

THUNDER MOUNTAIN GOLD INC  
Form 10KSB  
April 16, 2003

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

Form 10-KSB

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

For the fiscal year ended: December 31, 2002

Commission File Number: 001-08429

THUNDER MOUNTAIN GOLD, INC.

(Exact name of Registrant as specified in its charter)

State of Idaho

91-1031075

(State or other jurisdiction of  
incorporation or organization)

(IRS identification NO.)

3605 E. 16th Avenue

Spokane, Washington

99223

(Address of Principal Executive Officers)

(Zip Code)

Telephone Number of Registrant: (509) 535-6092

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Securities registered pursuant to Section 12(b) of the Act:

| Title of each Class     | Name of Exchange<br>on which Registered |
|-------------------------|---|
| -----                   | -----                                   |
| \$0.05 par Value Common | None                                    |
| Non-Assessable Stock    |   |

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

Check whether the issuer (1) filed all reports required by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulations S-B is met contained in this form, and no disclosure will be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of the Form 10-KSB or any amendment to this Form 10-KSB.  Not Applicable

The aggregate market value of the voting stock held by non-affiliates of the Registrant as of December 31, 2002 was \$359,930. This figure is based on estimated bid price of \$0.05.

Issued and outstanding common capital stock as of December 31, 2002.

9,727,852 shares of common \$0.05 par value stock non -assessable.

No documents are Incorporated by reference.

Transitional small business disclosure format: Yes [ ] No [X]

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PART 1

ITEM 1. DESCRIPTION OF BUSINESS

(A) GENERAL DEVELOPMENT OF BUSINESS

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 the Montgomery Mines Corporation was obtained by a group of the Thunder Mountain property holders and changed its name to Thunder Mountain Gold, Inc. with the primary goal to further explore and develop their holdings in the Thunder Mountain Mining District, Valley County, Idaho. In August 1985, the Company's shareholders approved an increase in the authorized common stock, \$0.05 par value, from 7,500,000 shares to 12,000,000 shares. Quotations of the bid and ask prices for the stock are published by the Spokane Quotations Service of Spokane, Washington.

The Company primary property at Thunder Mountain was placed into operation in the mid-1980s by Coeur 'd Alene Mines under a net profits arrangement. Substantial gold and silver production was done by Coeur 'd Alene from the Sunnyside Deposit by open pit mining and heap leaching. Coeur 'd Alene ceased production in the early 1990s and relinquished the claims back to the Company. Subsequently the property leased to and explored by several other exploration/mining companies, including Kennecott and USMX/Dakota Mining. A joint venture between the Company and Dewey Mining unified the mining district during this period, and USMX/Dakota Mining expended approximately \$5 million to explore the district and define a significant measured mineral resource on the Dewey property. Bankruptcy by Dakota Mines provided an opportunity for the Company and Dewey Mining to acquire the consolidated district for future development. USMX/Dakota Mining had initiated an Environmental Impact Statement (EIS), additional baseline studies and other permitting requirements to place the Dewey deposit into production. The Company continued these activities to a limited extent.

During 2000, the Company and their joint venture partner, Dewey Mining Company, entered into an Option Agreement with Trust for Public Lands to purchase the consolidated mining district. The Trust for Public Lands is a nonprofit organization dedicated to the preservation of nature for human enjoyment and well-being. The Thunder Mountain Mining District is located on a cherry-stem within the Frank Church River of No Return Wilderness that was specifically outlined to allow continued development of the historic mining area. Due to its location, the Company's land position is a candidate for purchase by the United States Forest Service through the Land and Water Conservation Funds and other appropriations. The Option recognizes a minimum acceptable value for the measured mineral resource and real property, and if this is not met, the Company maintains the ability to continue development of the property. All permitting efforts have been placed on hold pending the completion of the initial appraisal, which is expected by mid-2003. The Option Agreement has been extended beyond the original specified timeframe due to delays in securing an appraiser. Due to delays in the initiation of the appraisal process, including negotiations with the U.S. Forest Service, the original timeframe of the base agreement were not met. The agreement was extended and continued in full force by mutual written agreement between The Trust for Public Land and both the Company and Dewey Mining Company.

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The Company reduced its land package and associated lease payments required to maintain its interest in a platinum group metals property in Nevada. The Company continued to evaluate natural resource

to enhance Stockholder equity.

The Company is an exploration stage company and there is no assurance that a commercially viable mineral deposit exists on any of its properties. Further exploration efforts will likely be required by the Company or lessor before a final evaluation as to the economic and legal feasibility of conducting further operations is determined.

In addition to the patented claims, the Company also owns unpatented mining claims. The validity of unpatented mining claims is dependent upon inherent uncertainties and conditions. These uncertainties related to such non-record facts as the sufficiency of the discovery of minerals, proper posting and marking of boundaries, whether the minerals discovered were properly locatable as a lode claims or a placer claim as appropriate, the payment of annual claim holding fees of \$100.00 per claim as required by law, and possible conflicts with other claims not determinable from

descriptions of record. In the absence of a discovery of valuable minerals, a mining claim may be open to location by others unless the owner is in actual possession of the claim and making the required annual payments. No assurance can be given with respect to unpatented mining claims in the exploratory stage that the requisite discovery of a valuable mineral deposit can be made thereon.

## PRECIOUS AND OTHER MINERAL PROPERTIES

### 1. THUNDER MOUNTAIN MINING DISTRICT, VALLEY COUNTY, IDAHO

The Company and their joint venture partner, Dewey Mining Company, holds 272 unpatented and 50 patented lode claims and fractional claims in the historic Thunder Mountain District of Valley County, Idaho. Company Exploration efforts are targeted at gold and silver, with further definition of the mineralized resource.

The Company's claims are located in the Thunder Mountain Mining District, approximately 55 miles east of McCall, Idaho. The approximate location of the property is illustrated by the following map.

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The Registrant and Dewey Mining Company, an Idaho Corporation, entered into a joint venture agreement in February 1992. The joint venture owns outright a total of 50-patented lode-mining claims (735.5 acres total) and 272 unpatented lode claims (5,245 acres total). With the exception of one small claim block within the Frank Church

River of No Return Wilderness (their location pre-dated the wilderness designation), all of the claims are within the cherry-stem that forms a corridor into the wilderness. Mineral development within this cherry-stem is subject to the same regulatory stipulations as the United States Forest Service managed land surrounding the wilderness. Some of the Company's claims within the cherry stem are partially within the wilderness area, but these were, for the most part, located as protection of the land position more central to the cherry-stem that either has mineral resources or exploration potential.

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Under the terms of the Joint Venture, both Dewey Mining Company and Thunder Mountain Gold joined all resources including patented and unpatented mining claims, mineralized material, water rights and any other right, title and interest on the properties. All costs connected with the effort of marketing the joint properties to environmental interests, mining companies, or other interested parties are shared on a 50-50 basis. All properties and expenditures as of the date of the joint venture agreement are considered equal. All net proceeds generated by, or from the joint properties will be shared on a 50-50 basis. The joint venture agreement does not create a partnership, and each Party will hold the other harmless from any pre-existing obligation and liabilities. Dewey Mining Company retained ownership of the existing 500 ton-per-day gravity gold processing mill, although this facility could be utilized for processing gold-silver mineralization mined from any deposit defined on the joint property.

#### Mineralization and Current Activity

Mineralization within the Thunder Mountain District is hosted in the volcanic rock sequence of the Thunder Mountain Caldera and lies within the northeast-trending Trans-Challis Mineral Belt of central Idaho. The Dewey Deposit is hosted in rhyolitic ash fall tuffs and tuffaceous sediment of the Dewey Sequence, part of the extensive Eocene Challis Volcanic Group. Three gold-silver mineralized zones are defined within the Dewey Deposit: 1) an upper tuffaceous sediment unit; 2) a middle ash fall tuff unit, and; 3) a lower mudflow agglomerate unit. Gold and silver mineralization is both structurally and stratiform controlled, with the better grades occurring along structural zones where hydrothermal fluids concentrated mineralization. Other areas of past production and future potential mineralization within the district are within similar geologic and host rock settings.

Exploration of the Dewey Deposit has been extensive, with work completed by several exploration and mining companies since the 1970s. A mineralized resource has been defined using after the completion of 256 drill holes on 100-foot centers with some areas of 50-foot fill in drilling that resulted in 12,275 assay intervals. Extensive geologic mapping and sampling, with some exploratory drilling, has been done on several other geologic targets within the district. The current mineralized resource defined at the Dewey Deposit is the result of approximately five million dollars of expenditures by USMX and Dakota Mining, this not counting previous exploration drill data compiled by Placer Amex, Copper Lakes and other companies. As a result of this work, a mineralized material of 5,390,000 tons averaging 0.047 ounces per ton gold (using a gold price of \$400 per ounce) is estimated to be present at the Dewey Deposit.

A mineralized material is generally defined as a mineralized body, which has been delineated by appropriately spaced drilling and/or underground sampling to support a sufficient tonnage and average grade of metals.

Current infrastructure that supports exploration activities and potential future development of the Thunder Mountain Property consists of improvements associated with past mining operations. This includes access road improvements, a potential tailings disposal area, and a Dewey Mining Company-owned small (approximate 500 ton-per-day) gravity milling facility that was operational in the late 1970s and early 1980s, along with support facilities including fuel storage tanks, shop, assay laboratory, electrical equipment, base camp housing, etc.

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Costs incurred by the Company include property maintenance activities (claim fees, taxes, etc.), appraisal and other costs associated with the potential sale, site security, monitoring and maintenance of reclamation and sediment control features. All exploration, development and mining activities in the past have been borne by previous operators that had the Thunder Mountain Property under lease arrangement.

All past and future operations would require generation of power on site by the use of diesel-powered generators.

The Thunder Mountain Property is without known and defined reserves pursuant to SEC Industry Guide 7. Significant mineralized material has been drill defined as discussed above. The Property is still in an exploration stage, although sufficient information has been developed to potentially initiate further development activities.

Maintenance of the mining claims consists of payment of the annual claim maintenance fees on unpatented mining claims. Property taxes are paid on all patented and unpatented mining claims.

## 2. IRONSIDE PLATINUM GROUP METALS (PGM) PROSPECT, GOODSPRINGS MINING DISTRICT, CLARK COUNTY, NEVADA

The Company has an 50% interest in the 40 BOA unpatented lode claim group in the Goodsprings Mining District in Clark County, Nevada. The claims are located approximately 25 miles southwest of Las Vegas, Nevada. Platinum, palladium, silver and gold were produced in this area of the Goodsprings District during the period 1914 - 1920. Reported production was approximately 400 ounces of platinum, 900 ounces of palladium, 1,800 ounces of gold,



7,000 ounces of silver and 570,000 pounds of copper. The land position was secured because of its exploration potential. The Ironside PGM Prospect claims cover a northeast-bearing trend of PGM ,precious and base metal occurrences that extends for about three miles along a structural trend. During the war effort, minor production of platinum group metals and gold was done in the immediate area of the Registrant's claims. Geologic mapping and sampling of the property was completed during 2000, and potential exploration targets have been defined. Several companies that produce platinum group metals have expressed an interest in the claims in the past when the commodity prices were higher. The unpatented lode BOA claims were held and the Company continued the effort to interest a larger platinum group metals exploration company in the target potential of the holdings

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#### Mineralization and Current Activity

Mineralization and anomalous geochemistry occurs along the high-angle Ironside Thrust Fault zone associated with the Ironside and nearby regional Keystone Thrusts. Moderately large intrusive bodies are located nearby. Mineralization is thought to be distal to the intrusive contact along the structural zones. The potential targets consist of defining additional sulfide replacements within the carbonates along the structural zones, particularly near the contact with the intrusives in the area. Additionally, the style of mineralization indicates that there may be a deep intrusive-hosted PGM target.

Mineralization occurs in secondary silica (jasperoid) associated with sulfide gossans in a carbonate sequence of Devonian and Lower Mississippian age. No significant work on the property was conducted during 2002. Other than

access roads, there is no infrastructure on the holdings. Maintenance of the mining claims consists of payment of the annual claim maintenance fees on unpatented mining claims. Property taxes are paid on all patented mining claims.

(A) FINANCIAL INFORMATION ABOUT INDUSTRY SEGMENTS.

The Registrant has no other industry segments.

(B) NARRATIVE DESCRIPTION OF BUSINESS.

Refer to ITEM: 1 Description of Business (supra) Subparagraph (i) through (xii)

are not applicable to the Registrant.

( C) FINANCIAL INFORMATION ABOUT FOREIGN AND DOMESTIC OPERATIONS AND EXPORT SALES.

This paragraph is not applicable to the Registrant.

ITEM 2: PROPERTIES

For continuity and clarity, this information was included in the information set in Item 1.

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. The Company, along with other impacted entities, including companies, municipalities and various irrigation districts, has been involved in a legal protest against the Federal Government's claims for certain reserved water rights for Wild and Scenic Rivers Act purposes. The matter is in the Idaho States Federal Court for the District Court of Idaho (SRBA Case No. 39576, District Court of the Fifth Judicial District of the State of Idaho, in and for the County of Twin Falls) assigned to handle the Snake River Basin water rights adjudication.

The Company is involved in no civil rights negotiations or proceedings.

ITEM 4: SUBMISSION OF MATTERS TO VOTE ON SECURITY HOLDERS.

No matters were submitted to vote of the Registrant's security holders during 2002.

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PART 11

ITEM 5: MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.

(A) MARKET INFORMATION.

The common stock of the Registrant is traded over-the-counter in Spokane, Washington and its bid and asked prices are quoted on a daily basis by the Spokane Quotation Service in Spokane, Washington.

The bid prices for the Registrant's stock for the years 2002, 2001 and 2000 were as follows:

| 2002          | HIGH    | LOW     |
|---------------|---------|---------|
|               | -----   | -----   |
| First Quarter | \$ 0.10 | \$ 0.04 |

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|                |         |         |
|----------------|---------|---------|
| Second Quarter | \$ 0.14 | \$ 0.04 |
| Third Quarter  | \$ 0.11 | \$ 0.06 |
| Fourth Quarter | \$ 0.09 | \$ 0.04 |

| 2001           | HIGH    | LOW     |
|----------------|---------|---------|
|                | -----   | -----   |
| First Quarter  | \$ 0.10 | \$ 0.03 |
| Second Quarter | \$ 0.10 | \$ 0.04 |
| Third Quarter  | \$ 0.10 | \$ 0.05 |
| Fourth Quarter | \$ 0.10 | \$ 0.03 |

| 2000           | HIGH    | LOW     |
|----------------|---------|---------|
|                | -----   | -----   |
| First Quarter  | \$ 0.10 | \$ 0.04 |
| Second Quarter | \$ 0.10 | \$ 0.10 |
| Third Quarter  | \$ 0.10 | \$ 0.10 |
| Fourth Quarter | \$ 0.10 | \$ 0.10 |

BID PRICES

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(b) APPROXIMATE NUMBER OF EQUITY SECURITY HOLDERS:

| Title of Class               | No. of Record Holders         |
|------------------------------|-------------------------------|
| -----                        | -----                         |
| \$0.05 Par Value             | 2,241 as of December 31, 2002 |
| Common Stock Non -Assessable |                               |

(c) DIVIDEND HISTORY AND RESTRICTIONS

The Registrant has not paid any dividends, and does not plan to do so in the foreseeable future as it plans to use its capital to maintain corporate affairs and finalize the potential sale of Thunder Mountain Property.

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ITEM 6: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION.

(a) FULL FISCAL YEAR.

Liquidity: The Company has a positive cash position and has invested funds in a cash management mutual fund. The Company's cash and liquid assets are considered adequate to meet its current and foreseeable obligations. The market value of some of the stock mutual funds decreased substantially during 2002, as well as previous years. This decrease in value is due to the general decline in the main stock markets in which the Company's mutual funds were invested. This decrease in value may, in part, be temporary as they will reflect the overall trend of the markets in which the funds are invested in. Operating costs, of course, will impact the net value of the liquid assets.

The Company has a positive cash-position and maintained its liquid assets in a cash management mutual fund. The Company's cash and liquid assets are considered adequate to meet its current and foreseeable corporate obligations. The Company does not foresee any necessity to raise additional funds during the next twelve month period. Management believes that its invested funds are sufficient to meet corporate expenses incurred during the next 12 months. The Company has made a financial arrangement with its Joint Venture Partner, Dewey Mining, to carry a majority of the expenses related to the appraisal and other costs associated with the potential sale of the Thunder Mountain property. These will be reimbursed out of the funds that may be received from the property in the future, or as otherwise arranged between the Company and Dewey Mining.

Expenses for the ensuing year will be incurred for continued search and exploration for additional properties, and for management fees and administrative costs. The Company's required claim maintenance will be performed for its unpatented claims by the Company. It is anticipated that Directors and managerial fees will be minimal during the upcoming year due to the low cash position of the Company. The Company did not engage in any research and development activities during fiscal 2001.

There were no fees paid to any of the Directors during 2002.. Please refer to the financial statements for additional costs and expenditures and other financial information.

Capital Resources: The Company presently did not acquire any equipment during 2001. The Company does not intend to make any capital expenditures from its funds for property or equipment during the next 12 months. The Company also does not presently have any plans to raise capital through debt or equity financing.

Results of Operations: The Company had no production from operations for 2002. Although additional production units are likely, it is impossible to predict with any certainty when and where the next production unit will be developed. For that reason, it is impossible to predict the future production units.

For 2002, gross revenues were \$-0-.

The Company does not currently have any employees, and does not anticipate any for the upcoming calendar year(s).

THUNDER MOUNTAIN GOLD, INC.

(An Exploration Stage Company)

FINANCIAL STATEMENTS

AND

ACCOUNTANTS REPORT

DECEMBER 31, 2002





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ACCOUNTANTS REPORT

Board of Directors

Thunder Mountain Gold, Inc.

Spokane, Washington

The accompanying Balance Sheet of Thunder Mountain Gold, Inc., (an

exploration stage company) as of December 31, 2002, and the related Statements of Operations, Cash Flows and Changes in Stockholders Equity for the year then ended were not audited by us and, accordingly, we do not express an opinion on them.

The financial statements for the year ended December 31, 2001, were audited by us and we expressed an unqualified opinion on them in our report dated April 24, 2002, but we have not performed any auditing procedures since that dated.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As shown in the accompanying financial statements, the Company has suffered recurring losses from operations and the Company's liabilities exceed its assets. These factors raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are described in the notes to the financial statements. The financial statements do not include any adjustment that might result from the outcome of this uncertainty.

April 3, 2003

Spokane, Washington

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THUNDER MOUNTAIN GOLD, INC.

(An Exploration Stage Company)

BALANCE SHEET

DECEMBER 31, 2002 AND 2001

ASSETS

2002      2001

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CURRENT ASSETS:

|                                |        |          |
|--------------------------------|--------|----------|
| Cash and cash equivalents      | \$ 699 | \$ 5,275 |
| Prepaid expenses               | -      | 300      |
| Available-for-sale investments | 41,666 | 84,142   |

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|                      |        |        |
|----------------------|--------|--------|
| Total Current Assets | 42,365 | 89,717 |
|----------------------|--------|--------|

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AVAILABLE-FOR-SALE INVESTMENTS

|               |     |     |
|---------------|-----|-----|
| (NON-CURRENT) | 170 | 170 |
|---------------|-----|-----|

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PROPERTY AND EQUIPMENT

|                  |       |       |
|------------------|-------|-------|
| Office equipment | 7,141 | 7,141 |
| Mining claims    | -     | -     |

-----

|                              |       |       |
|------------------------------|-------|-------|
| Total Property and Equipment | 7,141 | 7,141 |
|------------------------------|-------|-------|

|                                |       |       |
|--------------------------------|-------|-------|
| Less: Accumulated depreciation | 7,039 | 6,970 |
|--------------------------------|-------|-------|

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|                            |     |     |
|----------------------------|-----|-----|
| Net Property and Equipment | 102 | 171 |
|----------------------------|-----|-----|

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\$ 42,637 \$ 90,058

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See Notes to Financial Statements.

(Unaudited)

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THUNDER MOUNTAIN GOLD, INC.

(An Exploration Stage Company)

BALANCE SHEET

DECEMBER 31, 2002 AND 2001

LIABILITIES AND STOCKHOLDERS' EQUITY

|                                       | 2002      | 2001     |
|---------------------------------------|-----------|----------|
|                                       | -----     | -----    |
| <b>CURRENT LIABILITIES</b>            |           |          |
| Accounts payable                      | \$ 59,858 | \$ 9,860 |
| Accrued directors and management fees | -         | -        |
|                                       | -----     | -----    |
| Total Current Liabilities             | 59,858    | 9,860    |
|                                       | -----     | -----    |

STOCKHOLDERS' EQUITY

|   |          |          |
|---|----------|----------|
| Common stock, \$0.05 par value;<br>12,000,000 shares authorized;<br>9,727,852 and 9,727,852<br>shares issued respectively | 486,392  | 486,392  |
| Additional paid-in capital  | 254,222  | 254,222  |
| Less: 11,700 shares of treasury<br>stock, at cost   | (24,200) | (24,200) |



Accumulated other comprehensive

income (loss) (72,642) (69,562)

Retained earnings (deficit) (212,793) (212,793)

Deficit accumulated during the

exploration stage (1991

through 2002) (448,200) (353,861)

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(17,221) 80,198

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\$ 42,637 \$ 90,058

=====

See Notes to Financial Statements.

(Unaudited)

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THUNDER MOUNTAIN GOLD, INC.

(An Exploration Stage Company)

STATEMENT OF OPERATIONS

FOR THE YEARS ENDED DECEMBER 31, 2002, 2001, 2000 AND DURING

THE EXPLORATION STAGE (1991 THROUGH 2002)  
Exploration

During

|   | 2002   | 2001   | 2000    | Stage<br>(1991 through 2002) |
|---|--------|--------|---------|------------------------------|
| <b>INCOME</b>                             |        |        |         |                              |
| Royalties                                 | \$ -   | \$ -   | \$ -    | \$ 328,500                   |
| <hr/>                                     |        |        |         |                              |
| <b>EXPENSES</b>                           |        |        |         |                              |
| Exploration                               | 65,767 | 74,614 | 134,572 | 415,928                      |
| Depreciation and depletion                |        | 69     | 114     | 1,830                        |
| Directors' fees and professional services |        | 300    | 6,000   | 18,000                       |
| Legal and accounting                      | 10,550 | 14,703 | 6,635   | 115,807                      |
| Management and administrative             |        | 4,461  | 5,200   | 9,388                        |

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|  |          |           |           |           |
|--|----------|-----------|-----------|-----------|
| Total Expenses   | 81,147   | 100,631   | 170,425   | 1,154,986 |
| (LOSS) FROM OPERATIONS<br>(826,486)                                  | (81,147) | (100,631) | (170,425) |           |
| OTHER INCOME   |          |           |           |           |
| Interest and dividend income   | 106      | 438       | 16,198    | 195,457   |
| Gain (loss) on sale of securities and assets                         | (13,298) | (21,589)  | 51,625    | 182,829   |
|  | (13,192) | (21,151)  | 67,823    | 378,286   |
| INCOME (LOSS) BEFORE FEDERAL   |          |           |           |           |
| INCOME TAXES   | (94,339) | (121,782) | (102,602) | (448,200) |
| PROVISION FOR INCOME TAXES   |          |           |           |           |
| Tax at statutory rates   | -        | -         | -         | -         |
| Tax benefit  | -        | -         | -         | -         |
| NET INCOME (LOSS)  | (94,339) | (121,782) | (102,602) | (448,200) |
| OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX                        |          |           |           |           |
| Unrealized holding gain (loss) arising during the period<br>(71,646) | (2,084)  | (17,108)  | (60,186)  |           |
| Reclassification adjustment for (gains)                              |          |           |           |           |
| losses included in net income  | 13,298   | 21,589    | (47,100)  | (165,554) |
| Reclassification adjustment for difference between cost and          |          |           |           |           |

carrying value of securities sold during the period

|  |          |          |          |
|--|----------|----------|----------|
| previously included in other comprehensive income<br>164,558 | (14,294) | (26,778) | (89,587) |
|--|----------|----------|----------|

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|   |         |          |           |          |
|---|---------|----------|-----------|----------|
| Other comprehensive income (loss), net of tax | (3,080) | (22,297) | (196,873) | (72,642) |
|---|---------|----------|-----------|----------|

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|  |             |             |             |    |
|--|-------------|-------------|-------------|----|
| COMPREHENSIVE INCOME (LOSS)<br>(520,842) | \$ (97,419) | \$(144,079) | \$(299,475) | \$ |
|--|-------------|-------------|-------------|----|

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EARNINGS (LOSS) PER SHARE

|         |           |           |           |           |
|---------|-----------|-----------|-----------|-----------|
| Basic   | \$ (0.01) | \$ (0.01) | \$ (0.01) | \$ (0.05) |
| Diluted | \$ (0.01) | \$ (0.01) | \$ (0.01) | \$ (0.05) |

See Notes to Financial Statements.

(Unaudited)

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THUNDER MOUNTAIN GOLD, INC.

(An Exploration Stage Company)

STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2002, 2001, 2000 AND DURING  
THE EXPLORATION STAGE (1991 THROUGH 2002)

During Exploration  
Stage

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2002                      2001                      2000                      (1991 through 2002)

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CASH FLOWS PROVIDED (USED) BY

OPERATING ACTIVITIES

|   |             |             |             |              |
|---|-------------|-------------|-------------|--------------|
| Net income (loss)   | \$ (94,339) | \$(121,782) | \$(102,602) | \$ (448,200) |
| Non-cash expenses, revenues,<br>losses and gains included<br>in income: |             |             |             |              |
| Depreciation and<br>amortization  | 69          | 114         | 1,830       | 36,168       |
| Gain on sale of securities<br>and assets                                | -           | -           | (51,625)    | (212,081)    |
| Loss on sale of securities<br>and assets                                | 13,298      | 21,589      | -           | 34,927       |
| Net decrease in receivables   | 300         | -           | -           | 124,955      |
| Net increase (decrease) in payables                                     | 49,998      | (6,139)     | (11,706)    | 16,040       |

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Net Cash Flows Used

|                         |          |           |           |           |
|-------------------------|----------|-----------|-----------|-----------|
| By Operating Activities | (30,674) | (106,218) | (164,103) | (448,191) |
|-------------------------|----------|-----------|-----------|-----------|

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CASH FLOWS PROVIDED (USED) BY

INVESTING ACTIVITIES

|                                       |   |          |          |           |
|---------------------------------------|---|----------|----------|-----------|
| Purchase of investments               | - | (18,622) | (14,019) | (354,530) |
| Purchase of property and<br>equipment | - | -        | -        | (68,854)  |

|                              |        |         |         |         |
|------------------------------|--------|---------|---------|---------|
| Proceeds from disposition of |        |         |         |         |
| investments                  | 26,098 | 122,516 | 142,481 | 597,215 |

|                              |   |   |       |        |
|------------------------------|---|---|-------|--------|
| Proceeds from disposition of |   |   |       |        |
| assets                       | - | - | 7,000 | 49,310 |

---

Net Cash Flows Provided

|                         |        |         |         |         |
|-------------------------|--------|---------|---------|---------|
| By Operating Activities | 26,098 | 103,894 | 135,462 | 223,141 |
|-------------------------|--------|---------|---------|---------|

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(Continued)

See Notes to Financial Statements.

(Unaudited)

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THUNDER MOUNTAIN GOLD, INC.

(An Exploration Stage Company)

STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2002, 2001, 2000 AND DURING  
THE EXPLORATION STAGE (1991 THROUGH 2002)

During Exploration

Stage

|      |      |      |                     |
|------|------|------|---------------------|
| 2002 | 2001 | 2000 | (1991 through 2002) |
|------|------|------|---------------------|

---

CASH FLOWS PROVIDED (USED)

BY FINANCING ACTIVITIES

Proceeds from sale of

|              |   |   |   |        |
|--------------|---|---|---|--------|
| common stock | - | - | - | 60,000 |
|--------------|---|---|---|--------|

|                               |   |   |   |      |
|-------------------------------|---|---|---|------|
| Reacquisition of common stock | - | - | - | (50) |
|-------------------------------|---|---|---|------|

---

Net Cash Flows Provided

|                         |   |   |   |        |
|-------------------------|---|---|---|--------|
| By Financing Activities | - | - | - | 59,950 |
|-------------------------|---|---|---|--------|

---

|                      |         |         |          |           |
|----------------------|---------|---------|----------|-----------|
| NET DECREASE IN CASH | (4,576) | (2,324) | (28,641) | (165,100) |
|----------------------|---------|---------|----------|-----------|

CASH AND CASH EQUIVALENTS,

|                     |       |       |        |         |
|---------------------|-------|-------|--------|---------|
| BEGINNING OF PERIOD | 5,275 | 7,599 | 36,240 | 165,799 |
|---------------------|-------|-------|--------|---------|

---

CASH AND CASH EQUIVALENTS, END

|           |        |          |          |        |
|-----------|--------|----------|----------|--------|
| OF PERIOD | \$ 699 | \$ 5,275 | \$ 7,599 | \$ 699 |
|-----------|--------|----------|----------|--------|

---

SUPPLEMENTAL SCHEDULE OF

NONCASH INVESTING ACTIVITIES

Exchange of automobile for

accrued directors fee

|         |      |      |          |
|---------|------|------|----------|
| payable | \$ - | \$ - | \$ 7,000 |
|---------|------|------|----------|

---

Marketable security written

off as worthless                      \$ -            \$ -            \$ -

Disclosure of Accounting Policy:

For purposes of the Statement of Cash Flows, the Company considers all highly liquid debt instruments purchased with an initial maturity of three months or less to be cash equivalents.

(Concluded)

See Notes to Financial Statements.

(Unaudited)

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THUNDER MOUNTAIN GOLD, INC.

(An Exploration Stage Company)

STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 1991, THROUGH DECEMBER 31, 2002

|                    | Accumulated |           | During    |               | Accumulated  |           |               |
|--------------------|-------------|-----------|-----------|---------------|--------------|-----------|---------------|
|                    | Additional  | Other     | Retained  | Exploration   | Common Stock | Paid-In   | Comprehensive |
|                    | Shares      | Amount    | Capital   | Income (Loss) | Treasury     | Earnings  | Stage (1991   |
|                    |             |           |           |               |              |           | through 2002) |
| Total              |             |           |           |               |              |           |               |
| at January 1, 1991 | 7,776,587   | \$388,829 | \$254,285 | \$            | \$(24,150)   | \$ 20,002 | \$            |
|                    |             |           |           |               |              |           | \$638,966     |



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Stock previously issued but not recorded

|  |           |         |          |          |          |           |
|--|-----------|---------|----------|----------|----------|-----------|
| by transfer agent                                      | 1,265     | 63      | (63)     |          |          |           |
| Stock cancelled  | (50,000)  | (2,500) | (10,000) |          |          | (12,500)  |
| Net loss - 1991  |           |         |          | (82,358) | (82,358) |           |
| -----  |           |         |          |          |          |           |
| Balances at December 31, 1991<br>544,108               | 7,727,852 | 386,392 | 244,222  | (24,150) | 20,002   | (82,358)  |
| Stock issued for mining contract                       | 1,000,000 | 50,000  |          |          |          | 50,000    |
| Net loss - 1992  |           |         |          | (14,718) | (14,718) |           |
| -----  |           |         |          |          |          |           |
| Balances at December 31, 1992<br>579,390               | 8,727,852 | 436,392 | 244,222  | (24,150) | 20,002   | (97,076)  |
| Stock issued for options exercised                     | 1,000,000 | 50,000  | 10,000   |          |          | 60,000    |
| Net loss - 1993  |           |         |          | (42,942) | (42,942) |           |
| -----  |           |         |          |          |          |           |
| Balances at December 31, 1993<br>596,448               | 9,727,852 | 486,392 | 254,222  | (24,150) | 20,002   | (140,018) |
| Unrealized gain in marketable securities               |           |         | 215,803  |          |          | 215,803   |
| Cumulative effect of change in accounting<br>principle |           | (910)   | 910      |          |          |           |
| Net loss - 1994  |           |         |          | (27,471) | (27,471) |           |
| -----  |           |         |          |          |          |           |
| Balances at December 31, 1994<br>(167,489) 784,780     | 9,727,852 | 486,392 | 254,222  | 214,893  | (24,150) | 20,912    |
| Unrealized gain in marketable securities               |           |         | 141,801  |          |          | 141,801   |
| Net income - 1995                                      |           |         |          | 26,367   | 26,367   |           |
| -----  |           |         |          |          |          |           |

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|  |           |         |           |         |          |           |
|--|-----------|---------|-----------|---------|----------|-----------|
| Balances at December 31, 1995            | 9,727,852 | 486,392 | 254,222   | 356,694 | (24,150) | 20,912    |
| (141,122) 952,948                        |           |         |           |         |          |           |
| Unrealized gain in marketable securities |           |         | 12,360    |         |          | 12,360    |
| Net income - 1996                        |           |         |           | 83,029  |          | 83,029    |
| -----                                    |           |         |           |         |          |           |
| Balances at December 31, 1996            | 9,727,852 | 486,392 | 254,222   | 369,054 | (24,150) | 20,912    |
| (58,093) 1,048,337                       |           |         |           |         |          |           |
| Reacquisition of stock                   |           |         | (50)      |         |          | (50)      |
| Unrealized loss in marketable securities |           |         | (168,521) |         |          | (168,521) |
| Net income - 1997                        |           |         |           | 17,250  |          | 17,250    |
| -----                                    |           |         |           |         |          |           |
| Balances at December 31, 1997            | 9,727,852 | 486,392 | 254,222   | 200,533 | (24,200) | 20,912    |
| (40,843) <u>897,016</u>                  |           |         |           |         |          |           |

(Continued)

See Notes to Financial Statements.

(Unaudited)

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THUNDER MOUNTAIN GOLD, INC.

(An Exploration Stage Company)

STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 1991, THROUGH DECEMBER 31, 2002

| Total                                    | Accumulated  |           | Deficit       |           |                  |               |
|--|--------------|-----------|---------------|-----------|------------------|---------------|
|  | Additional   | Other     | Accumulated   |           | During           |               |
|  | Common Stock | Paid-In   | Comprehensive | Treasury  | Earnings         | Stage (1991   |
| Shares                                   | Amount       | Capital   | Income (Loss) | Stock     | (Deficit)        | through 2002) |
| loss in marketable securities            |              | (26,895)  |               |           | (26,895)         |               |
| Impairment loss - mining claims          |              |           |               | (233,705) |                  | (233,705)     |
| Net loss - 1998                          |              |           |               | (125,684) | <u>(125,684)</u> |               |
| Comprehensive (loss)                     |              |           |               |           | (386,284)        |               |
| Balances at December 31, 1998            | 9,727,852    | 486,392   | 254,222       | 173,638   | (24,200)         | (212,793)     |
| (166,527) <u>510,732</u>                 |              |           |               |           |                  |               |
| Unrealized loss in marketable securities |              |           | (24,030)      |           |                  | (24,030)      |
| Net income - 1999                        |              |           |               | 37,050    | <u>37,050</u>    |               |
| Comprehensive income                     |              |           |               |           | 13,020           |               |
| Balances at December 31, 1999            | \$9,727,852  | \$486,392 | \$254,222     | \$149,608 | \$(24,200)       | \$(212,793)   |
| \$(129,477) <u>\$523,752</u>             |              |           |               |           |                  |               |

See Notes to Financial Statements.

(Unaudited)

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THUNDER MOUNTAIN GOLD, INC.

(An Exploration Stage Company)

STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 1991, THROUGH DECEMBER 31, 2002

|  | Accumulated |                  | Deficit   |               | Accumulated  |            | During           |                         |
|--|-------------|------------------|-----------|---------------|--------------|------------|------------------|-------------------------|
|  | Additional  | Other            | Retained  | Exploration   | Common Stock | Paid-In    | Comprehensive    | Treasury                |
| Total                                      | Shares      | Amount           | Capital   | Income (Loss) | Stock        | Earnings   | Stage (1991      | (Deficit) through 2002) |
| -----Bal                                   |             |                  |           |               |              |            |                  |                         |
| at December 31, 1999                       |             |                  |           |               |              |            |                  |                         |
| (Restated - See Note 3)                    |             | 9,727,852        | \$486,392 | \$254,222     | \$149,608    | \$(24,200) | \$(212,793)      |                         |
| \$(129,477)                                |             | <u>\$523,752</u> |           |               |              |            |                  |                         |
| Unrealized Holding Loss in Marketable      |             |                  |           |               |              |            |                  |                         |
| Securities                                 |             |                  | (60,186)  |               |              |            | (60,186)         |                         |
| Reclassification Adjustment for Gains      |             |                  |           |               |              |            |                  |                         |
| Included in Net Income                     |             |                  |           | (47,100)      |              |            | (47,100)         |                         |
| Reclassification Adjustment for Securities |             |                  |           |               |              |            |                  |                         |
| Sold With Gains Previously Included in     |             |                  |           |               |              |            |                  |                         |
| Other Comprehensive Income                 |             |                  |           | (89,587)      |              |            | (89,587)         |                         |
| Net Loss - 2000 (Restated - See Note 3)    |             |                  |           |               |              | (102,602)  | <u>(102,602)</u> |                         |
| Comprehensive (Loss)                       |             |                  |           |               |              |            | (299,475)        |                         |
| -----                                      |             |                  |           |               |              |            |                  |                         |
| Balance at December 31, 2000 (Restated -   |             |                  |           |               |              |            |                  |                         |
| See Note 3)                                |             | 9,727,852        | 486,392   | 254,222       | (47,265)     | (24,200)   | (212,793)        | (232,079)               |
| <u>224,277</u>                             |             |                  |           |               |              |            |                  |                         |

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Unrealized Holding Loss in Marketable

|            |          |          |
|------------|----------|----------|
| Securities | (17,108) | (17,108) |
|------------|----------|----------|

Reclassification Adjustment for Losses

|                        |        |        |
|------------------------|--------|--------|
| Included in Net Income | 21,589 | 21,589 |
|------------------------|--------|--------|

Reclassification Adjustment for Securities

Sold With Gains Previously Included in

|                            |          |          |
|----------------------------|----------|----------|
| Other Comprehensive Income | (26,778) | (26,778) |
|----------------------------|----------|----------|

|                 |  |           |                  |
|-----------------|--|-----------|------------------|
| Net Loss - 2001 |  | (121,782) | <u>(121,782)</u> |
|-----------------|--|-----------|------------------|

|                      |  |  |           |
|----------------------|--|--|-----------|
| Comprehensive (Loss) |  |  | (144,079) |
|----------------------|--|--|-----------|

|                               |               |         |         |          |          |           |
|-------------------------------|---------------|---------|---------|----------|----------|-----------|
| Balances at December 31, 2001 | 9,727,852     | 486,392 | 254,222 | (69,562) | (24,200) | (212,793) |
| (353,861)                     | <u>80,198</u> |         |         |          |          |           |

Unrealized Holding Loss in Marketable

|            |         |         |
|------------|---------|---------|
| Securities | (2,084) | (2,084) |
|------------|---------|---------|

Reclassification Adjustment for Losses

|                        |        |        |
|------------------------|--------|--------|
| Included in Net Income | 13,298 | 13,298 |
|------------------------|--------|--------|

Reclassification Adjustment for Securities

Sold With Gains Previously Included in

|                            |          |          |
|----------------------------|----------|----------|
| Other Comprehensive Income | (14,294) | (14,294) |
|----------------------------|----------|----------|

|                 |  |          |                 |
|-----------------|--|----------|-----------------|
| Net Loss - 2002 |  | (94,339) | <u>(94,339)</u> |
|-----------------|--|----------|-----------------|

|                      |  |  |          |
|----------------------|--|--|----------|
| Comprehensive (Loss) |  |  | (97,419) |
|----------------------|--|--|----------|

|                               |             |            |           |            |            |
|-------------------------------|-------------|------------|-----------|------------|------------|
| BALANCES AT DECEMBER 31, 2002 | 9,727,852   | \$486,392  | \$254,222 | \$(72,642) | \$(24,200) |
| \$(212,793)                   | \$(448,200) | \$(17,221) |           |            |            |

See Notes to Financial Statements.

(Unaudited)

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THUNDER MOUNTAIN GOLD, INC.

(An Exploration Stage Company)

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

Business Operations

Thunder Mountain Gold, Inc., takes its name from the Thunder Mountain Mining District in Valley County, Idaho, where its principal lode mining claims are located.

Accounting Policies

Marketable securities are stated at market value. The market value is based on quoted market prices or other fair value estimates provided by third party portfolio managers.

Exploration Costs

Exploration costs are charged to operations when incurred.

## Property and Equipment

Property and equipment are carried at cost. Depreciation is computed using accelerated depreciation methods with useful lives of three to seven years. Major additions and improvements are capitalized. Costs of maintenance and repairs, which do not improve or extend the life of the associated assets are expensed currently. When there is a disposition of property and equipment, the cost and related accumulated depreciation are removed from the accounts and any gain or loss is reflected in net income.

## Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## Comprehensive Income

In 1998, the Company adopted Statement of Financial Accounting Standards (FAS) 130, "Reporting Comprehensive Income," issued by the Financial Accounting Standards Board (FASB). The Company



reports accumulated other comprehensive income as a separate component of shareowners' equity. There were no adjustments required for the deferred tax effects of the unrealized gain or loss on securities.

(Unaudited)

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THUNDER MOUNTAIN GOLD, INC.

(An Exploration Stage Company)

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (Continued)

Earnings Per Share

The Company computes basic earnings per common share by dividing the net income by the weighted average number of common shares outstanding during the period. Diluted earnings per share are calculated by including all dilutive potential common shares such as stock options. Dilutive potential common shares were 9,727,852 in 2002, 2001, and 2000. No adjustment to reported net income is required when computing diluted earnings per share.

## 2. Investments

The Company has adopted Statement of Financial Accounting Standards (SFAS) No. 115, Accounting for Certain Investments in Debt and Equity Securities. SFAS No. 115 establishes generally accepted accounting principles for the financial accounting and measurement and disclosure principles for (1) investments in equity securities that have readily determinable fair market value and (2) all investments in debt securities. All of the marketable securities held by Thunder Mountain Gold, Inc., consist of securities "available-for-sale", as defined by SFAS No. 115. The method used in computing realized gains and losses is the specific identification method.

The Company has been liquidating investments to provide cash flow. Marketable securities are stated at market value. The market value is based on quoted market prices or other fair value estimates provided by third party portfolio managers. Investments in small local mining companies are stated at estimated fair value and classified as non-current investments.

The following information is as of December 31, 2002, 2001 and 2000:

| 2002 | 2001 | 2000 |
|------|------|------|
|------|------|------|

-----  
 Aggregate fair value of  
 marketable securities \$ 41,666 \$ 84,142 \$231,923

Gross unrealized holding  
 gains - - (32,808)

Gross unrealized holding  
 losses 71,732 68,652 79,162

-----  
 Cost basis \$113,398 \$152,794 \$278,277  
 =====

(Unaudited)

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THUNDER MOUNTAIN GOLD, INC.

(An Exploration Stage Company)

NOTES TO FINANCIAL STATEMENTS

2. Investments - (Continued)

Changes in current marketable securities for the twelve months

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ended December 31, 2002, 2001, and 2000, are as follows:

|                         | 2002      | 2001      | 2000      |
|-------------------------|-----------|-----------|-----------|
| -----                   |           |           |           |
| Cost, as of January 1   | \$152,794 | \$278,277 | \$359,639 |
| Purchase of shares      | -         | -         | -         |
| Sales of shares         | (39,396)  | (125,483) | (94,951)  |
| Dividends and capital   |           |           |           |
| gains reinvested        | -         | -         | 13,589    |
| Unrealized gain (loss), |           |           |           |
| As of December 31       | (71,732)  | (68,652)  | (46,354)  |

|                         |           |           |           |
|-------------------------|-----------|-----------|-----------|
| -----                   |           |           |           |
| Fair market value as of |           |           |           |
| December 31             | \$ 41,666 | \$ 84,142 | \$231,923 |

Investments consist of the following:

|                     | Carrying  | Market    |           |
|---------------------|-----------|-----------|-----------|
|                     | Value     | Cost      | Value     |
| -----               |           |           |           |
| December 31, 2002:  |           |           |           |
| Current investments | \$ 41,666 | \$113,211 | \$ 38,642 |
| Other investments   | 170       | 1,080     | 170       |
| -----               |           |           |           |
| Total               | \$ 41,836 | \$114,291 | \$ 38,812 |

December 31, 2001:

Current investments      \$ 84,142    \$152,794    \$ 84,142

Other investments            170        1,080        170

Total                    \$ 84,312    \$153,874    \$ 84,312

December 31, 2000:

Current investments      \$231,923    \$278,277    \$231,923

Other investments            170        1,080        170

Total                    \$232,093    \$279,357    \$232,093

Other investments consist of small stock holdings in several local mining companies.

(Unaudited)

THUNDER MOUNTAIN GOLD, INC.

(An Exploration Stage Company)

NOTES TO FINANCIAL STATEMENTS

3. Mining Claims and Restated Financial Statements

Substantially all of the Company's patented and unpatented claims in the Thunder Mountain Mining district were obtained from major stockholders for cash or newly issued stock. The purchase price and capitalized costs of the mining claims have been written off and the financial statements for 2000, 1999, and 1998 have been restated to reflect this adjustment. The net accumulated capitalized costs charged to the income statement as an impairment loss for 2000 was \$5,000. No impairment loss was charged to the income statement for 2001 or 2002.

4. Income Taxes

The Company has losses for income tax purposes and accordingly has no income tax provision.

At December 31, 2002, the Company has \$751,822 in net operating loss carry forward which may be used to offset taxable income generated by operations, which will begin expiring in 2004. The Company also has a general business tax credit carryover in the amount of \$1,283, which may be used to offset future federal

income tax liabilities. This credit will expire in 2004. The Company also has a foreign tax credit in the amount of \$343, which may be used to offset future federal income tax liabilities.

The net operating loss and other credits carry forward would normally result in a recorded income tax benefit. As a result of the uncertainty to continue as a going concern as described in Note 5, the income tax benefit is fully reserved and is not reflected herein.

#### 5. Uncertainty - Going Concern

The Company's continued existence is dependent upon its ability to resolve its liquidity problems, principally by obtaining equity or debt funding, sale of the mining claims or production from the mining claims. While pursuing additional funding or sale of its mining claims, the Company must continue to operate on limited cash flow generated from the sale of investments. The Company has no revenue from operations and has experienced recurring losses. Management believes that geological, geophysical, and engineering data have identified mineralized material in place on the mining claims in commercial quantities to be of value. The Company is negotiating with the United States Forest Service through the Land and Water Conservation Funds for sale of its position regarding the mining claims.

(Unaudited)

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THUNDER MOUNTAIN GOLD, INC.

(An Exploration Stage Company)

NOTES TO FINANCIAL STATEMENTS

6. Litigation

The Company, along with other similarly situated parties, is a protestant against the Federal Government's claims for certain reserved water rights for Wild and Scenic Rivers Act purposes. The matter is in the Idaho State District Court assigned to handle the Snake River Basin water rights adjudication. A settlement has been tentatively reached and legal counsel anticipates the settlement will be favorable to Thunder Mountain Gold, Inc.

7. Exploration Stage Company

Management reviewed the status of the company and determined that the company has been an exploration stage company from 1991 through 2002. Accordingly, the financial statements and



disclosures report the company as an exploration stage enterprise.

8. Prior Period Adjustment

As of December 31, 1998, the company had recorded as an asset accumulated capitalized costs pertaining to its mining claims of \$461,934 and accumulated depletion of \$228,229. This resulted in a net book value for the mining claims at December 31, 1998, of \$233,705. Management reviewed the status of the company and determined that since the company was not able to report reserves it had no basis for projecting future cash flows and was therefore unable to support the carrying value of the costs previously capitalized. Accordingly, the company restated its financial statements for 1998, 1999 and 2000, and recorded an impairment loss of \$233,705 for 1998 and \$5,000 for 2000. No adjustment was required for 1999.

Long - lived assets are reviewed whenever indicators of impairment are present and the undiscounted cash flows are not sufficient to recover the related asset carrying value. If impairment exists, the carrying amount of the long-lived assets will be reduced to its estimated fair value, less any costs associated with the final settlement. As of December 31, 2002, there was no impairment of the companies long-lived assets.

(Unaudited)

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(An Exploration Stage Company)

SUPPLEMENTAL SCHEDULES

(Unaudited)

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The Board of Directors

Thunder Mountain Gold, Inc.

Spokane, Washington

Our report on the financial statements of Thunder Mountain Gold, Inc., (an exploration stage company) is included in the Form 10-KSB and covers the balance sheets as of December 31, 2002 and 2001, and the related statements of operations, cash flows and changes in stockholders' equity for each of the three years ended December 31, 2002, 2001, and 2000. The following supplemental schedules were not audited by us and, accordingly, we do not express an opinion on them.

Schedule I - Marketable Securities - Other Investments

Schedule V - Property, Plant, and Equipment

Schedule VI - Amortization of Property, Plant, and Equipment

April 3, 2003

(Unaudited)

## THUNDER MOUNTAIN GOLD, INC.

(An Exploration Stage Company)

## SCHEDULE I - MARKETABLE SECURITIES - OTHER INVESTMENTS

FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

December 31, 2002

| Column A                         |               | Column B            | Column C          | Column D               | Column E                             |
|----------------------------------|---------------|---------------------|-------------------|------------------------|--------------------------------------|
|                                  |               | Amount at Which     |                   |                        |                                      |
| Issuer                           |               | Number of<br>Shares | Cost of<br>Shares | Market Value<br>Shares | Issue is Carried<br>on Balance Sheet |
| Pioneer Growth Shares            | Mutual Fund   |                     | 1,100             | \$ 21,377              | \$ 9,278                             |
|                                  | Class B       |                     |                   |                        | \$ 9,278                             |
| Mass Investors Growth Stock Fund | Mutual Fund   |                     | 2,496             | 46,917                 | 21,390                               |
|                                  | Class B       |                     |                   |                        | 21,390                               |
| Midas Gold                       | Common Shares |                     | 8,396             | 45,104                 | 10,998                               |
|                                  |               |                     |                   |                        | 10,998                               |
| Totals                           |               | 11,992              | \$113,398         | \$41,666               | \$41,666                             |
| Other stock ownership in         |               |                     |                   |                        |                                      |
| inactive companies               | Common Shares |                     | 164,500           | \$ 1,080               | \$ 170                               |
|                                  |               |                     |                   |                        | \$ 170                               |

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|        |         |          |        |        |
|--------|---------|----------|--------|--------|
| Totals | 164,500 | \$ 1,080 | \$ 170 | \$ 170 |
|--------|---------|----------|--------|--------|

---

December 31, 2001

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| Column A                                    | Column B         | Column C       | Column D            | Column E  |          |
|---|------------------|----------------|---------------------|---|----------|
| Issuer                                      | Number of Shares | Cost of Shares | Market Value Shares | Amount at Which Issue is Carried on Balance Sheet |          |
| Munder Future Technology<br>Fund Class B    | Mutual Fund      | 799            | \$ 18,622           | \$17,757  | \$17,757 |
| Pioneer Growth Shares<br>Class B            | Mutual Fund      | 2,169          | 42,151              | 28,356  | 28,356   |
| Mass Investors Growth Stock Fund<br>Class B | Mutual Fund      | 2,496          | 46,917              | 30,051  | 30,051   |
| Midas Gold                                  | Common Shares    | 8,396          | 45,104              | 7,978   | 7,978    |
| Totals                                      | 13,860           | \$152,794      | \$84,142            | \$84,142  |          |

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Other stock ownership in

|                    |               |         |          |        |        |
|--------------------|---------------|---------|----------|--------|--------|
| inactive companies | Common Shares | 164,500 | \$ 1,080 | \$ 170 | \$ 170 |
|--------------------|---------------|---------|----------|--------|--------|

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|        |         |          |        |        |
|--------|---------|----------|--------|--------|
| Totals | 164,500 | \$ 1,080 | \$ 170 | \$ 170 |
|--------|---------|----------|--------|--------|

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(Unaudited)

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## THUNDER MOUNTAIN GOLD, INC.

(An Exploration Stage Company)

## SCHEDULE V - PROPERTY, PLANT AND EQUIPMENT

FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001, AND 2000

| Column A                      | Column B   | Column C  | Column D    | Column E     | Column F |
|-------------------------------|------------|-----------|-------------|--------------|----------|
| Description                   | Balance at | Additions | Other       | Balance at   | End of   |
|                               | Beginning  |           | Changes     | End of       |          |
|                               | Of Period  | At Cost   | Retirements | Add (Deduct) | Period   |
| -----                         |            |           |             |              |          |
| Year Ended December 31, 2002: |            |           |             |              |          |
| Office Equipment              | \$ 7,141   | \$ -      | \$ -        | \$ -         | \$ 7,141 |
| -----                         |            |           |             |              |          |
| Totals                        | \$ 7,141   | \$ -      | \$ -        | \$ -         | \$ 7,141 |
| =====                         |            |           |             |              |          |
| Year Ended December 31, 2001: |            |           |             |              |          |
| Office Equipment              | \$ 7,141   | \$ -      | \$ -        | \$ -         | \$ 7,141 |
| -----                         |            |           |             |              |          |

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|        |          |      |      |      |          |
|--------|----------|------|------|------|----------|
| Totals | \$ 7,141 | \$ - | \$ - | \$ - | \$ 7,141 |
|--------|----------|------|------|------|----------|

Year Ended December 31, 2000:

|                  |          |      |      |      |          |
|------------------|----------|------|------|------|----------|
| Office Equipment | \$ 7,141 | \$ - | \$ - | \$ - | \$ 7,141 |
|------------------|----------|------|------|------|----------|

|            |        |              |   |  |  |
|------------|--------|--------------|---|--|--|
| Automotive | 21,893 | (21,893) (1) | - |  |  |
|------------|--------|--------------|---|--|--|

|        |           |      |            |      |          |
|--------|-----------|------|------------|------|----------|
| Totals | \$ 29,034 | \$ - | \$(21,893) | \$ - | \$ 7,141 |
|--------|-----------|------|------------|------|----------|

(1) Exchange of 1992 Suburban to E. James Collord in lieu of director fees.

(Unaudited)

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THUNDER MOUNTAIN GOLD, INC.

(An Exploration Stage Company)

SCHEDULE VI - ACCUMULATED DEPRECIATION, OF PROPERTY AND EQUIPMENT

FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001, AND 2000

| Column A    | Column B   | Column C  | Column D    | Column E     | Column F |
|-------------|------------|-----------|-------------|--------------|----------|
| Description | Balance at | Additions | Other       | Balance at   | End of   |
|             | Beginning  |           | Changes     | End of       |          |
|             | Of Period  | At Cost   | Retirements | Add (Deduct) | Period   |

Year Ended December 31, 2002:

|                  |          |       |      |      |          |
|------------------|----------|-------|------|------|----------|
| Office Equipment | \$ 6,970 | \$ 69 | \$ - | \$ - | \$ 7,039 |
|------------------|----------|-------|------|------|----------|

|        |          |       |      |      |          |
|--------|----------|-------|------|------|----------|
| Totals | \$ 6,970 | \$ 69 | \$ - | \$ - | \$ 7,039 |
|--------|----------|-------|------|------|----------|

Year Ended December 31, 2001:

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|                  |          |        |      |      |          |
|------------------|----------|--------|------|------|----------|
| Office Equipment | \$ 6,856 | \$ 114 | \$ - | \$ - | \$ 6,970 |
|------------------|----------|--------|------|------|----------|

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|        |          |        |      |      |          |
|--------|----------|--------|------|------|----------|
| Totals | \$ 6,856 | \$ 114 | \$ - | \$ - | \$ 6,970 |
|--------|----------|--------|------|------|----------|

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Year Ended December 31, 2000:

|                  |          |        |      |      |          |
|------------------|----------|--------|------|------|----------|
| Office Equipment | \$ 6,601 | \$ 255 | \$ - | \$ - | \$ 6,856 |
|------------------|----------|--------|------|------|----------|

|            |        |       |          |   |   |
|------------|--------|-------|----------|---|---|
| Automotive | 17,842 | 1,575 | (19,417) | - | - |
|------------|--------|-------|----------|---|---|

---

|        |           |          |            |      |          |
|--------|-----------|----------|------------|------|----------|
| Totals | \$ 24,443 | \$ 1,830 | \$(19,417) | \$ - | \$ 6,856 |
|--------|-----------|----------|------------|------|----------|

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Depreciation is calculated using the accelerated depreciation methods with useful lives of three to seven years.

(Unaudited)

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THUNDER MOUNTAIN GOLD, INC.

(An Exploration Stage Company)

SELECTED FINANCIAL DATA

The following is a summary of selected financial data which indicates trends in registrants financial condition and results of operations.

Year Ended December 31,

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| Selected Balance Sheet Data | 2002 | 2001        | 2000        | 1999        | 1998 |
|-----------------------------|------|-------------|-------------|-------------|------|
|                             |      | (Restated - | (Restated - | (Restated - |      |
|                             |      | See Note 3) | See Note 3) | See Note 3) |      |

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|                                  |           |           |           |           |           |
|----------------------------------|-----------|-----------|-----------|-----------|-----------|
| Current Assets                   | \$ 42,365 | \$ 89,717 | \$239,822 | \$546,491 | \$530,307 |
| Property and Equipment           | 102       | 171       | 285       | 4,591     | 21,506    |
| Non-Current Investments          | 170       | 170       | 170       | 170       | 170       |
| -----                            |           |           |           |           |           |
| Total Assets                     | 42,637    | 90,058    | 240,277   | 551,252   | 551,983   |
| -----                            |           |           |           |           |           |
| Current Liabilities              | 59,858    | 9,860     | 16,000    | 27,500    | 41,250    |
| -----                            |           |           |           |           |           |
| Stockholders' Equity             | (17,221)  | 80,198    | 224,277   | 523,752   | 510,733   |
| -----                            |           |           |           |           |           |
| Selected Operational Data        |           |           |           |           |           |
| -----                            |           |           |           |           |           |
| Royalty Revenue                  | -         | -         | -         | -         | -         |
| -----                            |           |           |           |           |           |
| Other Revenue and Gains (Losses) | (13,298)  | (21,151)  | 67,823    | 126,817   | (216,845) |
| -----                            |           |           |           |           |           |
| Net Income (Loss)                | (94,339)  | (121,782) | (102,602) | 37,050    | (359,389) |
| -----                            |           |           |           |           |           |
| Net Income (Loss) Per Share      | \$ (0.01) | \$ (0.01) | \$ (0.01) | \$ NIL    | \$ (0.04) |
| =====                            |           |           |           |           |           |

No dividends have been paid by the Company.

(Unaudited)

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ITEM 8: DISAGREEMENTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

During the year ended December 31, 2002 there were no disagreements between the Company and its independent certified public accountants concerning accounting and financial disclosure.

PART III

ITEM 9: DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

(a) Identification of Directors:

E. James Collord, Age 56 - President and Director - Mr. Collord has been an officer and Director of the Registrant since 1978.

Robin S. McRae, Age 62 - Secretary/Treasurer and Director - Dr. McRae has been an officer and Director of the Registrant since 1978.

Pete Parsley, Age 42 - Director and Thunder Mountain Project Manager. Mr. Parsley has been a director since 1999.

Ronald Yanke, Age 64, - Director

(b) IDENTIFICATION OF EXECUTIVE OFFICERS

This information is contained in paragraph (a) above.

(c) FAMILY RELATIONSHIPS

Dr. Robin S. McRae is the cousin of E. James Collord, the President of the Registrant.

(d) BUSINESS EXPERIENCE

E. James Collord has a Masters of Science degree in exploration geology from the Mackay School of Mines, University of Nevada, Reno. He has been a mining professional since 1973, employed as a mill construction superintendent, exploration geologist, mine construction and reclamation manager, and in environmental and lands management. He is currently actively employed as Environmental and Land Superintendent at a large gold mine near Elko, Nevada. He is the grandson of Daniel C. McRae, the original locator of the gold prospects in the Thunder Mountain Gold Mining District.

Robin S. McRae is a graduate of the Pacific College of Optometry and is a practicing optometrist. He is also the grandson of Daniel C. McRae, and is the son of Robert J. McRae, author of numerous geological reports concerning the Thunder Mountain Mining District. His knowledge of mining and related exploratory activities is derived from three generations of ownership of the Sunnyside Group of Claims which the Registrant now owns.

Pete Parsley has a Masters in Science degree in geology from the University of Idaho. He has been a mining professional since 1985 with experience in gold exploration, mine development, construction, reclamation, and environmental compliance and permitting. He has been associated with the Thunder Mountain project since 1985, including being the project manager for the exploration program by USMX/Dakota Mining that defined the Dewey mineralization.



Ron Yanke is a successful Boise-based businessman, including owner of the 59-year old Yanke Machine Shop. He also is an owner of Yanke Energy (cogeneration plants), has timber interests and is part owner of the Dewey Mining Company.

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(e) DIRECTORSHIPS

None of the directors of the Registrant is a director of any other corporation subject to the requirements of Section 12 or Section 15(d) of the Exchange Act of 1934.

(f) INVOLVEMENT IN CERTAIN LEGAL PROCEEDINGS

None of the Officers and Directors of the Registrant has been involved in any bankruptcy, insolvency, or receivership proceedings as an individual or member of any partnership or corporation; none has ever been convicted in a criminal proceeding or is the subject of a criminal proceeding presently pending. None has been involved in proceedings concerning his ability to act as an investment advisor, underwriter, broker, or dealer in securities, or to act in a responsible capacity for investment company, bank savings and loan association, or insurance company or limiting his activity in connection with the purchase and sale of any security or engaging in any type business practice. None has been enjoined from engaging in any activity in connection with any violation of federal or state securities laws nor been involved in a civil action regarding the violation of such laws.

(g) PROMOTERS AND CONTROL PERSONS

Not applicable

ITEM 10: EXECUTIVE COMPENSATION

(a) CASH COMPENSATION

None of the executive officers or Directors received \$50,000 or more during 2000.

None of the officers and Directors received received any payment for services during 2002:

(b) BONUSES AND DEFERRED COMPENSATION:

Budgeted Arrangements: None

(c) OTHER COMPENSATION

There are no remuneration payments to any officer or Director other than those set forth in (a) above.

(d) COMPENSATION OF DIRECTORS

Other arrangements: There are no arrangements for remuneration for services as a Director in addition to the standard arrangements.

(e) TERMINATION OF EMPLOYMENT AND CHANGE OF CONTROL ARRANGEMENT

There are no compensatory plans or arrangements for compensation of any Director in the event of his termination of employment and resignation, retirement, etc.

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ITEM 11: SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

(a) SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS

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The following are known to the Registrant to be the beneficial owners of more than five percent (5%) of the Registrant's voting securities:

|              |                 |                         |        |
|--------------|-----------------|-------------------------|--------|
| Common Stock | Ronald C. Yanke | 1,883,525 shares of     | 19.36% |
|              | P.O. Box 5405,  | record and beneficially |        |
|              | Boise, ID 83715 |                         |        |

|              |                  |                         |       |
|--------------|------------------|-------------------------|-------|
| Common Stock | Ellis J. Collord | 519,500 shares of       | 5.34% |
|              |                  | record and beneficially |       |

(b) THE SECURITY HOLDINGS OF MANAGEMENT ARE AS FOLLOWS

|              |                 |                         |        |
|--------------|-----------------|-------------------------|--------|
| Common Stock | Ronald C. Yanke | 1,883,525 shares of     | 19.36% |
|              |                 | record and beneficially |        |

|              |                  |                         |       |
|--------------|------------------|-------------------------|-------|
| Common Stock | Ellis J. Collord | 519,500 shares of       | 5.34% |
|              |                  | record and beneficially |       |

|              |                    |                         |      |
|--------------|--------------------|-------------------------|------|
| Common Stock | Dr. Robin S. McRae | 91,955 shares of        | .95% |
|              |                    | record and beneficially |      |

|                                     |           |  |        |
|-------------------------------------|-----------|--|--------|
| Total of all Officers and Directors | 2,494,980 |  | 25.65% |
|-------------------------------------|-----------|--|--------|

ITEM 12: CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

(a) TRANSACTIONS WITH MANAGEMENT AND OTHERS

Other than payments of compensation to the Directors of the company, there have been no other transactions with:

Any Director or executive officer

Any Nominee for election as a director

Any immediate family member of any of the forgoing, or

Any security holder known to the issuer to own beneficially or of

record more than 5% of the Registrant's voting securities other

than transactions disclosed in ITEM 12.

(b) CERTAIN BUSINESS RELATIONSHIPS

There have been no unusual business relationships during the last fiscal year of the Registrant between the Registrant or affiliates as described in Item 404 (b) (1-6) of the Regulation S-K.

(c) INDEBTEDNESS OF MANAGEMENT

No Director or executive officer or nominee for Director, or any member of the immediate family of such has been indebted to the Company during the past year.

(d) TRANSACTIONS WITH PROMOTERS

Not Applicable

ITEM 13: EXHIBIT, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a) FINANCIAL STATEMENTS

Included in Part II of this report.

(b) REPORTS ON FORM 8-K

No reports on Form 8-K were filed during the last calendar year 2002.

ITEM 14. CONTROLS AND PROCEDURES

The Registrant's President and Principal Accounting Officer have evaluated the Registrant's disclosure controls and procedures within 90 days of the filing date of this annual report. Based upon this evaluation, the Registrant's President and principal Accounting Officer concluded that the Registrant's disclosure controls and procedures are effective in ensuring that material information required to be disclosed is included in the reports that it files with the Securities and Exchange commission.

There were no significant changes in the Registrant's internal controls or, to the knowledge of the management of the Registrant, in other factors that could significantly affect these controls subsequent to the evaluation date.

SIGNATURES

Pursuant to the requirements of Section 143 of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf the undersigned, thereunto duly authorized.

THUNDER MOUNTAIN GOLD, INC.

/s/ E. James Collord

By \_\_\_\_\_

E. E. James Collord

President and Director

Chief Executive Officer

Date: April 15, 2003

Pursuant to the requirements of the Securities Act of 1934 this report signed below by the following person on behalf of the Registrant and in the capacities on the date indicated.

/s/ Robin S. McRae

By \_\_\_\_\_

Robin S. McRae

Secretary/Treasurer and

Director and Chief Financial

Accounting Officer

Date: April 15, 2003

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CERTIFICATION

I, E. James Collord, certify that:

1.

I have reviewed this annual report on Form 10KSB of Thunder Mountain Gold, Inc.;

2.

Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3.

Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report.

4.

The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

(a)

designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

(b)

evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

(c)

presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5.

The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

(a)

all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

(b)

any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6.

The registrant's other certifying officer and I have indicated in this annual report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Dated: April 15, 2003

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E. James Collard, President and Director

Chief Executive Officer

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CERTIFICATION



I, Robin S. McRae, certify that:

1.

I have reviewed this annual report on Form 10KSB of Thunder Mountain Gold, Inc.;

2.

Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3.

Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report.

4.

The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

(a)

designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

(b)

evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

(c)

presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5.

The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

(a)

all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

(b)

any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6.

The registrant's other certifying officer and I have indicated in this annual report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Dated: April 15, 2003

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Robin S. McRae

Secretary/Treasurer and

Director and Chief Financial Accounting Officer