 6) production costs in major producing regions. These factors are beyond our control and are impossible for us to predict.

There is no guarantee that current favorable prices for metals and other commodities will be sustained. If the market prices for these commodities fall we will temporarily suspend or cease exploration efforts.

Our mineral exploration efforts may not be successful.

Mineral exploration is highly speculative. It involves many risks and often does not produce positive results. Even if we find a valuable mineral deposit, it may be three years or more before production is possible because of the need for additional detailed exploration, pre-production studies, permitting, financing, construction and start up.

During that time, it may become economically unfeasible to produce those minerals. Establishing ore reserves requires us to make substantial capital expenditures and, in the case of new properties, to construct mining and processing facilities. As a result of these costs and uncertainties, we will not be able to develop any potentially economic mineral deposits.

We face strong competition from other mining companies for the acquisition of new properties.

If we do find an economic mineral reserve, and it is put into production, it should be noted that mines have limited lives and as a result, we need to continually seek to find new properties. In addition, there is a limited supply of desirable mineral lands available in the United States or elsewhere where we would consider conducting exploration activities. Because we face strong competition for new properties from other exploration and mining companies, some of whom have greater financial resources than we do, we may be unable to acquire attractive new mining properties on terms that we consider acceptable.

Mining operations may be adversely affected by risks and hazards associated with the mining industry.

Mining operations involve a number of risks and hazards including: 1) environmental hazards; 2) political and country risks; 3) industrial accidents; 4) labor disputes; 5) unusual or unexpected geologic formations; 6) high wall failures, cave-ins or explosive rock failures, and; 7) flooding and periodic interruptions due to inclement or hazardous weather conditions. Such risks could result in: 1) damage to or destruction of mineral properties or producing facilities; 2) personal injury; 3) environmental damage; 4) delays in exploration efforts; 5) monetary losses, and; 6) legal liability.

We have no insurance against any of these risks. To the extent we are subject to environmental liabilities, we would have to pay for these liabilities. Moreover, in the event that we ever become an operator of a mine, and unable to fully pay for the cost of remedying an environmental problem, should they occur, we might be required to suspend operations or enter into other interim compliance measures.

Because we are small and do not have much capital, we must limit our exploration. This may prevent us from realizing any revenues, thus reducing the value of the stock and you may lose your investment as a result.

Because our Company is small and does not have much capital, we must limit the time and money we expend on exploration of interests in our properties. In particular, we may not be able to: 1) devote the time we would like to exploring our properties; 2) spend as much money as we would like to exploring our properties; 3) rent the quality of equipment or hire the contractors we would like to have for exploration; and 4) have the number of people working on our properties that we would like to have. By limiting our operations, it may take longer to explore our properties. There are other larger exploration companies that could and may spend more time and money exploring the properties that we have acquired.

Table of Contents

We will have to suspend our exploration plans if we do not have access to all the supplies and materials we need.

Competition and unforeseen limited sources of supplies in the industry could result in occasional spot shortages of supplies, like dynamite, and equipment like bulldozers and excavators that we might need to conduct exploration. We have not attempted to locate or negotiate with any suppliers of products, equipment or materials. We will attempt to locate products, equipment and materials after we have conducted preliminary exploration activities on our properties. If we cannot find the products and equipment we need in a timely manner, we will have to delay or suspend our exploration plans until we do find the products and equipment we need.

We face substantial governmental regulation and environmental risks, which could prevent us from exploring or developing our properties.

Our business is subject to extensive federal, state and local laws and regulations governing mining exploration development, production, labor standards, occupational health, waste disposal, use of toxic substances, environmental regulations, mine safety and other matters. New legislation and regulations may be adopted at any time that results in additional operating expense, capital expenditures or restrictions and delays in the exploration, mining, production or development of our properties.

At this time, we have no specific financial obligations for environmental costs. Various laws and permits require that financial assurances be in place for certain environmental and reclamation obligations and other potential liabilities. Once we undertake any trenching or drilling activities, a reclamation bond and a permit will be required under applicable laws. Currently, we have no obligations for financial assurances of any kind, and are unable to undertake any trenching, drilling, or development on any of our properties until we obtain financial assurances pursuant to applicable regulations to cover potential liabilities.

If we fail to maintain an effective system of internal controls, we may not be able to detect fraud or report our financial results accurately, which could harm our business and we could be subject to regulatory scrutiny.

Pursuant to Section 404 of the Sarbanes-Oxley Act of 2002 (Section 404), we are required to perform an evaluation of our internal controls over financial reporting. We have prepared an internal plan of action for compliance with the requirements of Section 404, and have completed our effectiveness evaluation. We have reported two material weaknesses in our internal controls over financial reporting. Continuing compliance with the requirements of

Section 404 is expected to be expensive and time-consuming. In addition, any failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm our operating results or cause us to fail to meet our reporting obligations.

ITEM 1B - UNRESOLVED STAFF COMMENTS

Not required for smaller reporting companies.

Table of Contents

ITEM 2 - DESCRIPTION OF PROPERTIES

The Company, including its subsidiaries, owns rights to claims and properties in the mining areas of Nevada and Idaho.

The Company owns 100% of the outstanding stock of Thunder Mountain Resources, Inc., a Nevada Corporation. Thunder Mountain Resources, Inc. owns 100% of the outstanding stock of South Mountain Mines, Inc. (SMMI), an Idaho Corporation., Inc. which owns the historic South Mountain Mine. Thunder Mountain Resources, Inc. completed the direct purchase of 100% ownership of South Mountain Mines, Inc. on September 27, 2007, which consisted of 17 patented mining claims (approximately 327 acres) located in Owyhee County in southwestern Idaho.

Subsequent to the purchase, Thunder Mountain Resources staked 21 unpatented mining claims and obtained mineral leases on 545 acres of adjoining private ranch land.

On November 8, 2012, and Idaho State Gold Company II LLC (ISGC) formed Owyhee Gold Trust, LLC, (OGT) a limited liability corporation. As part of the Agreement, 6,000 membership units were created and represented SMMI s contribution as its initial contribution to OGT. The Agreement calls for ISGC to fund operations totaling \$18 million, or \$8 million if SMMI exercises its participation option. SMMI will own 100% of the LLC membership units until such time as ISGC makes the stipulated qualifying expenditures (as defined by the operating agreement).

South Mountain Project, Owyhee County, Idaho

The Company s land package at South Mountain consists of a total of approximately 1,158 acres, consisting of (i) 17 patented claims (326 acres) the Company owns outright; (ii) lease on private ranch land (542 acres); and, (iii) 21 unpatented lode mining claims on BLM managed land (290 acres). The Company is negotiating for additional private land surrounding the existing land package. All holdings are located in the South Mountain Mining District, Owyhee County, Idaho.

The property is located approximately 70 air miles southwest of Boise, Idaho and approximately 24 miles southeast of Jordan Valley, Oregon. It is accessible by highway 95 driving south from the Boise area to Jordan Valley Oregon, then by traveling southeast approximately 22 miles back into Idaho, via Owyhee County road that is dirt and improved to within 4 miles of historic mine site. The last 4 miles up the South Mountain Mine road are unimproved dirt road. The property is accessible year-round to within 4 miles of the property, where the property is accessible from May thru October without plowing snow. There is power to within 4 miles of the site as well. The climate is considered

high desert. The Company has water rights on the property, and there is a potable spring on the property that once supplied water to the main camp.

During 2013, the following developments occurred at the South Mountain Project:

The Project received two Conditional Use Permits (CUPs) from Owyhee County, one for the mine infrastructure and one for the potential mill facility. The CUPs allow for construction of the project. Since all work is on private land, this is the only major permit required for project development with the exception of the air quality permit for the process and support components. Additionally, the Army Corps of Engineers has approved the 404 and 401 permits required for culvert installation at both the mine waste rock dump and the Iron Mine Creek crossing along the mill access road.

OGT purchased 360 acres of private ranch land, along with road and utility right-of-way, at a favorable site approximately 5 miles from the mine. This site was selected to reduce the environmental impact of the project and for ease of year-around access. Construction on the site advanced with access road construction, some mill site grading, water well testing and geotechnical work for foundation design. Potential tailing pond sites are being evaluated and finalized. This work was deemed appropriate but further development will wait until for the final feasibility study and decision is made on the type and size of the processing facility that is needed.

Underground exploration and pre-development tunnel work on the Sonneman and Laxey levels continued, with the underground development focusing on enlargement of the main Sonneman level to 12 feet by 12 feet to accommodate exploration and future development. The tunnel work will provide access for drills to gain the critical information necessary to complete a feasibility study. Mining in the drift has advanced to the

Table of Contents

historic DMEA 2 zone where it encountered over 100 feet of massive sulfide. As part of the tunnel development, approximately 1,000 tons of high-grade massive sulfide was recovered, stockpiled, and sampled for control. The historic drilled values for this zone were 17.74% Zn; 3.43 opt Ag; 0.14 opt Au; 0.28% Cu; and 0.39% Pb. This general grade was verified by the muck and channel sampling in the zones. More development drifting and drilling is needed before a feasibility study can be completed.

The first underground drill station was constructed near the historic DMEA 2 ore zone, with six core holes drilled by the drilling contractor. A series of fan holes collared at this location will tested the down dip continuity of the mineralization. When the tunnel has advanced past the DMEA 2 ore shoot, a second drill station will be constructed to test the up dip continuity of the sulfide. Up to 25,000 feet of additional drilling is needed, along with assay results, before a feasibility study can be completed. Surface core drilling was completed in the Texas mineralized zone. The drilling confirmed the continuity of the massive sulfide between the Laxey Level Texas Ore Shoot exposure and the surface where the historic Texas Shaft was located. The drill results were very positive, proving continuity, but will require additional drilling from the surface and/or underground to place the sulfide material into reserve category.

An extensive ground magnetic survey consisting of approximately 81 line miles was completed over the project area and was designed to tie the sediment hosted mineralization with the Gold Breccia Zone. Additional geophysics will be justified and will consist of deep penetrating induced polarization work.

Trout Creek Project, Lander County, Nevada

A ground gravity survey was completed over the pediment target area and provided insight into the gravel-bedrock contact as well as defining the favorable structural setting within the buried bedrock. A drill target has been identified and it is hoped that this can be completed during the 2014 field season. Both the claim holding fees and the Newmont joint venture agreement were maintained during 2013.

A detailed list of the claims is as follows:

Patented Ground owned by Thunder Mountain Gold. Seventeen (17) patented mining claims totaling 326 acres:

Patent No. 32995 dated September 17, 1900 (Mineral Survey No. 1446)

Illinois	Massachusetts
Michigan	Washington
New York	Maine
Tennessee	Idaho
Oregon	Vermont

Patent No. 32996 dated September 17, 1900 (Mineral Survey No. 1447)

Texas	Virginia
Florida	Mississippi
Alabama	

Patent No. 1237144 dated October 27, 1964 (Mineral Survey No. 3400)

Queen	Kentucky
--------------	-----------------

Table of Contents

Unpatented Ground 100% controlled by Thunder Mountain Gold. Twenty one (21) unpatented mining claims totaling 290 acres:

Claim Name	Owyhee County Instrument No.	BLM: IMC Serial No.
SM-1	262582	192661
SM-2	262578	192662
SM-3	262581	192666
SM-4	262579	192665
SM-5	262580	192669
SM-6	262577	192664
SM-7	262576	192663
SM-8	262575	192670
SM-9	262574	192671
SM-10	262573	192668
SM-11	262572	192672
SM-12	262571	192667
SM-13	262570	192673
SM-14	262569	192674
SM-15	266241	196559
SM-16	266242	196560
SM-17	266243	196561
SM-18	266244	196562
SM-19	266245	196563
SM-20	266246	196564
SM-21	266247	196565

The claim maintenance fees and assessment for these claims is financed by the Company through sales of unregistered common stock.

The leased private land also includes all surface rights. There is a 3% net smelter return royalty payable to the landowners. The parcels are leased for 20 years with the right to renew and the option to purchase outright. Annual expenses for the leases and claims are as follows:

Owner	Agreement Date	Amount	Acres
Lowry	October 10, 2008	\$20/acre	376

Edgar Filing: THUNDER MOUNTAIN GOLD INC - Form 10-K

Acree	June 20, 2008	\$30/acre starting in 7th year \$20/acre	113
Herman	April 23, 2009	\$30/acre starting in 7th year \$20/acre	56
		\$30/acre starting in 7th year	

The historic production peaked during World War II when, base on smelter receipts, the production of direct shipped ore totaled 53,653 tons containing 3,118 ounces of gold, 566,439 ounces of silver, 13,932 pounds of copper, 2,562,318 pounds of lead and 15,593,061 pounds of zinc. In addition to the direct-ship ore, a flotation mill was constructed and operated during the late-1940s and early-1950s. There is no production information available on the tons, grade and concentrate associated with that phase of the operation, but it is estimated that between 30,000 and 40,000 tons of ore were mined and processed based on the estimated tonnage of mill tailings.

Table of Contents

South Mountain Mines controlled the patented claims from 1975 to the time the Company purchased the entity in 2007. They conducted extensive exploration work including extending the Sonneman Level by approximately 1,500 feet to intercept the downdip extension of the Texas sulfide mineralization mined on the Laxey Level some 300 feet above the Sonneman. High grade sulfide mineralization was intercepted on the Sonneman Extension. In 1985 they did a feasibility study based on polygonal ore blocks exposed in the underground workings and drilling. This resulted in a historic resource of approximately 470,000 tons containing 23,500 ounces of gold, 3,530,000 ounces of silver, 8,339,000 pounds of copper, 13,157,000 pounds of lead and 91,817,000 lbs of zinc. Although they determined positive economics, the project was shut down and placed into care and maintenance.

In 2008, the Company engaged Kleinfelder West, Inc., a nationwide engineering and consulting firm, to complete a technical report Resources Data Evaluation, South Mountain Property, South Mountain Mining District, Owyhee County, Idaho . The technical report was commissioned by Thunder Mountain Resources, Inc. to evaluate all the existing data available on the South Mountain property. Kleinfelder utilized a panel modeling method using this data to determine potential mineralized material remaining and to make a comparison with the resource determined by South Mountain Mines in the mid-1980s.

Additional drilling and sampling will be necessary before the resource can be classified as a mineable reserve, but Kleinfelder West's calculations provided a potential resource number that is consistent with South Mountain Mines (Bowes 1985) reserve model.

During the 2008 field season two core drill holes were drilled to test the downdip extension of the sulfide mineralization in the main mine area, one on the DMEA2 ore shoot and one on the Texas ore shoot. The DMEA 2 target was successful, with two distinct sulfide zones totaling 30 feet being encountered in an overall altered and mineralized intercept of approximately 73 feet. The samples over the entire intercept were detail sampled over the entire 73 feet resulting in a total of 34 discrete sample intervals ranging from 0.5 to 3.7 feet. The samples cut at the Company's office in Garden City, Idaho and Company personnel delivered the samples to ALS Chemex preparation lab in Elko, Nevada. The analytical results showed two distinct zones of strong mineralization.

	Gold	Silver			
Interval	Fire Assay	Fire Assay	Zinc	Copper	Lead
Weighted Average 657 - 669.5	(ounce per ton)	(ounce per ton)	(%)	(%)	(%)

(12.5 feet) 687 704.5	0.066	1.46	7.76	0.276	0.306
(17.5 feet)	0.129	1.89	2.18	0.183	0.152

These intercepts are down dip approximately 300 feet below of the DMEA 2 mineralized zone encountered in Sonneman Level tunnel, and 600 feet below the DMEA 2 zone on the Laxey Level tunnel. The tenor of mineralization the DMEA 2 on the Sonneman is similar to that intercepted in the core hole, including two distinct zones with differing grades.

The second drill hole, TX-1, was designed to test the Texas Ore Shoot approximately 300 feet down dip of the Sonneman Level. The small core hole achieved a depth of 1250 feet, but deviated parallel to the bedding and the targeted carbonate horizon was not intercepted.

Late in 2009, the Company contracted with Gregory P. Wittman (a Qualified Person under Canadian regulations) of Northwestern Groundwater & Geology to incorporate all the new drill and sampling data into an NI 43-101 Technical Report. This report was needed as part of the Company's efforts to obtain a listing on the TSX Venture Exchange in 2010. The NI 43-101 can be reviewed on the Company's website at www.thundermountaingold.com, or on www.SEDAR.com.

Table of Contents

Location Map of South Mountain and Clover Mountain Projects

A multi-lithic intrusive breccia outcrop was identified and sampled in 2008 on property leased by the Company. This large area, approximately one mile long and one-half a mile wide, is located several thousand feet south of the main mine area. The intrusive breccia is composed of rounded to sub-rounded fragments of altered intrusive rock and silicified fragments of altered schist and marble. Initial rock chip samples from the outcrop area ranged from 0.49 ppm to 1.70 ppm gold, and follow-up outcrop and float sampling in 2009 yielded gold values ranging from 0.047 ppm to

Table of Contents

5.81 ppm. A first pass orientation soil survey completed in 2008 was conducted near the discovery breccia outcrop at a spacing of 100 feet over a distance of 800 feet east/west and 1,000 feet north/south. The soil assays ranged from a trace to 0.31 ppm Gold. Surface mapping indicates that the intrusive breccia covers an area of approximately 5,000 feet x 1,500 feet.

The 2010 drilling focused primarily the breccia gold zone. Centra Consulting completed the storm water plan needed for the exploration road construction on private land, and it was accepted by the Environmental Protection Agency. Road construction started on August 1, 2010 by Warner Construction and a total of 3.2 miles of access and drill site roads were completed through the end of September.

A campaign of road cut sampling was undertaken on the new roads as they were completed. Three sets of samples were obtained along the cut bank of the road. Channel samples were taken on 25-foot, 50-foot or 100-foot intervals, depending upon the nature of the material cut by the road with the shorter spaced intervals being taken in areas of bedrock. A total of 197 samples were collected and sent to ALS Chemex labs in Elko, Nevada. A majority of the samples contained anomalous gold values and in addition to confirming the three anomalies identified by soils sampling, the road cuts added a fourth target that yielded a 350-foot long zone that averaged 378 parts per billion gold (0.011 ounce per ton). Follow up sampling on a road immediately adjacent to this zone yielded a 100-foot sample interval that ran 5.91 parts per million gold (0.173 ounce per ton).

Drilling on the intrusive breccia target commenced on October 1, 2010 with a Schramm reverse circulation rig contracted through Drill Tech of Winnemucca, Nevada. Five widely-spaced holes on the four significant gold anomalies in the intrusive breccia target were completed with the following results:

Intrusive Breccia 2010 Drill Results

Hole Number	Depth (ft)	Average Gold Value (opt) Entire Hole	Highest Grade 5 ft Interval (opt)	Comments
LO-1	625	0.0034	0.015	All 5 foot intervals had detectable gold. Discovery outcrop area highly altered intrusive breccia with sulfides.
LO-2	845	0.001	0.016	95% of the intervals had detectable gold. Highly altered intrusive breccia with sulfides.
LO-3	940	0.0033	0.038	95% of the intervals had detectable gold. Mixed altered intrusive breccia and skarn; abundant sulfides (15 to 20% locally). West end of anomaly.
LO-4	500	0.002	0.0086	Entire hole had detectable gold. Altered intrusive breccia with sulfides. East end of anomaly.
LO-5	620	0.0037	0.036	Entire hole had detectable gold. Altered intrusive breccia with sulfides. East end of anomaly.

Management believes that the first-pass drill results from the intrusive breccia target proves the existence of a significant gold system in an intrusive package that is related to the polymetallic mineralization in the carbonate in the historic mine area. Additional work is planned, including a draped aeromagnetic, resistivity and IP surveys to isolate potential feeder structures and to evaluate the contact between the metasediments and the gold-bearing intrusive.

In addition to the drilling completed in on the Intrusive Breccia target, two reverse circulation drill holes were completed targeting the down dip extension of the polymetallic zones in an effort to confirm continuity of the ore zones to a greater depth. Vertical drill hole LO 6 was placed to intercept the down dip extension of the DMEA 2 ore shoot exposed on both the Laxey and Sonneman levels of the underground workings, as well as the 2008 core hole drilled by the Company that extended the zone 300 feet down dip of the Sonneman level. Drillhole LO 6 cut a thick zone of skarn alteration and polymetallic mineralization at 760 feet to 790 feet. The intercept contained 30 feet of 3.55% zinc, 1.87 ounce per ton silver, and 0.271% copper. Internal to this zone was 15 feet of 0.060 OPT gold and 20 feet of 0.21% lead. Importantly, this intercept proves the continuity of the ore zone an additional 115 feet down dip of the 2008 drill hole, or 415 feet below the Sonneman level. It remains open at depth.

Table of Contents

Drill hole LO-7 was placed to test the down dip extension of the Laxey ore zone, the zone that produced a majority of the silver, zinc, copper, lead and gold during the World War II period. A portion of the ore zone was intercepted approximately 180 feet below the bottom of the Laxey Shaft which mined the zone over an 800-foot length. This hole intercepted 25 feet (600-625 feet) of 8.56% zinc and 1.15 ounce per ton (opt) silver. This intercept proves the extension of the Laxey ore zone approximately 120 feet below the maximum depth previously mined when over 51,000 tons of sulfide ore were mined and direct shipped to the Anaconda smelter in Utah. The grade of this ore mined over the 800 feet of shaft and stope mining was 15% zinc, 10 opt silver, 0.06 opt gold, 2.3% lead and 0.7% copper.

Management is encouraged by both of these intercepts as they prove the continuation of the replacement sulfide mineralized ore shoots at depth. Detailed follow-up core drilling will be needed to better define the potential of the ore shoots at depth. The ongoing exploration field work is financed by the Company through sales of unregistered common stock. Future work will be funded through the current joint venture Owyhee Gold Trust, LLC - or through a strategic partnership with another mining company.

This property is without known reserves and the proposed program is exploratory in nature according to Instruction 3 to paragraph (b)(5) of Industry Guide 7. There are currently no permits required for conducting exploration in accordance with the Company's current board approved exploration plan.

Trout Creek Claim Group, Lander County, Nevada

The Trout Creek pediment exploration target is located in Lander County, Nevada in T.29N. R44E. The property consists of 60 unpatented mining claims totaling approximately 1,200 acres that are located along the western flank of the Shoshone Range in the Eureka-Battle Mountain mineral trend.

All those certain unpatented lode claims situated in Lander County, Nevada, more particularly described as follows below:

Name of Claim	Lander Co. Doc. No.	BLM NMC No.
TC-1	0248677	965652
TC-2	0248678	965653
TC-3	0248679	965654
TC-4	0248680	965655

Edgar Filing: THUNDER MOUNTAIN GOLD INC - Form 10-K

TC-5	0248681	965656
TC-6	0248682	965657
TC-7	0248683	965658
TC-8	0248684	965659
TC-9	0248685	965660
TC-10	0248686	965661
TC-11	0248687	965662
TC-12	0248688	965663
TC-31	0248707	965682
TC-32	0248708	965683
TC-51	0248727	965702
TC-52	0248728	965703
TC-53	0248729	965704
TC-54	0248730	965705
TC-55	0248731	965706

Table of Contents

Name of Claim	Lander Co. Doc. No.	BLM NMC No.
TC-56	0248732	965707
TC-57	0248733	965708
TC-58	0248734	965709
TC-59	0251576	988946
TC-60	0251577	988947
TC-61	0251578	988948
TC-62	0251579	988949
TC-63	0251580	988950
TC-64	0251581	988951
TC-65	0251582	988952
TC-66	0251583	988953
TC-67	0251584	988954
TC-68	0251585	988955
TC-69	0251586	988956
TC-70	0251587	988957
TC-71	0251588	988958
TC-72	0251589	988959
TC-73	0251590	988960
TC-74	0251591	988961
TC-75	0251592	988962
TC-76	0251593	988963
TC-77	0251594	988964
TC-78	0251595	988965
TC-79	0251596	988966
TC-80	0251597	988967
TC-81	0251598	988968
TC-82	0251599	988969
TC-83	0251600	988970
TC-84	0251601	988971
TC-85	0251602	988972
TC-86	0251603	988973
TC-87	0251604	988974
TC-88	0251605	988975
TC-89	0251606	988976
TC-90	0251607	988977
TC-91	0251608	988978
TC-92	0251609	988979
TC-93	0251610	988980
TC-94	0251611	988981
TC-95	0251612	988982
TC-96	0251613	988983

Edgar Filing: THUNDER MOUNTAIN GOLD INC - Form 10-K

The property is located approximately 155 air miles northeast of Reno, Nevada, or approximately 20 miles SW of Battle Mountain, Nevada, in Sections 10, 11, 14, 16, 21, 22, 27; T.29N.; R.44E. Mount Diablo Baseline & Meridian, Lander County, Nevada. Latitude: 40 23 36 North, Longitude: 117 00 58 West. The property is accessible by traveling south from Battle Mountain Nevada on state highway 305, which is paved. After traveling approximately 20 miles, turn east off the highway on an unimproved public dirt road, and travel approximately 2 miles to the claims. The property is generally accessible year round. There is no power, no water other than seasonal surface precipitation, and there are no improvements on the property.

Table of Contents

The 60 unpatented claims are 100% owned by Thunder Mountain Gold, and located along a northwest structural trend which projects into the Battle Mountain mining district to the northwest and into the Goat Ridge window and the Gold Acres, Pipeline, and Cortez area to the southeast. Northwest trending mineralized structures in the Battle Mountain mining district are characterized by elongated plutons, granodiorite porphyry dikes, magnetic lineaments, and regional alignment of mineralized areas. The Trout Creek target is located at the intersection of this northwest trending mineral belt and north-south trending extensional structures.

The Trout Creek target is based on a regional gravity anomaly on a well-defined northwest-southeast trending break in the alluvial fill thickness and underlying bedrock. Previous geophysical work in the 1980s revealed an airborne magnetic anomaly associated with the same structure, and this was further verified and outlined in 2008 by Company personnel using a ground magnetometer. The target is covered by alluvial fan deposits of unknown thickness shed from the adjacent Shoshone Range, a fault block mountain range composed of Paleozoic sediments of both upper and lower plate rocks of the Roberts Mountains thrust. The geophysical anomaly could define a prospective and unexplored target within a well mineralized region.

The ongoing exploration field work, including claim maintenance and assessment, is financed by the Company through sales of unregistered common stock funded by the Company through private placements with accredited investors. Future work will be funded in the same manner or through a strategic partnership with another mining company. The Company is attempting to consolidate the land package to cover a larger area of the positive geophysical target in the pediment by acquiring and/or joint venturing adjoining mineral property. There are currently no environmental permits required for the planned exploration work on the property. In the future, a notice of intent may be required with the Bureau of Land Management. This property is without known reserves and the proposed program is exploratory in nature according to Instruction 3 to paragraph (b)(5) of Industry Guide 7.

Clover Mountain Claim Group, Owyhee County, Idaho

The Company's Clover Mountain property is located approximately 60 air miles SW of Boise, Idaho and approximately 30 miles SW of Grandview, Idaho in Sections 24, 25; T.8S.; R.1W., and Sections 19, 30; T.8S.; R.1E. Boise Meridian, Owyhee County, Idaho. Latitude: 42 42 34 North Longitude: 116 24 10 West.

Access to the property is by traveling one mile southeast on paved state highway 78. Take the Mud Flat road to the south, and travel approximately 25 miles on improved dirt road to the property. The property is on the west next to the Mud Flat Road. The landscape is high desert, with sagebrush and no trees. There is no power, no water other than seasonal surface precipitation, and there are no improvements on the property.

LIST of UNPATENTED MINING CLAIMS at Clover Mountain

CLAIM	OWYHEE COUNTY INSTRUMENT #	BLM# / (IMC)
PC-1	259673	190708
PC-2	259672	190709
PC-3	259671	190710
PC-4	259670	190711
PC-5	259669	190712
PC-6	259668	190713
PC-7	259667	190714
PC-8	259666	190715
PC-9	259665	190716
PC-10	259664	190717
PC-11	259663	190718
PC-12	259662	190719
PC-13	259661	190720

Table of Contents

CLAIM	OWYHEE COUNTY INSTRUMENT #	BLM# / (IMC)
PC-14	259660	190721
PC-15	259659	190722
PC-16	259658	190723
PC-17	259657	190724
PC-18	259656	190725
PC-19	259655	190726
PC-20	259654	190727
PC-21	259653	190728
PC-22	259652	190729
PC-23	259651	190730
PC-24	259650	190731
PC-25	259649	190732
PC-26	259648	190733
PC-27	259647	190734
PC-28	259646	190735
PC-29	259645	190736
PC-30	259644	190737
PC-31	259643	190738
PC-32	259642	190739
PC-33	259641	190740
PC-34	259640	190741
PC-35	259639	190742
PC-36	259638	190743
PC-37	259637	190744
PC-38	259636	190745
PC-39	259635	190746
PC-40	259634	190747

These Claims are 100% owned by Thunder Mountain Gold Inc.

A geologic reconnaissance program in the fall of 2006 identified anomalous gold, silver, and other base metals in rock chips and soils at Clover Mountain. In February 2007 the Company located the Clover Mountain claim group consisting of 40 unpatented lode mining claims totaling approximately 800 acres. Mineralization appears to be associated with stockwork veining in a granitic stock which has been intruded by northeast and northwest-trending rhyolitic dikes. The property is overlain by locally silicified rhyolitic tuff.

Follow-up rock chip sampling within the area of the anomaly has identified quartz veining with gold values ranging from 3.6 part per million (ppm) to 16.5 ppm. A soil sample program consisting of 215 samples was conducted on 200 x 200 grid spacing which defined two northeast trending soil anomalies with gold values ranging from 0.020 ppm to 0.873 ppm Au. The gold anomalies are approximately 1,000 in length and approximately 300 in width. The gold anomalies are associated with northeast trending structures with accompanying quartz stockwork veining in an exposure of Cretaceous/Tertiary granite. A 2,500 base metal soil anomaly is observed trending northwest proximal to rhyolite and rhyodacitic dikes which intrude the granitic stock. No significant work was completed on the claim group in 2010, but additional field work is warranted in the future that may include backhoe trenching and sampling in the significantly anomalous area followed by exploration drilling.

During brief field work in 2010, the presence of visible free gold was noted by panning in the area of the strong soil anomaly. The ongoing exploration field work, including claim maintenance and assessment fees, is funded by the Company through private placements with accredited investors. Future work will be funded in the same manner or through a strategic partnership with another mining company.

Table of Contents

There are currently no environmental permits required for the planned exploration work on the property. In the future, a notice of intent or plan of operations may be required with the Bureau of Land Management. This property is without known reserves and the proposed program is exploratory in nature according to Instruction 3 to paragraph (b)(5) of Industry Guide 7.

Competition

We are an exploration stage company. We compete with other mineral resource exploration and development companies for financing and for the acquisition of new mineral properties. Many of the mineral resource exploration and development companies with whom we compete have greater financial and technical resources than us. Accordingly, these competitors may be able to spend greater amounts on acquisitions of mineral properties of merit, on exploration of their mineral properties and on development of their mineral properties. In addition, they may be able to afford greater geological expertise in the targeting and exploration of mineral properties. This competition could result in competitors having mineral properties of greater quality and interest to prospective investors who may finance additional exploration and development. This competition could adversely impact on our ability to finance further exploration and to achieve the financing necessary for us to develop our mineral properties.

Employees

The Company had two employees during the year ended December 31, 2013; Eric Jones, President and Chief Executive Officer, and Jim Collord, Vice President and Chief Operating Officer.

ITEM 3 - LEGAL PROCEEDINGS

The Company has no legal actions pending against it and it is not a party to any suits in any court of law, nor are the directors aware of any claims which could give rise to or investigations pending by the Securities and Exchange Commission or any other governmental agency. There are no pending legal proceedings to which any director, officer or affiliate of the Company, any owner of record or beneficiary of more than 5% of the common stock of the Company, or any security holder of the Company is a party adverse to the Company or has a material interest adverse

to the Company.

ITEM 4 MINE SAFETY DISCLOSURES

None.

Table of Contents**PART II****ITEM 5 - MARKET FOR REGISTRANT'S COMMON STOCK, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES****Market Information:**

Our common stock is traded on the over-the-counter bulletin board (OTCBB) market operated by the Financial Industry Regulatory Authority (FINRA) under the symbol THMG.OB. The OTCBB quotations do not reflect inter-dealer prices, retail mark-ups, commissions or actual transactions.

On September 24, 2010, the Company's common stock also began trading on the TSX Venture Exchange (TSX-V) in Canada and is quoted under the trading symbol THM

The following table illustrates the average high/low price of our common stock for both the OTCBB and TSX-V for the last two (2) fiscal years 2013 and 2012:

PERIOD⁽²⁾	OTCBB (US\$)		TSX-V(Cdn\$)⁽¹⁾	
	HIGH	LOW	HIGH	LOW
2013				
First Quarter	\$ 0.14	\$ 0.14	\$ 0.08	\$ 0.08
Second Quarter	\$ 0.07	\$ 0.07	\$ 0.08	\$ 0.08
Third Quarter	\$ 0.06	\$ 0.06	\$ 0.05	\$ 0.05
Fourth Quarter	\$ 0.05	\$ 0.05	\$ 0.05	\$ 0.05
2012				
First Quarter	\$ 0.12	\$ 0.08	\$ 0.10	\$ 0.08
Second Quarter	\$ 0.15	\$ 0.08	\$ 0.09	\$ 0.09
Third Quarter	\$ 0.15	\$ 0.07	\$ 0.09	\$ 0.09

Edgar Filing: THUNDER MOUNTAIN GOLD INC - Form 10-K

Fourth Quarter	\$ 0.17	\$ 0.06	\$ 0.09	\$ 0.09
----------------	---------	---------	---------	---------

At March 28, 2014, the price per share quoted on the OTCQB was \$0.07 and Cdn\$0.13 on the TSX-V.

(1) Our common stock began trading on the TSX-V on September 24, 2010.

(2) Quarters indicate calendar year quarters.

Holders:

As of March 28, 2014 there were approximately 1,880 shareholders of record of the Company's common stock with an unknown number of additional shareholders who hold shares through brokerage firms.

Transfer Agent:

Our independent stock transfer agent in the United States is Computershare Shareholder Services, located at 350 Indiana Street Suite 750 Golden, CO 80401. In Canada, our Agent is Computershare, TORU - Toronto, University Ave, 100 University Ave, 8th Floor, Toronto, ON M5J 2Y1, CANADA

Dividends:

No dividends were paid by the Registrant in 2013 or 2012, and the Company has no plans to pay a dividend in the foreseeable future. Dividends undertaken by the Company are solely at the discretion of the Board of Directors.

Table of Contents

Securities Authorized For Issuance under Equity Compensation Plans:

On July 17, 2011, the Company Shareholders approved the Companies Stock Incentive Plan (SIP), and subsequently a grant of 2.0 million options under the SIP to Directors, Executive Officers and other non-employees consultants. These options were unanimously approved for issuance by the Board on August 24, 2010, subject to Shareholder approval of its SIP. The options have a strike price of \$0.27. The option certificates will reflect the actual date of the SIP by shareholders, which was July 17, 2011.

The SIP has a fixed maximum percentage of 10% of the Company's outstanding shares that are eligible for the plan pool, whereby the number of Shares under the SIP increase automatically with increases in the total number of shares. This Evergreen provision permits the reloading of shares that make up the available pool for the SIP, once the options granted have been exercised. The number of shares available for issuance under the SIP automatically increases as the total number of shares outstanding increase, including those shares issued upon exercise of options granted under the SIP, which become re-available for grant subsequent to exercise of option grants. The number of shares subject to the SIP and any outstanding awards under the SIP will be adjusted appropriately by the Board of Directors if the Company's common stock is affected through a reorganization, merger, consolidation, recapitalization, restructuring, reclassification, dividend (other than quarterly cash dividends) or other distribution, stock split, spin-off or sale of substantially all of the Company's assets.

The SIP also has terms and limitations, including without limitation that the exercise price for stock options and stock appreciation rights granted under the SIP must equal the stock's fair market value, based on the closing price per share of common stock, at the time the stock option or stock appreciation right is granted. The SIP is also subject to other limitation including; a limited exception for certain stock options assumed in corporate transactions; stock options and stock appreciation rights granted under the SIP may not be re-priced without shareholder approval; stock-based awards under the SIP are subject to either three-year or one-year minimum vesting requirements, subject to exceptions for death, disability or termination of employment of an employee or upon a change of control; and shareholder approval is required for certain types of amendments to the SIP.

On November 29, 2012 the Board approved a grant of 990 thousand options under the SIP to Directors, Executive Officers and other non-employees consultants. Shareholder approval for the award was granted on April 30, 2013. The options immediately vested. Management valued the options as of the date of grant using a Black-Scholes option pricing model resulting in \$89,038 expense being recorded.

Recent Sales of Unregistered Securities; Use of Proceeds from Registered Securities:

Beginning June 26, 2011 and continuing through September 30, 2011, the Company entered into stock subscription agreements with Life Media Group AG with a subscription price of Cdn\$0.17 per Unit for 1,200,000 Units and raising \$186,546. Each Unit is comprised of one share of common stock of the Company and one common share purchase warrant. Each warrant entitles the holder to purchase one additional share of common stock of the Company at a price of Cdn\$0.20 per share for a two year period following closing at any time until the two year anniversary of the closing. The Company may require early exercise of the warrants in the event that the common shares trade at a weighted average price of Cdn\$0.25 for five consecutive trading days. On October 28, 2011, the Company issued 108,000 share purchase warrants to Garry Miller for finder's fees associated with a private placement. Each warrant is exercisable to purchase one common share of the Company common stock at Cdn\$0.20 per share for a period of two years from date of issue.

On January 2, 2012, the Company entered into a subscription agreement with two individuals whereby the company sold 1,350,000 units at US\$0.12 per unit. Each unit consists of one share of common stock and one-half warrant exercisable for 2 years at \$0.20. The Company issued 1,350,000 shares under this agreement.

On October 3, 2013, the Board of Directors approved a Private Placement financing of up to 5,000,000 units of the Company (Unit) at a price of \$0.05 per Unit for gross proceeds of up to \$250,000. Each Unit consists of one share of the Company's common stock and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one additional share of common stock of the Company at a price of \$0.15 for a period of 18 months.

Table of Contents

Pursuant to a Selling Agreement, the Selling Agent was entitled to compensation in the following form: (a) a cash commission equal to 10% of the price of the Units sold. At December 31, 2013, \$1,500 in commissions was accrued based on the sale of 300,000 shares; (b) an additional cash commission of 10% of gross proceeds received from the exercise of Warrants issued as part of such Units or any other equity investment made by investors introduced by the Agent within a 24 month period following closing; and (c) non-transferable broker warrants to purchase a number of additional Units equal to 5% of Units sold by the Agent in the initial offering. The Agent Warrants will have the same exercise price and otherwise be on the same terms as the Warrants. At December 31, 2013, 15,000 agent warrants were issued.

As of December 31, 2013, the Company received \$45,000 in gross proceeds from the Private Placement, issuing a total 900,000 in common stock and 450,000 warrants.

On December 1, 2013, the Company converted a note payable to Rolf Hess in the amount of \$20,000 for a total of 400,000 shares of common stock and 200,000 warrants.

Purchases of Equity Securities by the Company and Affiliated Purchasers

During the fourth quarter of our fiscal year ended December 31, 2012, neither the Company nor any affiliated purchaser (as defined in Rule 10b-18(a)(3) under the Exchange Act) purchased any shares of our common stock, the only class of our equity securities registered pursuant to section 12 of the Exchange Act.

ITEM 6 - SELECTED FINANCIAL DATA

Not required for smaller reporting companies.

ITEM 7 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following Management's Discussion and Analysis of Financial Condition and Results of Operation (MD&A) is intended to help the reader understand our financial condition. MD&A is provided as a supplement to, and should be read in conjunction with, our financial statements and the accompanying integral notes (Notes) thereto. The following statements may be forward-looking in nature and actual results may differ materially.

Plan of Operation:

FORWARD LOOKING STATEMENTS: The following discussion may contain forward-looking statements that involve a number of risks and uncertainties. Factors that could cause actual results to differ materially include the following: inability to locate property with mineralization, lack of financing for exploration efforts, competition to acquire mining properties; risks inherent in the mining industry, and risk factors that are listed in the Company's reports and registration statements filed with the Securities and Exchange Commission.

The Company's financial position remained unchanged during 2013 and the metals commodity markets were mostly favorable during the year. The Company continued to operate on a tight budget while the Joint Venture and financing of the South Mountain Project was completed.

The Company's plan of operation for the next twelve months, subject to business conditions, is as follows:

Continue the advanced exploration and pre-development program for the South Mountain Project. This work may include the following:

.

Continue with the rehabilitation of the Laxey and Sonneman workings, utilizing Widman Contactors, Inc. to conduct the mining.

.

Initiate 5,000 to 7,000 feet of underground core drilling from within the Laxey and Sonneman levels, at drill stations engineered to define the mineralization and to intercept the down-dip extensions of the Texas, DMEA-2, and Laxey ore zones.

Table of Contents

·

Complete geophysical work on the Intrusive Breccia target. This will consist of an extensive helicopter draped aeromagnetic survey plus resistivity and IP work and will help define specific targets within and peripheral to the mineralized intrusive complex.

·

Continue the baseline environmental work.

Work on the other three main properties controlled by the Company will continue in 2013, although the South Mountain Joint Venture will still remain the focus. At the Trout Creek Project, the following is planned:

·

Drill pre-defined drill target on the Joint Exploration area with Newmont Mining.

·

Analyze the drill data, and prepare for further exploration in the 2014/2015 seasons.

·

Continue geophysical interpretation of the valley area. Define potential drill targets and develop additional drill targets for remaining field season in 2014 and 2015.

Results of Operations:

The Company had no revenues and no production for 2013 or 2012. Total expenses for 2013 decreased from the prior year to \$415,261, down 33% from 2012 total expenses of \$621,771. The decrease in total expenses is primarily the result of lower exploration expenses during the year as the South Mountain joint venture develops the properties on our behalf. Exploration expense for the year end 2013 was \$65,024, a decrease of \$73,467 over 2012 exploration expense of \$138,491, because of the previously mentioned joint venture at South Mountain in 2012. Legal and accounting fees for 2013 decreased \$119,421 to \$91,942, a 53% decrease over 2012 legal and accounting expenses of \$211,364. 2013 management and administrative decreased \$82,027, or 31%, to \$184,148 compared to 2012 expense of \$266,175. The decrease was due to a combination of savings on management salaries, and the lack of travel and financing costs during the year.

Liquidity and Capital Resources:

The audit opinion and Notes that accompany our consolidated financial statements for the year ended December 31, 2013, disclose a going concern qualification to our ability to continue in business. The consolidated financial statements for the period then ended have been prepared under the assumption that we will continue as a going concern. Such assumption contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. As shown in the consolidated financial statements for the year ended December 31, 2013, we did not have sufficient cash reserves to cover normal operating expenditures for the following 12 months. These factors raise substantial doubt about our ability to continue as a going concern. The consolidated financial statements do not include any adjustments that might be necessary should we be unable to continue as a going concern.

Our continuation as a going concern is dependent upon our ability to generate sufficient cash flow to meet our obligations on a timely basis, to obtain additional financing as may be required, or ultimately to attain profitability. Potential sources of cash, or relief of demand for cash, include additional external debt, the sale of shares of our stock or alternative methods such as mergers or sale of our assets. No assurances can be given, however, that we will be able to obtain any of these potential sources of cash. We currently require additional cash funding from outside sources to sustain existing operations and to meet current obligations and ongoing capital requirements.

Our plans for the long term continuation as a going concern include financing our future operations through sales of our common stock and/or debt and the eventual profitable exploitation of our mining properties. Our plans may also, at some future point, include the formation of mining joint ventures with senior mining company partners on specific mineral properties whereby the joint venture partner would provide the necessary financing in return for equity in the property.

While the Company does not currently have cash sufficient to support the currently planned aggressive exploration work at South Mountain, we believe that the survivability of Thunder Mountain Gold can be assured by the following:

At March 24, 2014, we had \$74,898 cash in our bank accounts.

Management and the Board have not undertaken plans or commitments that exceed the cash available to the Company. We do not include in this consideration any additional investment funds mentioned below. Management is committed to manage expenses of all types so as to not exceed the on-hand cash resources of the Company at any

point in time, now or in the future.

Table of Contents

We firmly believe we can outlast the current disruptions in the investment markets and continue to attract investment dollars in coming months and years. The Company will also consider other sources of funding, including potential mergers and/or additional farm-out of some of its exploration properties.

For the year ended December 31, 2013, net cash used for operating activities was \$234,123, consisting of our 2013 net income of \$135,791, reduced by non-cash expenses and net cash provided by changes in current assets and current liabilities. Cash provided by investing activities for 2013 totaled \$5,000.

Our future liquidity and capital requirements will depend on many factors, including timing, cost and progress of our exploration efforts, our evaluation of, and decisions with respect to, our strategic alternatives, and costs associated with the regulatory approvals. If it turns out that we do not have enough money to complete our exploration programs, we will try to raise additional funds from a second public offering, a private placement, mergers, farm-outs or loans.

We know that additional financing will be required in the future to fund our planned operations. We do not know whether additional financing will be available when needed or on acceptable terms, if at all. If we are unable to raise additional financing when necessary, we may have to delay our exploration efforts or any property acquisitions or be forced to cease operations. Collaborative arrangements may require us to relinquish our rights to certain of our mining claims.

Private Placement

On October 3, 2013, the Board of Directors approved a Private Placement financing of up to 5,000,000 units of the Company (Unit) at a price of \$0.05 per Unit for gross proceeds of up to \$250,000. Each Unit consists of one share of the Company's common stock and one-half of one