

THUNDER MOUNTAIN GOLD INC
Form 10-Q
May 15, 2014

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

FORM 10-Q

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

For the quarterly period ended March 31, 2014

OR

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

For the transition period from _____ to _____

Commission File Number: 001-08429

THUNDER MOUNTAIN GOLD, INC.

(Exact name of Registrant as specified in its charter)

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Nevada
(State or other jurisdiction of incorporation or organization)

91-1031015
(IRS identification No.)

5248 W. Chinden Blvd
Boise, Idaho
(Address of Principal Executive Offices)

83714
(Zip Code)

(208) 658-1037
(Registrant's Telephone Number, including Area Code)

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company (as defined in Rule 12b-2 of the Exchange Act)

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act)

Yes No

Number of shares of issuer's common stock outstanding at May 8, 2014: 33,907,549

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PART I FINANCIAL INFORMATION**Item 1: Financial Statements****Thunder Mountain Gold, Inc.***(An Exploration Stage Company)***Consolidated Balance Sheets***March 31, 2014 and December 31, 2013*

	(Unaudited) March 31, 2014	December 31, 2013
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 77,032	\$ 35,882
Prepaid expenses and other assets	8,596	12,717
Total current assets	85,628	48,599
Other assets:		
Investment in Owyhee Gold Trust LLC	479,477	479,477
Total assets	\$ 565,105	\$ 528,076
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and other accrued liabilities	\$ 76,193	\$ 70,688
Note payable Related Party (Note 5)	-	25,000
Total liabilities	76,193	95,688
Commitments (Note 3)		
Stockholders' equity :		
Preferred stock; \$0.0001 par value, 5,000,000 shares authorized; no shares issued or outstanding	-	-
Common stock; \$0.001 par value; 200,000,000 shares authorized, 33,907,549 and 31,467,549, respectively shares issued and outstanding	33,908	31,468
Additional paid-in capital	3,548,839	3,429,279
Less: 11,700 shares of treasury stock, at cost	(24,200)	(24,200)
Deficit accumulated prior to 1991	(212,793)	(212,793)
Accumulated deficit during the exploration stage	(2,856,842)	(2,791,366)
Total stockholders' equity	488,912	432,388
Total liabilities and stockholders' equity	\$ 565,105	\$ 528,076

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

Thunder Mountain Gold, Inc.*(An Exploration Stage Company)***Consolidated Statements of Operations and Comprehensive Income (Loss)***(Unaudited)*

	Three Months Ended March 31,		During Exploration Stage 1991 Through March 31, 2014
	2014	2013	
Revenue:			
	\$		
Royalties, net	-	\$ -	\$ 328,500
Owyhee Gold Trust LLC management fee income	-	45,104	113,353
Gain on sale of property and mining claims	-	-	2,576,112
Total revenue	-	45,104	3,017,965
Expenses:			
Exploration expenses	4,820	31,154	2,207,221
Legal and accounting	41,241	29,353	1,261,803
Management and administrative	18,914	48,603	3,425,529
Directors' fees and professional services (Note 6)	-	-	1,012,093
Gain on sale of equipment	-	-	(17,815)
Depreciation and depletion	-	109	145,658
Total expenses	64,975	109,219	8,034,489
Other income (expense):			
Interest and dividend income	-	-	284,752
Interest expense	(500)	-	(436,840)
Gain (loss) change in fair value of warrant liabilities (Note 2)	-	(257,831)	1,803,277
Loss on common stock and warrants	-	-	(271,587)
Gain on change in fair value of conversion option liability	-	-	109,399
Financing expense	-	-	(17,945)
Gain on forgiveness of Debt	-	-	1,000,000
Gain on sale of securities	-	-	166,116
Impairment of investments	-	-	(52,299)
Total other income (expense)	(500)	- (257,831)	2,584,872
Net income (loss) before income taxes	(65,475)	(321,946)	(2,431,651)
(Provision) for income taxes	-	-	(151,496)
Net income (loss)	(65,475)	(321,946)	(2,583,147)

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Treasury stock cancelled	-	-	(273,695)
		\$	
Comprehensive income (loss)	\$ (65,475)	(321,946)	\$(2,856,842)
Net income (loss) per common share-basic and diluted	\$ Nil	\$ (0.01)	\$ (0.12)
Weighted average common shares outstanding-basic and diluted	31,333,231	30,167,549	23,652,924

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

Thunder Mountain Gold, Inc.
(An Exploration Stage Company)
Consolidated Statements of Cash Flows
(Unaudited)

	Three Months Ended March 31,		During Exploration Stage 1991 Through March 31, 2014
	2014	2013	
Cash flows from operating activities:			
Net income (loss)	\$ (65,475)	\$ (321,946)	\$ (2,583,147)
Adjustments to reconcile net income (loss) to net cash			
used by operating activities:			
Depreciation and depletion	-	109	145,658
Gain on sales of equipment	-	-	(17,815)
Stock-based compensation	-	-	904,304
Adjustment for anti-dilution provisions	-	-	86,084
Conversion option liability eliminated	-	-	(5,575)
Debt forgiveness	-	-	(1,000,000)
Amortization of directors' fees prepaid with common stock	-	-	53,400
Amortization of deferred financing costs	-	-	231,015
Amortization of notes payable discounts	-	-	120,086
Compensation expense for stock issued	-	-	76,500
Gain on sale of mining claims and other assets	-	-	(2,736,553)
Impairment loss on securities	-	-	52,335
Gain on change in fair value of warrant liability	-	257,831	(1,803,277)
Loss on common stock and warrants	-	-	271,587
Gain on change in fair value of conversion option liability	-	-	(108,032)
Financing expense	-	-	17,945
Change in:			
Prepaid expenses and other assets	4,121	(49,987)	(8,596)
Accounts payable and other liabilities	5,504	3,092	82,625
Receivables	-	-	124,955
Net cash used by operating activities	(55,850)	(110,901)	(6,096,501)
Cash flows from investing activities:			
Proceeds from sale of property and mining claims	-	-	5,500,000
Purchase of investments	-	-	(354,530)
Purchase of mining claims and leaseholds	-	-	(3,403,365)

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Purchase of equipment	-	-	(168,577)
Proceeds from disposition of investments	-	-	642,645
Proceeds from sales of equipment	-	-	59,310
Net cash provided (used) by investing activities	-	-	2,275,483
Cash flows from financing activities:			
Proceeds from sale of common stock and warrants, net	122,000	-	2,565,906
Proceeds from exercise of stock options and warrants	-	-	508,600
Acquisition of treasury stock	-	-	(376,755)
Borrowing on related party note payable	-	-	611,500
Payments on related party note payable	(25,000)	-	(597,000)
Borrowing on notes payable	-	-	1,070,000
Payments on note payable	-	-	(50,000)
Net cash provided by financing activities	97,000	-	3,732,251
Net increase (decrease) in cash and cash equivalents	41,150	(110,902)	(88,767)
Cash and cash equivalents, beginning of period	35,882	166,505	165,799
Cash and cash equivalents, end of period	\$ 77,032	\$ 295,366	\$ 77,032

Thunder Mountain Gold, Inc.*(An Exploration Stage Company)***Consolidated Statements of Cash Flows***For the quarters ended March 31, 2014 and 2013 and for the period of Exploration Stage 1991 through March 31, 2014*

(Unaudited)

	2014	2013	During Exploration Stage 1991 Through March 31, 2013
Cash paid for interest	\$ 2,000	\$ -	\$ 29,046
Cash paid for income taxes	\$ -	\$ -	\$ 503,514
Non-cash investing and financing activities:			
Stock issued to acquire equipment from related party	\$ -	\$ -	\$ 11,850
Stock issued for mining contract	\$ -	\$ -	\$ 50,000
Stock issued for payment of accounts payable	\$ -	\$ -	\$ 29,250
Stock issued for payments on related party and convertible note payable	\$ -	\$ -	\$ 24,500
Fair value of warrants issued in private placement classified as liabilities	\$ -	\$ -	\$ 1,795,587
Note proceeds allocated to conversion option at inception	\$ -	\$ -	\$ 123,031
Stock issued for deferred compensation	\$ -	\$ -	\$ 21,000
	\$ -	\$ -	\$ 384,425

Beneficial conversion feature on convertible note payable

Mineral properties transferred to investment

\$	-	\$	-	\$	479,477
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Equipment exchanged for payment on related party note payable

\$	-	\$	-	\$	10,000
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The accompanying notes are an integral part of these consolidated financial statements.

Thunder Mountain Gold, Inc.

Notes to Financial Statements

1.

Summary of Significant Accounting Policies and Business Operations

Business Operations

Thunder Mountain Gold, Inc. (Thunder Mountain or 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 develop their holdings in the Thunder Mountain Mining District, located in Valley County, Idaho. Thunder Mountain Gold, Inc. takes its name from the Thunder Mountain Mining District, where its principal lode mining claims were located. For several years, the Company's activities were restricted to maintaining its property position and exploration activities. During 2005, the Company sold its holdings in the Thunder Mountain Mining District. During 2007, the Company acquired the South Mountain Mines property in southwest Idaho and initiated exploration activities on that property, which continue today.

Basis of Presentation and Going Concern

The accompanying unaudited consolidated financial statements have been prepared by the Company in accordance with accounting principles generally accepted in the United States of America for interim financial information, as well as the instructions to the Form 10-Q. Accordingly, the financial statements do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. In the opinion of our management, all adjustments (consisting of only normal recurring accruals) considered necessary for a fair presentation of the interim financial statements have been included. Operating results for the three month period ended March 31, 2014 is not necessarily indicative of the results that may be expected for the full year ending December 31, 2014. All amounts presented are in U.S. dollars. For further information refer to the financial statements and the footnotes thereto in our Annual Report on Form 10-K for the year ended December 31, 2013.

The accompanying consolidated financial statements have been prepared under the assumption that the Company will continue as a going concern. The Company is an exploration stage company and has historically incurred losses and

does not have sufficient cash at March 31, 2014 to fund normal operations for the next 12 months. The Company has no recurring source of revenue and its ability to continue as a going concern is dependent on the Company's ability to raise capital to fund its future exploration and working capital requirements. The Company's plans for the long-term return to and continuation as a going concern include financing the Company's future operations through sales of its common stock and/or debt and the eventual profitable exploitation of its mining properties. Additionally, the current capital markets and general economic conditions in the United States are significant obstacles to raising the required funds. These factors raise substantial doubt about the Company's ability to continue as a going concern. The Company is currently investigating a number of alternatives for raising additional capital with potential investors, lessees and Owyhee Gold Trust LLC partners.

The consolidated financial statements do not include any adjustments that might be necessary should the Company be unable to continue as a going concern. If the going concern basis was not appropriate for these financial statements, adjustments would be necessary in the carrying value of assets and liabilities, the reported expenses and the balance sheet classifications used.

Exploration Stage Enterprise

The Company's financial statements are prepared using the accrual method of accounting and according to, Accounting for Development Stage Enterprises, as it devotes substantially all of its efforts to acquiring and exploring mining interests that will eventually provide sufficient net profits to sustain the Company's existence. The Company began the exploration stage in 1991. Until such interests are engaged in commercial production, the Company will continue to prepare its financial statements and related disclosures in accordance with entities in the exploration stage.

Thunder Mountain Gold, Inc.

Notes to Financial Statements

1.

Summary of Significant Accounting Policies and Business Operations, continued:

Reclassifications

Certain reclassifications have been made to conform prior year's data to the current presentation. These reclassifications have no effect on previously reported operations, stockholders' equity or cash flows.

Principles of Consolidation

The Consolidated Financial Statements include the accounts of the Company; its wholly owned subsidiaries, Thunder Mountain Resources, Inc. and South Mountain Mines, Inc. after elimination of the intercompany accounts and transactions.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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. The more significant areas requiring the use of management estimates and assumptions include the carrying value of properties and mineral claims, environmental remediation liabilities, deferred tax assets, stock options granted and the fair value of financial and derivative instruments. Management's estimates and assumptions are based on historical experience and other assumptions believed to be reasonable under the circumstances. Actual results could differ from those estimates.

Cash and cash equivalents

For the purposes of the balance sheet and statement of cash flows, the Company considers all highly liquid investments with a maturity of three months or less when purchased to be a cash equivalent.

Fair Value Measures

Accounting Standard Codification (ASC) Topic 820, Fair Value Measurements and Disclosures requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. ASC establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. ASC prioritizes the inputs into three levels that may be used to measure fair value:

Level 1: Level 1 applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

Level 2: Level 2 applies to assets or liabilities for which there are inputs other than quoted prices that are observable for the asset or liability such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which significant inputs are observable or can be derived principally from, or corroborated by, observable market data.

Thunder Mountain Gold, Inc.

Notes to Financial Statements

1.

Summary of Significant Accounting Policies and Business Operations, continued:Fair Value Measures, continued

Level 3: Level 3 applies to assets or liabilities for which there are unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of the assets or liabilities.

Our financial instruments currently consist principally of cash and derivative warrant liabilities. The table below sets forth our assets and liabilities measured at fair value whether recurring or non-recurring and basis and the fair value calculation input hierarchy level that we have determined applies to each asset and liability category.

	Balance	Balance	Input
	March 31, 2014	December 31, 2013	Hierarchy level
Recurring:			
Cash and cash equivalents	\$ 77,032	\$ 35,882	Level 1

Mining Properties and Claims

The Company capitalizes costs for acquiring mineral properties, and expenses costs to maintain mineral rights and leases as incurred. Exploration costs are expensed in the period in which they occur. Should a property reach the production stage, these capitalized costs would be amortized using the units-of-production method on the basis of periodic estimates of ore reserves. Mineral properties are periodically assessed for impairment of value, and any subsequent losses are charged to operations at the time of impairment. If a property is abandoned or sold, its capitalized costs are charged to operations.

Investments in Joint Ventures

In determining the Company accounting policy, in the disclosure of joint ventures, the company decided as follows;

1.)

The Company will use the cost method when it does not have joint control or significant influence in a joint venture. Under the cost method, these investments are carried at the lower of cost or fair value.

2.)

If the Company enters into a joint venture, in which there is joint control between the parties, the equity method is utilized whereby the Company's share of the ventures' earnings and losses is included in the statement of operations as earnings in joint ventures and its investments therein are adjusted by a similar amount.

3.)

In a joint venture, where the Company holds more than 50% of the voting interest and has significant influence, the joint venture is consolidated with the presentation of non-controlling interest. In determining whether significant influences exist, the Company considers its participation in policy-making decisions and its representation on the venture's management committee. If other than temporary impairment in value was determined, it would then be charged to current net income or loss.

Reclamation and Remediation

The Company's operations have been, and are subject to, standards for mine reclamation that have been established by various governmental agencies. The Company would record the fair value of an asset retirement

Thunder Mountain Gold, Inc.

Notes to Financial Statements

1.

Summary of Significant Accounting Policies and Business Operations, continued:

Reclamation and Remediation, continued:

obligation as a liability in the period in which the Company incurred a legal obligation for the retirement of tangible long-lived assets. A corresponding asset would also be recorded and depreciated over the life of the asset.

After the initial measurement of the asset retirement obligation, the liability is adjusted at the end of each reporting period to reflect changes in the estimated future cash flows underlying the obligation.

Determination of any amounts recognized upon adoption is based upon numerous estimates and assumptions, including future retirement costs, future inflation rates and the credit-adjusted risk-free interest rates.

For non-operating properties, the Company accrues costs associated with environmental remediation obligations when it is probable that such costs will be incurred and they are reasonably estimable. Such costs are based on management's estimate of amounts expected to be incurred when the remediation work is performed.

Share-Based Compensation

Share-based payments to employees and directors, including grants of employee stock options are measured at fair value and expensed in the statement of operations over the vesting period.

Net Income (Loss) Per Share

The Company is required to have dual presentation of basic earnings per share (EPS) and diluted EPS. Basic EPS is computed as net income divided by the weighted average number of common shares outstanding for the period. Diluted EPS is calculated based on the weighted average number of common shares outstanding during the period plus the effect of potentially dilutive common stock equivalents, including warrants to purchase the Company s common stock.

As of March 31, 2014 and 2013, the remaining potentially dilutive common stock equivalents not included in the calculation of diluted earnings per share as their effect would have been anti-dilutive are:

<u>For periods ended</u>	March 31,	March 31,
	2014	2013
Stock options	2,990,000	2,000,000
Warrants	1,885,000	7,991,271
Total possible dilution	4,875,000	9,991,271

2.

Stockholders Equity

The Company s common stock is at \$0.001 par value with 200,000,000 shares authorized. The Company also has 5,000,000 authorized shares of preferred stock with a par value of \$0.0001.

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

Thunder Mountain Gold, Inc.

Notes to Financial Statements

2.

Stockholders Equity, continued

Pursuant to a Selling Agreement, the Selling Agent was entitled to compensation in the following form: (a) a cash commission equal to 10% of the price of the Units sold. At March 31, 2014, \$1,500 in commissions was paid based on the sale of 300,000 shares; (b) an additional cash commission of 10% of gross proceeds received from the exercise of Warrants issued as part of such Units or any other equity investment made by investors introduced by the Agent within a 24 month period following closing; and (c) non-transferable broker warrants to purchase a number of additional Units equal to 5% of Units sold by the Agent in the initial offering. The Agent Warrants will have the same exercise price and otherwise be on the same terms as the Warrants. Through March 31, 2014, , 15,000 agent warrants have been issued.

Through March 31, 2014, the Company received \$167,000 in gross proceeds from the Private Placement, issuing a total 3,340,000 in shares of common stock and 1,670,000 share equivalent warrants.

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

The following is a summary of warrants as of March 31, 2014.

Outstanding Warrants:	Share Equivalent Warrants	Exercise Price	Expiration Date
Warrants outstanding December 31, 2013	665,000	0.15	June 30, 2015
Warrants issued	1,220,000	0.15	September 30, 2015
Total warrants outstanding at March 31, 2014	1,885,000	\$ 0.15	

3.

Commitments

On March 21, 2011, the Company signed an exploration agreement with Newmont Mining Corporation on the Trout Creek Project that significantly expands the Trout Creek target area. Newmont's private mineral package added to the Project surrounds the Company's South Mountain claim group and consists of about 9,565 acres within a thirty-square mile Area of Influence defined in the agreement. Under the terms of the agreement, the Company is responsible for conducting the exploration program and is obligated to expend a minimum of \$150,000 over the ensuing two years, with additional expenditures possible in future years. Newmont agreed to extend the date for completion of the work commitment to June 22, 2013. The Company met this requirement, and had total expenditures of \$160,314 on this project through March 31, 2014.

Additionally, the Company is required to spend \$300,000, including \$150,000 in drilling expenditures, on the project in third year, or by March 22, 2014. This date has been extended to October 31, 2014 by Newmont. All subsequent dates for work commitments were extended to October 31 as well.

4.

South Mountain Project LLC

On November 8, 2012, the Company and Idaho State Gold Company, LLC (ISGC) formed the Owyhee Gold Trust, LLC, (OGT) a limited liability company. The Company's contribution for its membership units was its South Mountain Mine property and related mining claims located in southwestern Idaho in Owyhee County which was valued at \$479,477 and the date of contribution. As its initial contribution to OGT, ISGC will fund operations totaling \$18 million; or \$8 million if the Company exercises its option to participate pro-rata after ISGC expends \$8 million. ISGC is also the manager of the joint venture. Upon payment of \$1 million, and a work commitment of \$2 million in pre-determined qualifying expenditures not later than December 31, 2014, ISGC will receive 2,000 units representing a vested 25% ownership. As of March 31, 2014, the Company has not issued any ownership units. The Company accounts for its investment in the OGT by the cost method.

Thunder Mountain Gold, Inc.

Notes to Financial Statements

5.

Notes Payable

On June 6, 2013, the Company received funds of \$20,000 from Jim Collord, a director. In accordance with the terms of the note, the Company pays Mr. Collord 1% per month for interest. See Note 7..

On July 31, 2013 the Company received \$20,000 from Rolf Hess, a stockholder, under a convertible promissory note. Terms of the note call for interest at 1% per month, with the entire balance of principal and interest due in full on December 1, 2013. The convertible promissory note contains the option for the holder to convert any portion of the principle and interest into Company common stock at 75% of the average closing bid price of the stock for the twenty trading days ending the day prior to the conversion. At inception, management determined the conversion price would have been \$0.054. On that date, the market price for the Company's common stock exceeded the conversion price as calculated.

The convertible note contained a beneficial conversion feature of \$9,425 which was recognized as a discount on the note on the date of issuance. The discount was amortized over the note term using the straight-line method, which approximates the effective interest method. For the year ended December 31, 2013, the Company recorded \$9,425 in interest expense related to the amortization of the discount. This note was converted to common stock and warrants in the private placement on December 1, 2013 (See Note 2).

6.

Stock Options

The Company has established a Stock Option Incentive Plan to authorize the granting of stock options up to 10 percent of the total number of issued and outstanding shares of common stock to employees, directors and consultants. Upon exercise of options, shares are issued from the available authorized shares of the Company. Option awards are generally granted with an exercise price equal to the fair market value of the Company's stock at the date of grant.

During 2013, the Company granted 990,000 non-qualified stock options to certain officers, directors and outside consultants with an exercise price of \$0.09. Shareholder approval for the award was granted on April 30, 2013. The options immediately vested. Management valued the options as of the date of grant using a Black-Scholes option pricing model resulting in \$89,038 expense being recorded. The average remaining contractual term of the options outstanding and exercisable at March 31, 2014 was 2.75 years. There were no options vested or granted during the three months ended March 31, 2014.

7.

Related Party Transactions

In July 2013, a Company vehicle with no book value was transferred to Mr. Collord in satisfaction of \$10,000 of the principal, which resulted in a \$10,000 gain on the disposal of the asset. During August 2013, Mr. Collord advanced an additional \$15,000 to the Company, under a new note was entered into and the total amount of \$25,000 is due on February 28, 2014. The note was paid in full on February 4, 2014. By March 31, 2014 the Company had fulfilled its obligation on the note paying Mr. Collord \$2,000 in interest, \$500 of which was earned during the three months ended March 31, 2014.

8.

Subsequent Events

None.

ITEM 2. Management's Discussion and Analysis or Plan of Operation

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

Plan of Operation:

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

The Company's financial position remained unchanged through quarter ending March 31, 2014 and the metals commodity markets were mostly favorable during the year. The Company's plan of operation for the next twelve months, subject to business conditions, is as follows:

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

.

Continue with the rehabilitation of the Laxey and Sonneman workings, utilizing Widman Contactors, Inc. to conduct the mining, and KB Drilling to conduct the underground core drilling.

.

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

.

Continue the baseline environmental work.

Work on the other three main properties controlled by the Company will continue in 2014, although the South Mountain Project will still remain the focus. At the Trout Creek Project, the following is planned:

Prepare to drill a pre-defined drill target on the Joint Exploration area with Newmont Mining.

Analyze the drill data, and prepare for further exploration in the 2015/2016 seasons.

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

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

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

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

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

South Mountain Project, Owyhee County, Idaho

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

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

A detailed list of the claims is as follows:

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

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

Illinois	Massachusetts
Michigan	Washington
New York	Maine
Tennessee	Idaho
Oregon	Vermont

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

Texas
Florida
Alabama

Virginia
Mississippi

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

Queen

Kentucky

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

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

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

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

Owner	Agreement Date	Amount	Acres
Lowry	October 10, 2008	\$20/acre	376
		\$30/acre starting in 7th year	

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

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

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

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

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

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

Interval	Gold	Silver	Zinc	Copper	Lead
	Fire Assay	Fire Assay			
Weighted Average 657 - 669.5	(ounce per ton)	(ounce per ton)	(%)	(%)	(%)
(12.5 feet) 687 - 704.5	0.066	1.46	7.76	0.276	0.306

(17.5 feet)	0.129	1.89	2.18	0.183	0.152
-------------	-------	------	------	-------	-------

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

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

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

A multi-lithic intrusive breccia outcrop was identified and sampled in 2008 on property leased by the Company. This large area, approximately one mile long and one-half a mile wide, is located several thousand feet south of the main mine area. The intrusive breccia is composed of rounded to sub-rounded fragments of altered intrusive rock and silicified fragments of altered schist and marble. Initial rock chip samples from the outcrop area ranged from 0.49 ppm to 1.70 ppm gold, and follow-up outcrop and float sampling in 2009 yielded gold values ranging from 0.047 ppm to 5.81 ppm. A first pass orientation soil survey completed in 2008 was conducted near the discovery breccia outcrop at a spacing of 100 feet over a distance of 800 feet east/west and 1,000 feet north/south. The soil assays ranged from a trace to 0.31 ppm Gold. Surface mapping indicates that the intrusive breccia covers an area of approximately 5,000 feet x 1,500 feet.

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

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

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

Intrusive Breccia 2010 Drill Results

H o l e Number	Depth (ft)	Average GoldHighest Grade Value (opt) 5 ft Interval		Comments
		Entire Hole	(opt)	
LO-1	625	0.0034	0.015	All 5 foot intervals had detectable gold. Discovery outcrop area highly altered intrusive breccia with sulfides.
LO-2	845	0.001	0.016	

LO-3	940	0.0033	0.038	95% of the intervals had detectable gold. Highly altered intrusive breccia with sulfides.
LO-4	500	0.002	0.0086	95% of the intervals had detectable gold. Mixed altered intrusive breccia and skarn; abundant sulfides (15 to 20% locally). West end of anomaly.
LO-5	620	0.0037	0.036	Entire hole had detectable gold. Altered intrusive breccia with sulfides. East end of anomaly.
				Entire hole had detectable gold. Altered intrusive breccia with sulfides. East end of anomaly.

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

In addition to the drilling completed in on the Intrusive Breccia target, two reverse circulation drill holes were completed targeting the down dip extension of the polymetallic zones in an effort to confirm continuity of the ore zones to a greater depth. Vertical drill hole LO 6 was placed to intercept the down dip extension of the DMEA 2 ore shoot exposed on both the Laxey and Sonneman levels of the underground workings, as well as the 2008 core hole drilled by the Company that extended the zone 300 feet down dip of the Sonneman level. Drillhole LO 6 cut a thick zone of skarn alteration and polymetallic mineralization at 760 feet to 790 feet. Importantly, this intercept proves the continuity of the ore zone geometrically at an additional 115 feet down dip of the 2008 drill hole, or 415 feet below the Sonneman level. Although the assay results are not correlative to the drill core, the zone remains open at depth.

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

Management remains encouraged by results of these intercepts as they prove the continuation of the replacement sulfide mineralized ore shoots at depth. Detailed follow-up core drilling will be needed to better define the quality and quantity of the historic ore shoots at depth.

Recent Developments at the South Mountain Project:

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

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

Underground exploration and pre-development tunnel work on the Sonneman and Laxey levels continued, with the underground development focusing on enlargement of the main Sonneman level to 12 feet by 12 feet to accommodate exploration and future development. The tunnel work will provide access for drills to gain the critical information necessary to complete a feasibility study. Mining in the drift has advanced past the historic DMEA 2 zone where it encountered over 100 feet of massive sulfide. As part of the tunnel development, approximately 1,000 tons of high-grade massive sulfide was recovered, stockpiled, and sampled for control. The historic drilled values for this zone were 17.74% Zn; 3.43 opt Ag; 0.14 opt Au; 0.28% Cu; and 0.39% Pb. This general grade was verified by the muck and channel sampling in the zones. Approximately 300 additional feet of development drifting on the Sonneman level, along with additional coredrilling is needed before a feasibility study can be completed.

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

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

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

Trout Creek Claim Group, Lander County, Nevada

The Trout Creek pediment exploration target is located in Lander County, Nevada in T.29N. R.44E. The property consists of 60 unpatented mining claims totaling approximately 1,200 acres that are located along the western flank of the Shoshone Range in the Eureka-Battle Mountain mineral trend.

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

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

Name of Claim	Lander Co. Doc. No.	BLM NMC No.
TC-1	0248677	965652
TC-2	0248678	965653
TC-3	0248679	965654
TC-4	0248680	965655
TC-5	0248681	965656
TC-6	0248682	965657
TC-7	0248683	965658
TC-8	0248684	965659
TC-9	0248685	965660
TC-10	0248686	965661
TC-11	0248687	965662
TC-12	0248688	965663
TC-31	0248707	965682
TC-32	0248708	965683
TC-51	0248727	965702
TC-52	0248728	965703
TC-53	0248729	965704
TC-54	0248730	965705
TC-55	0248731	965706

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

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

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

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

Clover Mountain Claim Group, Owyhee County, Idaho

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

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

LIST of UNPATENTED MINING CLAIMS at Clover Mountain

CLAIM	OWYHEE COUNTY INSTRUMENT #	BLM# / (IMC)
PC-1	259673	190708
PC-2	259672	190709
PC-3	259671	190710

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PC-4	259670	190711
PC-5	259669	190712
PC-6	259668	190713
PC-7	259667	190714
PC-8	259666	190715
PC-9	259665	190716
PC-10	259664	190717
PC-11	259663	190718
PC-12	259662	190719
PC-13	259661	190720

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

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

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

Follow-up rock chip sampling within the area of the anomaly has identified quartz veining with gold values ranging from 3.6 part per million (ppm) to 16.5 ppm. A soil sample program consisting of 215 samples was conducted on

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

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

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

Competition

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

Employees

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

Results of Operations:

The Company had no revenues and no production for Quarter ending March 31, 2014. Total expenses for the first Quarter ending in 2014 decreased from the prior compared first Quarter in 2013 to \$44,244, down 41% in total expenses of \$109,219. The decrease in total expenses is primarily the result of lower exploration expenses. Exploration expense for the Quarter ending March 31, 2014 was \$4,820, a decrease of \$26,334 over same quarter 2013 exploration expense of \$31,154. Legal and accounting fees for first quarter 2014 increased \$11,888 to \$41,241, a 40% increase over first quarter 2013 legal and accounting expenses of \$29,353. For the Quarter ending March 31, 2014 management and administrative decreased \$29,689, or 61%, to \$18,914 compared to 2013 quarter expense of \$48,603. The decrease was due to a combination of savings on management salaries, and the lack of travel and financing costs during the year.

Liquidity and Capital Resources:

The consolidated financial statements for the period ended March 31, 2014, have been prepared under the assumption that we will continue as a going concern. Such assumption contemplates the realization of assets and the satisfaction of liabilities in the normal course of business.

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

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

The Company's management is confident that the continued operations of Thunder Mountain Gold can be assured by the following:

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At May 1, 2014, we had \$74,898 cash in our bank accounts.

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

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

For the quarter ended March 31, 2014, net cash used for operating activities was \$55,850, consisting of our net income of \$(64,475), reduced by non-cash expenses and net cash provided by changes in current assets and current liabilities. There was no cash provided by investing activities for the quarter.

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

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

Private Placement

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

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

As of March 31, 2014 the Company received \$167,000 in gross proceeds from the Private Placement, issuing a total 3,340,000 in common stock and 1,670,000 warrants.

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

On January 2, 2012, the Company entered into a subscription agreement with a certain individual whereby the company sold 1,350,000 units at US\$0.12 per unit. Each unit consists of one share of common stock, and one-half warrant exercisable for 2 years at \$0.20. As of September 30, 2012, the Company has issued the 1,350,000 shares under this agreement.

Contractual Obligations

During 2008 and 2009, three lease arrangements were made with land owners that own land parcels adjacent to the Company's South Mountain patented and unpatented mining claims. The leases were for a seven-year period, with options to renew, with annual payments (based on \$20 per acre) listed in the following table. The leases have no work requirements, and are the responsibility of the South Mountain Project LLC formed in 2012.

Contractual obligations	Payments due by period				More than 5 years
	Total*	Less than 1 year	2-3 years	3-5 years	
Acree Lease (yearly, June)(1)	\$9,040	\$2,260	\$4,520	\$2,260	-
Lowry Lease (yearly, October)(1)(2)	\$30,160	\$7,540	\$15,080	\$7,540	-
Herman Lease (yearly, April)	\$ 5,600	\$1,120	\$2,240	\$2,240	-
Total	\$44,800	\$10,920	\$21,840	\$12,040	-

*

Amounts shown are for the lease periods years 4 through 7, a total of 1 years that remains after 2013, the second year of the lease period.

**

The Lowry lease has an early buy-out provision for 50% of the remaining amounts owed in the event the Company desires to drop the lease prior to the end of the first seven-year period.

Critical Accounting Policies

We have identified our critical accounting policies, the application of which may materially affect the financial statements, either because of the significance of the financials statement item to which they relate, or because they require management's judgment in making estimates and assumptions in measuring, at a specific point in time, events which will be settled in the future. The critical accounting policies, judgments and estimates which management believes have the most significant effect on the financial statements are set forth below:

a)

Estimates. Our management routinely makes judgments and estimates about the effect of matters that are inherently uncertain. As the number of variables and assumptions affecting the future resolution of the uncertainties increase, these judgments become even more subjective and complex. Although we believe that our estimates and assumptions are reasonable, actual results may differ significantly from these estimates. Changes in estimates and assumptions based upon actual results may have a material impact on our results of operation and/or financial condition.

b)

Stock-based Compensation. The Company records stock-based compensation in accordance with ASC 718, Compensation Stock Compensation using the fair value method. All transactions in which goods or services are the consideration received for the issuance of equity instruments are accounted for based on the fair value of the consideration received or the fair value of the equity instrument issued, whichever is more reliably measurable.

c)

Income Taxes. We have current income tax assets recorded in our financial statements that are based on our estimates relating to federal and state income tax benefits. Our judgments regarding federal and state income tax rates, items that may or may not be deductible for income tax purposes and income tax regulations themselves are critical to the Company's financial statement income tax items.

d)

On October 3, 2013, the Board of Directors approved a Private Placement financing of up to 5,000,000 units of the Company (Unit) at a price of \$0.05 per Unit for gross proceeds of up to \$250,000. Each Unit consists of one share of the Company's common stock and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one additional share of common stock of the Company at a price of \$0.15 for a period of 18 months. As of March 31, 2014, the Company sold in the amount \$187,000 of units. This translates to 3.74 Million units (3.74 Million common shares, and 1.5 million warrants the ½ warrants). Pursuant to the Private Placement agreement common shares and warrant certificates will not be issued until closing of the placement. The warrants will be good for 18 months, and exercisable at \$0.15.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Not required for smaller reporting companies.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

At the end of the period covered by this report, an evaluation was carried out under the supervision of, and with the participation of, the Company's Management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) and Rule 15d-15(e) of the Securities and Exchange Act of 1934, as amended).

Changes in Internal Controls over Financial Reporting

During the quarter covered by this report, there have been no changes in the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II OTHER INFORMATION

Item 1. Legal Proceedings.

None.

Item 1A. Risk Factors.

Not required for smaller reporting companies.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

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

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

As of March 31, 2014 the Company received \$167,000 in gross proceeds from the Private Placement, issuing a total 3,340,000 in common stock and 1,670,000 warrants.

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

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

The Company shall obtain any regulatory approval and any other consent that may be required to permit the Offering, including the approval of the TSX Venture Exchange. The securities offered hereby have not and will not be registered under the United States Securities Act of 1933 (the "1933 Act") and may not be offered or sold in the United States or to U.S. persons (as defined in Regulation S under the 1933 Act) unless the securities have been registered under the 1933 Act, or are otherwise exempt from such registration.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures

Pursuant to Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Dodd-Frank Act"), issuers that are operators, or that have a subsidiary that is an operator, of a coal or other mine in the United States are required to disclose in their periodic reports filed with the SEC information regarding specified health and safety violations, orders and citations, related assessments and legal actions, and mining-related fatalities.

During the quarter ended June 30, 2014, the Company did not have any operating mines and therefore had no such specified health and safety violations, orders or citations, related assessments or legal actions, mining-related fatalities, or similar events in relation to the Company's United States operations requiring disclosure pursuant to Section 1503(a) of the Dodd-Frank Act.

Item 5. Other Information

None.

Item 6. Exhibits

(a)

Documents which are filed as a part of this report:

Exhibits:

31.1 Certification Required by Rule 13a-14(a) or Rule 15d-14(a). Jones

31.2 Certification Required by Rule 13a-14(a) or Rule 15d-14(a). Thackery

32.1 Certification required by Rule 13a-14(a) or Rule 15d-14(b) and section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350. Jones

32.2 Certification required by Rule 13a-14(a) or Rule 15d-14(b) and section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350. Thackery

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The following financial information from our Quarterly Report on Form 10-Q for the quarter ended March 31, 2014 formatted in Extensible Business Reporting Language (XBRL): (i) the Balance Sheets, (ii) the Statements of Operations, (iii) the Statements of Cash Flows, and (v) Notes to Financial Statements

*

In accordance with Rule 406T of Regulation S-T, the XBRL information in Exhibit 101 to this quarterly report on Form 10-Q shall not be deemed to be filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (Exchange Act), or otherwise subject to the liability of that section, and shall not be incorporated by reference into any registration statement or other document filed under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

SIGNATURES

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

THUNDER MOUNTAIN GOLD, INC.

By /s/ Eric T. Jones

Eric T. Jones

President and Chief Executive Officer

Date: May 14, 2014

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.

By /s/ Larry Thackery

Larry Thackery

Chief Financial Officer

Date: May 14, 2014

