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

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

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

For the fiscal year ended December 31, 2013

OR

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

For the transition period from ____________ to ___________

Commission file number: 001-08429

Thunder Mountain Gold, Inc.

(Exact Name of Registrant as Specified in its Charter)

Nevada	**91-1031015**
(State of other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
5248 W. Chinden Blvd.	
Boise, Idaho	**83714**
(Address of Principal Executive Offices)	(Zip Code)

(208) 658-1037

(Registrant s Telephone Number, including Area Code)

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

None

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

Common stock, Par Value $0.001

(Title of Class)

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

Yes ¨ No x

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

Yes ¨ No x

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

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

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

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

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

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

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

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

Documents Incorporated by Reference: None.

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THUNDER MOUNTAIN GOLD, INC.

Form 10-K

December 31, 2013

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PART I

Cautionary Statement about Forward-Looking Statements

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

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

The timing of exploration activities, and;

Business strategies and development of our Operational Plans.

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

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

ITEM 1 - DESCRIPTION OF BUSINESS

Company History

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

Change in Situs and Authorized Capital

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

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

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

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

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

Subsidiary Companies

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

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

On November 8, 2012, South Mountain Mines, Inc., (SMMI) a wholly owned subsidiary of Thunder Mountain Resources, Inc., which in turn is a wholly owned subsidiary of the Company, and Idaho State Gold Company II LLC (ISGC) formed Owyhee Gold Trust, LLC, (OGT) a limited liability company (LLC). SMMI s contribution for its 6,000 membership units is mining property located in southwestern Idaho in Owyhee County consisting of 17 patented mining claims, 21 unpatented mining claims and 545 acres of leased private land. As its initial contribution to OGT, ISGC will fund operations totaling $18 million, or $8 million if SMMI exercises its participation option. SMMI will own 100% of the LLC membership units until such time as ISGC makes $3 million in qualifying expenditures (as defined by the operating agreement) not later than December 31, 2014, including the cancellation of the $1 million note issued by the Company dated April 30, 2012. Upon payment of $3 million of qualifying expenditures, ISGC will receive 2,000 units representing 25% ownership.

Current Operations

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

Reports to Security Holders

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

ITEM 1A - RISK FACTORS

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

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

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

We have no proven reserves.

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

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

At December 31, 2013, we had current assets of $48,599. We are planning to raise additional funds in 2014 to meet our current operating and capital requirements for the next 12 months and beyond. However, we have based this estimate on assumptions that may prove to be wrong, and we cannot assure that estimates and assumptions will remain unchanged. For the year ended December 31, 2013 net cash used for operating activities was approximately $254,304. Our future liquidity and capital requirements will depend on many factors, including timing, cost and progress of our exploration efforts, our evaluation of, and decisions with respect to, our strategic alternatives, and costs associated with the regulatory approvals. If it turns out that we do not have enough money to complete our exploration programs, we will try to raise additional funds from public offerings, private placements or loans.

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

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

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

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

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

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

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

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

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

Our mineral exploration efforts may not be successful.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ITEM 1B - UNRESOLVED STAFF COMMENTS

Not required for smaller reporting companies.

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ITEM 2 - DESCRIPTION OF PROPERTIES

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

The Company owns 100% of the outstanding stock of Thunder Mountain Resources, Inc., a Nevada Corporation. Thunder Mountain Resources, Inc. owns 100% of the outstanding stock of South Mountain Mines, Inc. (SSMI), an Idaho Corporation., Inc. which owns the historic South Mountain Mine. Thunder Mountain Resources, Inc. completed the direct purchase of 100% ownership of South Mountain Mines, Inc. on September 27, 2007, which consisted of 17 patented mining claims (approximately 327 acres) located in Owyhee County in southwestern Idaho. Subsequent to the purchase, Thunder Mountain Resources staked 21 unpatented mining claims and obtained mineral leases on 545 acres of adjoining private ranch land.

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

South Mountain Project, Owyhee County, Idaho

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

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

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

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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.

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

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

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

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

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

Trout Creek Project, Lander County, Nevada

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

A detailed list of the claims is as follows:

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

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

Illinois	**Massachusetts**
Michigan	**Washington**
New York	**Maine**
Tennessee	**Idaho**
Oregon	**Vermont**

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

Texas	**Virginia**
Florida	**Mississippi**
Alabama	

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

Queen	**Kentucky**

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

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

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

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

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

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

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

(12.5 feet)	0.066	1.46	7.76	0.276	0.306
687 704.5					
(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.

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Location Map of South Mountain and Clover Mountain Projects

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

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

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

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

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

Intrusive Breccia 2010 Drill Results

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

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

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

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

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

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

Trout Creek Claim Group, Lander County, Nevada

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

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

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

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	

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.

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

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

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

Clover Mountain Claim Group, Owyhee County, Idaho

The Company`s Clover Mountain property is located approximately 60 air miles SW of Boise, Idaho and approximately 30 miles SW of Grandview, Idaho in Sections 24, 25; T.8S.; R.1W., and Sections 19, 30; T.8S.; R.1E. Boise Meridian, Owyhee County, Idaho. Latitude: 42 42 34 North Longitude: 116 24 10 West.

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

LIST of UNPATENTED MINING CLAIMS at Clover Mountain

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

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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 tending 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.

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

Competition

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

Employees

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

ITEM 3 - LEGAL PROCEEDINGS

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

ITEM 4 MINE SAFETY DISCLOSURES

None.

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PART II

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

Market Information:

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

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

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

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

Fourth Quarter	$ 0.17	$ 0.06	$ 0.09	$ 0.09

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

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

(2) Quarters indicate calendar year quarters.

Holders:

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

Transfer Agent:

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

Dividends:

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

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Securities Authorized For Issuance under Equity Compensation Plans:

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

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

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

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

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

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

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

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

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

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

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

Purchases of Equity Securities by the Company and Affiliated Purchasers

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

ITEM 6 - SELECTED FINANCIAL DATA

Not required for smaller reporting companies.

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

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

Plan of Operation:

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

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

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

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

.

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

.

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

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

.

Continue the baseline environmental work.

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

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

.

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

.

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

Results of Operations:

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

Liquidity and Capital Resources:

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

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

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

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

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

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

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

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

Private Placement

On October 3, 2013, the Board of Directors approved a Private Placement financing of up to 5,000,000 units of the Company (Unit) at a price of $0.05 per Unit for gross proceeds of up to $250,000. Each Unit consists of one share of the Company s common stock and one-half of one 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 December 31, 2013, the Company received $45,000 in gross proceeds from the Private Placement, issuing a total 900,000 in common stock and 450,000 warrants.

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

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.

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

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Subsequent Events

Effective December 11, 2013 Mr. Glen Peter Parsley resigned from the board of directors, then on January 9, 2014 the Company appointment of Mr. Joseph Baird to the Thunder Mountain Gold Board.

Mr. Baird brings over 30 years of mineral law experience to Thunder Mountain Gold. Mr. Baird is currently a partner in the Boise, Idaho law firm of Baird Hanson LLP, which firm has been lead counsel for permitting more mining projects in Idaho than any other law firm. Mr. Baird has provided environmental and mining counsel to a wide variety of New York Stock Exchange, Toronto Stock Exchange and venture capital mineral companies, including base and precious metal production companies, industrial mineral producers, exploration and mineral land management companies. He currently sits on the Board of the American CuMo Mining Corporation, which is advancing the largest un-mined molybdenum deposit in the world in Boise County, Idaho.

Off Balance-Sheet Arrangements:

During the 12 months ended December 31, 2013 and 2012, the Company had no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on the Company s financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors.

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.

	Payments due by period				
Contractual obligations	**Total***	**Less than 1 year**	**2-3 years**	**3-5 years**	**More than 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.

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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 7A - QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not required for smaller reporting companies.

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ITEM 8 - FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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Thunder Mountain Gold, Inc.

(An Exploration Stage Company)

Consolidated Balance Sheets

December 31, 2013 and December 31, 2012

		2013		2012
ASSETS				
Current assets:				
Cash and cash equivalents	$	35,882	$	166,505
Prepaid expenses and other assets		12,717		53,320
Total current assets		48,599		219,825
Equipment, net of accumulated depreciation		-		109
Other assets:				
Investment in Owyhee Gold Trust LLC joint venture		479,477		479,477
Total assets	**$**	**528,076**	**$**	**699,411**
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities:				
Accounts payable and other accrued liabilities	$	70,688	$	56,765
Related party notes payable (Note 5)		25,000		-
Total current liabilities		95,688		56,765
Long-term liabilities:				
Derivative warrant liabilities		-		508,012
Total liabilities		95,688		564,777
Commitments and contingencies (Note 2)				
Stockholders' equity:				
Preferred stock; $0.001 par value, 5,000,000 shares authorized; no shares issued or outstanding		-		-
Common stock; $0.001 par value; 200,000,000 shares authorized; 31,467,549 and 30,167,549 shares issued and outstanding, respectively		31,468		30,168
Additional paid-in capital		3,429,279		3,268,616
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		(2,791,366)		(2,927,157)
Total stockholders' equity		432,388		134,634
Total liabilities and stockholders' equity	**$**	**528,076**	**$**	**699,411**

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

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Thunder Mountain Gold, Inc.

(An Exploration Stage Company)

Consolidated Statements of Operations and Comprehensive Income (Loss)

For the years ended December 31, 2013 and 2012 and

for the period of Exploration Stage 1991 through December 31, 2013

	Years Ended December 31,		During Exploration Stage 1991 Through December 31,
	2013	2012	2013
Revenue:			
Royalties, net	$ -	$ -	$ 328,500
Joint venture management fee income	53,203	60,150	113,353
Gain on sale of property and mining claims	-	-	2,576,112
Total revenue	53,203	60,150	3,017,965
Expenses:			
Exploration expenses	65,024	138,491	2,202,400
Legal and accounting	91,942	211,363	1,220,562
Management and administrative	184,148	266,175	3,406,616
Directors' fees and professional services	89,038	-	1,012,093
Gain on sale of equipment	(15,000)	(2,815)	(17,815)
Depreciation	109	8,557	145,658
Total expenses	415,261	621,771	7,969,514
Other income (expense):			
Interest and dividend income	762	10	284,752
Interest expense	(10,925)	(153,359)	(434,975)
Gain on change in fair value of derivative warrant liability	508,012	2,881	1,803,277
Loss on common stock and warrants	-	-	(271,587)
Gain on change in fair value of conversion option liability	-	33,232	108,032

Financing expense	-	-	(17,945)
Gain on Debt forgiveness	-	1,000,000	1,000,000
Gain on sale of securities	-	-	166,116
Impairment of investments	-	-	(52,299)
Total other income (expense)	497,849	882,764	2,585,371
Net income (loss) before income taxes	135,791	321,143	(2,366,176)
Provision for income taxes	-	-	(151,496)
Net income (loss)	135,791	321,143	(2,517,672)
Treasury stock cancelled	-	-	(273,694)
Comprehensive income (loss)	$ 135,791	$ 321,143	$ (2,791,366)
Net income (loss) per common share-basic and diluted	Nil	$ 0.01	$ (0.14)
Weighted average common shares outstanding-basic and diluted	30,673,690	29,950,658	20,460,975

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

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Thunder Mountain Gold, Inc.

(An Exploration Stage Company)

Consolidated Statements of Cash Flows

For the years ended December 31, 2013 and 2012 and for the period of Exploration Stage 1991 through December 31, 2013

	2013	2012	During Exploration Stage 1991 Through December 31, 2013
Cash flows from operating activities:			
Net income (loss)	$ 135,791	$ 321,143	$ (2,517,672)
Adjustments to reconcile net income (loss) to net cash used by operating activities:			
Depreciation and depletion	109	8,557	145,658
Gain on sale of equipment	(15,000)	(2,815)	(17,815)
Stock-based compensation	89,038	10,000	980,804
Adjustment for anti-dilution provisions	-	-	86,084
Conversion option liability eliminated	9,425	(15,000)	(5,575)
Debt forgiveness	-	(1,000,000)	(1,000,000)
Directors' fees prepaid with common stock	-	-	53,400
Amortization of deferred financing costs	-	138,370	231,015
Amortization of notes payable discounts		20,214	120,086
Compensation expense for stock issued	-	-	76,500
Gain on sale of mining claims and other assets	-	-	(2,736,553)
Adjustment for impairment of investments	-	-	52,335
Gain on change in fair value of derivative warrant liability	(508,012)	(2,881)	(1,803,277)
Loss on common stock and warrants	-	-	271,587
	-	(33,232)	(108,032)

Gain on change in fair value of conversion option liability			
Financing expense from conversion option	-	-	17,945
Change in:			
Prepaid expenses and other assets	40,603	(32,931)	(12,717)
Accounts payable and other liabilities	13,923	(219,104)	77,121
Receivables	-	-	124,955
Net cash used by operating activities	(234,123)	(807,678)	(6,040,651)
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	-	(35,900)	(3,403,365)
Purchase of equipment	-	-	(168,577)
Proceeds from sale of investments	-	-	642,645
Proceeds from sale of equipment	5,000	5,000	59,310
Net cash (used) provided by investing activities	5,000	(30,900)	2,275,483
Cash flows from financing activities:			
Proceeds from sale of common stock and warrants, net of offering costs	43,500	150,000	2,443,906
Proceeds from exercise of stock options and warrants	-	-	508,600
Acquisition of treasury stock	-	-	(376,755)
Borrowing on related party notes payable	35,000	5,000	611,500
Payments on related party notes payable	-	(150,000)	(572,000)
Borrowing on convertible notes payable	20,000	1,000,000	1,070,000
Payments on notes payable	-	-	(50,000)
Net cash provided by financing activities	98,500	1,005,000	3,635,251
Net increase (decrease) in cash and cash equivalents	(130,623)	166,422	(129,917)
Cash and cash equivalents, beginning of year	166,505	83	165,799
Cash and cash equivalents, end of year	**$ 35,882**	**$ 166,505**	**$ 35,882**

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

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Thunder Mountain Gold, Inc.

(An Exploration Stage Company)

Consolidated Statements of Cash Flows

For the years ended December 31, 2013 and 2012 and for the period of Exploration Stage 1991 through December 31, 2013

	2013	2012	During Exploration Stage 1991 Through December 31, 2013
Cash paid for interest	$ -	$ 10,992	$ 27,046
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	$ 20,000	$ -	$ 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
Beneficial conversion feature on convertible note payable	$ 9,425	$ -	$ 384,425
Mineral properties transferred to investment	$ -	$ 479,477	$ 479,477
Equipment exchanged for payment on related party note payable	$ 10,000	$ -	$ 10,000

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

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Thunder Mountain Gold, Inc.

(An Exploration Stage Company)

Consolidated Statements of Changes in Stockholders' Equity (Deficit)

For the years ended December 31, 2013 and 2012, and for the period of Exploration Stage 1991 through December 31, 2013

	Common Stock					Retained Earnings Accumulated During Exploration Stage	
	Shares	Amount	Additional Paid-In Capital	Treasury Stock	Retained Earnings (Deficit)	(1991Through December 31, 2013)	Total
Balances at December 31, 2009	18,583,469	18,584	2,115,523	(24,200)	(212,793)	(1,298,380)	598,734
Stock and warrants issued for private placement	6,130,271	6,130	995,737	-	-	-	1,001,867
Allocation to warrant liability	-	-	(995,737)	-	-	-	(995,737)
Stock and warrants issued for private placement	1,250,000	1,250	248,750	-	-	-	250,000
Allocation to warrant liability	-	-	(145,316)	-	-	-	(145,316)
Stock issued for services	500,000	500	110,500	-	-	-	111,000
Stock issued to directors	450,000	450	76,050	-	-	-	76,500
Stock issued for deferred compensation	78,000	78	20,922	-	-	-	21,000
Warrants issued for deferred compensation			(16,941)	-	-	-	(16,941)
	10,000	10	490	-	-	-	500

Stock issued for warrants exercised							
Beneficial conversion feature on related party note payable	-	-	42,666	-	-	-	42,666
Net loss - 2010	-	-	-	-	-	(1,651,522)	(1,651,522)
Balances at December 31, 2010	27,001,740	27,002	2,452,644	(24,200)	(212,793)	(2,949,902)	(707,249)
Stock and warrants issued for private placement	1,200,000	1,200	184,980	-	-	-	186,180
Allocation to warrant liability (Note 4)			(184,980)	-	-	-	(184,980)
Stock and warrants issued for private placement	150,000	150	29,843	-	-	-	29,993
Stock issued for services	237,500	238	46,012	-	-	-	46,250
Stock issued for options exercised	128,309	128	(128)	-	-	-	-
Stock options issued for services	-	-	566,695	-	-	-	566,695
Net loss - 2011	-	-	-		-	(298,398)	(298,398)
Balances at December 31, 2011	28,717,549	28,718	3,095,066	(24,200)	(212,793)	(3,248,300)	(361,509)
Stock and warrants issued for private placement	1,350,000	1,350	148,650	-	-	-	150,000
Stock issued for services	100,000	100	9,900	-	-	-	10,000
Conversion option liability eliminated	-	-	15,000	-	-	-	15,000
Net income - 2012	-	-	-	-	-	321,143	321,143
Balances at December 31, 2012	30,167,549	$ 30,168	$3,268,616	(24,200)	$(212,793)	$ (2,927,157)	$ 134,634
Stock and warrants issued for private placement, net	900,000	900	42,600				43,500
Stock and warrants issued for convertible debt	400,000	400	19,600				20,000
Conversion option liability eliminated			9,425				9,425
Stock options issued for services			89,038				89,038

Net income - 2013						135,791	135,791
Balances at December 31, 2013	31,467,549	$ 31,468	$ 3,429,279	$(24,200)	$(212,793)	$ (2,791,366)	$ 432,388

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

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Thunder Mountain Gold, Inc.

Notes to Consolidated 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.

Going Concern

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 December 31, 2013 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 joint venture 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.

Deferred Financing Costs

Costs associated with financing are deferred and charged to financing costs over the life of the related financing agreements. Remaining costs and the future period over which they would be charged to expense are reassessed when amendments to the related financing agreements or prepayments occur.

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.

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.

Thunder Mountain Gold, Inc.

Notes to Consolidated Financial Statements

1.

Summary of Significant Accounting Policies and Business Operations, continued:

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.

Income Taxes

The Company recognizes deferred income tax liabilities or assets at the end of each period using the tax rate expected to be in effect when the taxes are actually paid or recovered. A valuation allowance is recognized on deferred tax assets when it is more likely than not that some or all of the deferred tax assets will not be realized. The Company has evaluated all tax positions for open years and has concluded that it has no material unrecognized tax benefits. Management estimates their effective tax rate for the year ended December 31, 2013 to be 0%.

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:

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

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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.

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Thunder Mountain Gold, Inc.

Notes to Consolidated Financial Statements

1.

Summary of Significant Accounting Policies and Business Operations, continued:

Fair Value Measures, continued

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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 December 31, 2013	Balance December 31, 2012	Input Hierarchy level
Cash and cash equivalents	$ 35,882	$ 166,505	Level 1
Derivative warrant liabilities	$ -	$ (508,012)	Level 2

Equipment

Equipment is carried at cost. Depreciation is computed using straight line 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 in the period in which they are incurred. When there is a disposition of equipment, the cost and related accumulated depreciation are removed from the accounts and any gain or loss is reflected in net income.

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 Venture

For joint ventures in which the Company does not have joint control or significant influence, the cost method is used. Under the cost method, these investments are carried at the lower of cost or fair value. For those joint ventures 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. For joint ventures 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 an 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 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.

Thunder Mountain Gold, Inc.

Notes to Consolidated Financial Statements

1.

Summary of Significant Accounting Policies and Business Operations, continued:

Reclamation and Remediation, continued:

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.

Derivative Instruments

The Company had financing arrangements that consist of freestanding derivative instruments or are hybrid instruments that contained embedded derivative features. In accordance with accounting principles generally accepted in the United States (GAAP), derivative instruments and hybrid instruments are recognized as either assets or liabilities in the Company s balance sheet and are measured at fair value with gains or losses recognized in earnings depending on the nature of the derivative or hybrid instruments. Embedded derivatives that are not clearly and closely related to the host contract are bifurcated and recognized at fair value with changes in fair value recognized as either a gain or loss in earnings if they can be reliably measured. When the fair value of embedded derivative features cannot be reliably measured, the Company measures and reports the entire hybrid instrument at fair value with changes in fair value recognized as either a gain or loss in earnings. The Company determines the fair value of derivative instruments and hybrid instruments based on available market data using appropriate valuation models, giving consideration to all of the rights and obligations of each instrument.

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 December 31, 2013 and 2012, 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:

For year ended	**Dec. 31, 2013**	**Dec. 31, 2012**
Stock options	2,990,000	2,000,000
Warrants	665,000	8,616,271
Total possible dilution	**4,117,963**	**10,616,271**

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Thunder Mountain Gold, Inc.

Notes to Consolidated Financial Statements

2. Commitments

On November 30, 2011, (Effective Date) Thunder Mountain Resources, Inc., entered into a mining lease with option to purchase with Richard C. and Carol Ann Fox for the exclusive rights to conduct exploration, feasibility work, development, mining and processing of minerals on certain mining claims in Lemhi County, Idaho. The initial term was for thirty years and the lease granted successive, additional fifteen year terms so long as the Company continued with the lease. The Company decided not to renew this lease in 2013.

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 December 31, 2013.

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.

3.

Income Taxes

The Company did not recognize a tax provision or benefit for the years ended December 31, 2013 and 2012.

At December 31, 2013 and 2012, the Company had deferred tax assets which were fully reserved by valuation allowances due to the likelihood of expiration of these deferred tax benefits prior to the Company generating future taxable income sufficient to utilize the deferred tax benefits to reduce tax expense from those future periods. The deferred tax assets were calculated based on an expected blended future tax rate of 38% for federal and Idaho state purposes. Following are the components of such assets and allowances at December 31, 2013 and 2012:

	2013	2012
Deferred tax assets arising from:		
Net operating loss carryforwards	$ 1,651,000	$ 1,503,000
Non-deductible share-based compensation	163,000	121,000
Exploration costs	190,000	175,000
Total deferred tax assets	2,004,000	1,799,000
Less valuation allowance	(2,004,000)	(1,799,000)
Net deferred tax asset	**$ -**	**$ -**

As of December 31, 2013 and 2012, the Company has approximately $4.3 million and $3.9 million, respectively, of federal and state net operating loss carryforwards that expire in 2028 through 2033.

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Thunder Mountain Gold, Inc.

Notes to Consolidated Financial Statements

3.

Income Taxes, continued:

The income tax benefit shown in the financial statements for the year ended December 31, 2013 and 2012, differs from the federal statutory rate as follows:

	2013		2012	
(Provision) benefit at statutory rates	$ 47,000	35%	$ (112,000)	35%
Change in fair value of derivative liabilities	178,000	131%	18,000	6%
Note discount amortization	-	-	(53,000)	-16%
Debt forgiveness	-	-	350,000	-108%
State taxes	20,000	14%	16,000	-5%
Prior year change in estimate	(40,000)	-29%	-	-
Increase in valuation allowance	(205,000)	-151%	(219,000)	-68%
Total	$ -		$ -	

The Company has analyzed its filing positions in all jurisdictions where it is required to file income tax returns and found no positions that would require a liability for unrecognized income tax benefits to be recognized. The Company is subject to possible tax examinations for the years 2011 through 2013. The Company will deduct interest and penalties as interest expense on the financial statements.

4.

Joint Venture

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. The agreement specifies that the members have initial ownership Interests (as defined) as 25% for the Company and

75% for ISGC. ISGC is also the manager of the joint venture. Upon payment of $3 million of qualifying expenditures not later than December 31, 2014, ISGC will receive 2,000 units representing a vested 25% ownership. The Company accounts for its investment in the joint venture by the cost method as it does not have control or significant influence over the affairs of the joint venture.

The Company recorded $53,203 and $60,150 in management fee income from the joint venture during the years ended December 31, 2013 and 2012, respectively.

5.

Notes Payable

On April 30, 2012 the Company executed a convertible promissory note payable (Convertible Note) to ISGC in the principal amount of $1,000,000. The note bore interest at the rate of eight percent (8%) per annum. The due date of the note was the earlier of June 30, 2012 or the date that is fourteen business days following the date on which the parties mutually agree to not enter into a joint venture agreement. Prior to maturity, the parties verbally agreed to an additional extension of the maturity date. At the election of ISGC, should the parties not enter into a joint venture (Note 5), all or any portion of the outstanding principal and accrued interest could be converted into shares of the Company s common stock at the conversion price of $.08 USD per share.

The Company recognized interest expense on the note in the amount of $33,781 during the year ended December 31, 2012. On November 8, 2012 the note was cancelled when the Company and ISGC agreed to execute a joint venture agreement (the Agreement) (Note 4). As the Company was not required to repay or contribute any portion of this cancelled note to ISGC or the joint venture, it has been recorded as a gain on debt forgiveness in the consolidated statement of operations and comprehensive income.

Thunder Mountain Gold, Inc.

Notes to Consolidated Financial Statements

5.

Notes Payable, continued:

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. Principal and interest were due in full on November 30, 2013. In July 2013, a Company vehicle with no book value was transferred to Mr. Collord in agreed-upon 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. At December 31, 2013 the Company had accrued interest of $1,500 payable to Mr. Collord.

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 7).

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 (3,016,755 shares as of December 31, 2013) 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 fair value of each option award was estimated on the date of grant using the assumptions noted in the following table:

Stock price	$0.09
Exercise price	$0.09
Expected volatility	302.9%
Expected dividends	-
Expected term (in years)	5.0
Risk-free rate	0.68%
Expected forfeiture rate	-

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Thunder Mountain Gold, Inc.

Notes to Consolidated Financial Statements

6.

Stock Options Granted, continued:

The following is a summary of the Company s options issued under the Stock Option Incentive Plan:

	Shares	Weighted Average Exercise Price
Outstanding at December 31, 2011 and 2012	2,000,000	$ 0.27
Granted	990,000	0.09
Exercised	-	-
Expired	-	-
Outstanding and exercisable at December 31, 2013	2,990,000	$ 0.21
Weighted average fair value of options granted during the year ended December 31, 2013		$ 0.09

No stock options were granted, exercised or expired during 2012.

The average remaining contractual term of the options outstanding and exercisable at June 30, 2013 was 3.5 years. There were no options exercised during the years ended December 31, 2013 and 2012.

Total compensation cost charged against operations under the plan for directors and consultants was $89,038 and $0 for the year ended December 31, 2013 and 2012, respectively. These costs are classified under directors fees and professional services.

7.

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.

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

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

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

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Thunder Mountain Gold, Inc.

Notes to Consolidated Financial Statements

7.

Stockholders Equity, continued:

On January 2, 2012, the Company entered into a subscription agreement with two individuals whereby the company sold units at US$0.12 per unit for total net proceeds of $150,000. Each unit consists of one share of common stock, and one-half warrant exercisable for 2 years at $0.20. The Company issued 1,350,000 shares under this agreement.

No preferred shares have been issued. Warrant issuances in prior years had provisions that necessitated accounting for them as derivative liabilities, and at December 31, 2012 these warrants had a total fair value recorded in the consolidated balance sheet for $508,012. During 2013 these warrants expired, therefore, for the year ended December 31, 2013 a gain on change in fair value of warrant liabilities of $508,012, has been reported in the consolidated statement of operations and comprehensive income (loss).

Below is detail of the warrant derivative balance at December 31, 2013 and December 31, 2012:

		2013		**2012**
Beginning balance	$	508,012	$	510,893
Initial fair value of warrant derivative		-		
Revaluation of warrant derivative resulting				
From expiration of warrant		-		-
Net change in fair value of warrant derivative		(508,012)		(2,881)
Ending balance	$	-	$	508,012

The following is a summary of warrants as of December 31, 2013.

	Share Equivalent Warrants	Exercise Price	Expiration Date
Warrants:			
Warrants issued September 24, 2010	6,683,271	$ 0.30	September 30, 2013
Warrants issued June 26, 2011	1,000,000	0.20	November 8, 2013
Warrants issued September 30, 2011	200,000	0.20	November 8, 2013
Warrants issued October 28, 2011	108,000	0.20	October 28, 2013
Warrants issued February 17, 2012	625,000	0.20	February 17, 2013
Total warrants outstanding at December 31, 2012	8,616,271	0.28	
Warrants expired through December 31, 2013	(8,616,271)	0.28	
Warrants issued December 31, 2013	665,000	0.15	June 30, 2015
Total warrants outstanding at December 31, 2013	665,000	$ 0.15	

8.

Related Party Transactions

At various times throughout 2011 and through 2013 as approved under Board resolution dated July 11, 2011 (the Resolution), Mr. Collord, the Company s Vice-President and Chief Operations Officer, made loans of various amounts to the Company totaling $155,000 to fund the operational needs of the Company, all of which was repaid as of December 31, 2012. The Resolution specified a maturity date of January 7, 2012, subsequently amended to May 31, 2012, and allowed the conversion of any portion of the note at any time into shares of common stock at a price equal to the lower of the last private placement, or the previous 30-day rolling average of the closing price of the stock.

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Thunder Mountain Gold, Inc.

Notes to Consolidated Financial Statements

8.

Related Party Transactions, continued:

Management determined that the conversion option required separate valuation and bifurcation under ASC 815, and determined fair value using a Black-Scholes valuation model. The total initial fair value of the conversion options was $126,151 and was separated from the debt host. At initial recording it was determined that one of the loans conversion options had a fair value which exceeded the loan amount by $17,945. The excess was charged to the statement of operations in 2011 as a financing expense from conversion option.

On May 31, 2012, the notes were paid in full. Accordingly, the conversion option derivative liability was first marked to fair value at that date using a Black-Scholes valuation model with inputs as per the following table. As such, a gain on the change in fair value of $18,444 was recorded. The remaining liability was then eliminated with a charge of $15,000 to additional paid-in capital.

Inputs to the Black-Scholes valuation model as of May 31, 2012:

Stock price	$0.07
Exercise price	$0.10
Expected term	0.0897 (years)
Estimated volatility	281.48%
Risk-free interest rate	0.07%
Expected dividend yield	-

Below is detail of the conversion option liability balance at December 31, 2012, there was no outstanding conversion option liability at December 31, 2013.

	2012
Beginning balance	$ 48,231

	Initial fair value of conversion option liability		-
	Conversion option liability eliminated		15,000
	Net change in fair value of conversion option liability		(33,231)
Ending balance		$	-

The Company incurred $0 and $10,456 in interest expense related to the loans for the twelve months ended December 31, 2013 and 2012, respectively.

The Company recorded $53,203, and $60,150 in management fee income from the joint venture during the year ended December 31, 2013 and 2012 respectively. The joint venture partner ISGC is a shareholder of the Company. G Peter Parsley, a director and shareholder of the Company, is also an employee of ISGC.

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

During the year ended December 31, 2013, there were no changes in independent audit firms or consulting firms who provide accounting assistance.

During the year ended December 31, 2013, there were no disagreements between the Company and its independent certified public accountants concerning accounting and financial disclosure.

ITEM 9A - 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). Based on that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that as of the end of the period covered by this report, the Company s disclosure controls and procedures were adequately designed and effective in ensuring that information required to be disclosed by the Company in its reports that it files or submits to the SEC under the Exchange Act, is recorded, processed, summarized and reported within the time period specified in applicable rules and forms.

Our Chief Executive Officer and Chief Financial Officer have also determined that the disclosure controls and procedures are effective to ensure that material information required to be disclosed in our reports filed under the Exchange Act is accumulated and communicated to our management, including the Company s Chief Executive Officer and Chief Financial Officer, to allow for accurate required disclosure to be made on a timely basis.

Management s Report on Internal Control over Financial Reporting

The Company s management is responsible for establishing and maintaining adequate internal control over financial reporting. The Company s internal control over financial reporting is a process designed under the supervision of its Chief Executive Officer and Chief Financial Officer to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company s financial statements for external reporting in accordance with accounting principles generally accepted in the United States of America. Management evaluates the effectiveness of the Company s internal control over financial reporting using the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control Integrated Framework. Management, under the supervision and with the participation of the Company s Chief Executive Officer and Chief Financial Officer, assessed the effectiveness of the Company s internal control over financial reporting as of December 31, 2012 and concluded that it is ineffective in assuring that the financial reports of the Company are free from material errors or misstatements.

Early in the fiscal year, Management acted upon a material weakness identified in the previous year, and took action to remedy and remove the weakness in its internal controls over financial reporting:

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Lack of an independent board of directors, including an independent financial expert. In January 2013, the Company added two independent directors, and later in the year, added another independent director, after one added in January resigned for personal reasons. The current board is composed of seven members, five of whom are independent, and may be expanded to as many as nine members as permitted under the Company s Articles of Incorporation and By-Laws. The Company also maintains an Audit Committee, and Compensation Committee, both of which are composed of independent Directors.

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Management s Remediation Initiatives.

Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision making can be faulty and that breakdowns can occur because of simple error or mistake. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Projections of any evaluation of controls effectiveness to future periods are subject to risks.

The Company has a CFO that is independent from the Board. This CFO initiates and records transactions. The transactions are reviewed and approved by the Company s President and CEO, and also reviewed by the Company s Audit Committee. Yet, the Company clearly recognizes, and continues to recognize, the importance of implementing and maintaining disclosure controls and procedures and internal controls over financial reporting and is working to implement an effective system of controls. Management is currently evaluating avenues for mitigating our internal controls weaknesses, but mitigating controls that are practical and cost effective may not be found based on the size, structure, and future existence of our organization.

Changes in internal controls over financial reporting

During the year ended December 31, 2013, 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. Subsequent to the close of the year, an additional independent director was added to help alleviate the material weakness identified above.

ITEM 9B - OTHER INFORMATION

None.

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PART III

ITEM 10 - DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

This section sets forth certain information with respect to the Company s current directors and executive officers, as well as information about appointments subsequent to the fiscal year ended December 31, 2013.

Directors and Executive Officers:

Name	Age	Office with the Company	Appointed to Office
Eric T. Jones	51	President, Chief Executive Officer, Director	Since 2006
E. James Collord	66	Chief Operating Officer, Director	Since 1978
Peter Parsley	52	Director	Resigned December 11,2014
Dr. Robin S. McRae	71	Director	Since 1978
Edward D. Fields	74	Director	Since March 2006
Douglas J. Glaspey	61	Director	Since June 2008
R. Llee Chapman	55	Director, Chairman of Audit Committee	Since January 2010

Background and experience:

Eric T. Jones has over 20 years of varied mining, financial and entrepreneurial experience. He has held project management positions for Hecla Mining at their Yellow Pine Mine, Stibnite, Idaho, and Environmental Manager at their Rosebud Mine, Lovelock, Nevada. For Dakota Mining, Mr. Jones was General Mine Manager for the Stibnite, Idaho gold heap leach operation in central Idaho. He was also engaged as a manager of a successful Boise, Idaho-based private investment fund during the period 1997-2002. Due to Mr. Jones s varied business experience, in 2006 the Board appointed him to the position of Secretary/Treasurer and Chief Financial Officer. In February 2008 Mr. Jones went to work for Thunder Mountain Gold, Inc. as Chief Financial Officer, and Vice President of Investor Relations. In 2011 Mr. Jones was appointed President and Chief Executive Officer.

E. James Collord has a MS degree in exploration geology from the Mackay School of Mines, University of Nevada, Reno (1980). He has been a mining professional for 37 years, employed in a variety of capacities, including mill construction superintendent, exploration geologist, mine construction and reclamation manager, and in environmental and lands management. During the period 1975 through 1997, Mr. Collard worked for Freeport Exploration where he worked with a successful exploration team that discovered several Nevada mines. Later in his Freeport career, he managed mining operations and lead permitting efforts. For the period 1997 through 2005, Mr. Collard was Environmental and Lands Superintendent at Cortez Gold Mines, a large Nevada mine that was a joint venture between Placer Dome and Kennecott Minerals. After retirement from Cortez, and until his employment by Thunder Mountain Gold, Inc. in April 2007, he managed the Elko offices for environmental and hydrogeologic consulting groups. He is the grandson of Daniel C. McRae, the original locator of the gold prospects in the Thunder Mountain Gold Mining District in the early 1900s.

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R. Llee Chapman was appointed as Director and Chairman of the Audit Committee on January 28, 2010, subsequent to the close of 2009. He is the former Regional Vice President for Newmont Mining Corporation   North America. His many years of mining experience also includes public company CFO level management in positions with Barrick Goldstrike Mines, Apollo Gold Inc., Knight Piesold & Co., Idaho General Mines (now General Moly). Mr. Chapman holds a Bachelor of Science degree in Accounting from Idaho State University, and is a licensed CPA in Idaho and Montana.

Dr. Robin S. McRae is a graduate of the Pacific College of Optometry and is a retired Boise 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 that the Registrant previously owned.

Edward D. Fields is a professional mineral resource geologist with over 40 years of experience. He was Manager of Mineral Resources for Boise Cascade Corporation (1983-1999), and was responsible for the discovery of a significant underground gold resource in Washington State. He also worked for Kennecott Copper Company at their Ok Tedi Mine in Papua New Guinea and as Chief Geologist for the Duval Corporation at the Battle Mountain, Nevada copper-gold mine. Mr. Fields has a MS degree in geology from the University of Wyoming.

Douglas J. Glaspey is currently President and Chief Operating Officer of U.S. Geothermal, Inc. Mr. Glaspey has 29 years of operating and management experience with experience in production management, planning and directing resource exploration programs, preparing feasibility studies and environmental permitting. He formed and served as an executive officer of several private resources companies in the U.S., including Drumlummon Gold Mines Corporation and Black Diamond Corporation. He holds a BS degree in Mineral Processing and an Associate of Science in Engineering Science.

Directorships in reporting companies:

Doug Glaspey is the only directors of the Registrant that is a director of another corporation subject to the requirements of Section 12 or Section 15(d) of the Exchange Act of 1934.

Significant Employees:

Jim Collord commenced working for the Company in April 2007 when work on evaluation of South Mountain intensified. Eric T. Jones became an employee in February 2008. Both Jim Collord and Eric T. Jones voluntarily reduced their salaries to $1 per month during the early part of 2012 until the financial strength of the Company improved about November of 2012. Jim Collard and Eric Jones again suspended their salaries in July of 2013, so the company can secure financial footing.

Family Relationships:

Dr. Robin S. McRae is the cousin of E. James Collord, the President of the Registrant. Both are grandsons of the original locator of the Thunder Mountain Mining District, Valley County, Idaho.

Involvement in Certain Legal Proceedings:

None of the officers and directors of the Registrant have been involved in any bankruptcy, insolvency, or receivership proceedings as an individual or member of any partnership or corporation; none have ever been convicted in a criminal proceeding or is the subject of a criminal proceeding presently pending. None have 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 an 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 have 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.

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Section 16(a) Beneficial Ownership Reporting Compliance:

Section 16(a) of the Securities Exchange Act of 1934 requires the Company s directors and executive officers and persons who beneficially owns more than ten percent of a registered class of the Company s equity securities to file with the SEC initial reports of ownership and reports of change in ownership of common stock and other equity securities of the Company. Officers, directors and greater than ten percent shareholders are required by SEC regulations to furnish the Company with copies of all Section 16(a) forms they file. To our knowledge, no persons failed to file on a timely basis, the identified reports required by Section 16(a) of the Exchange Act during fiscal year ended December 31, 2013.

Audit Committee:

The Company s Board of Directors is responsible for the oversight and management of the Company. On January 28, 2010, an Audit Committee was designated from members of the Board and consists of R. Llee Chapman as Chairman, with Douglas Glaspey and Edward Fields as independent members of the committee. The Board of Directors has specified Mr. Chapman as its "financial expert".

Compensation Committee:

There is currently no Compensation Committee of the Board of Directors. Compensation of employees is reviewed and approved by the Board.

Code of Ethics:

The Board of Directors has formally adopted a Code of Ethics in 2010. This Code of Ethics is published on the Company`s website.

Indemnification of Directors and Officers:

The Company s By-Laws address indemnification of Directors and Officers. Nevada law provides that Nevada corporations may include within their articles of incorporation provisions eliminating or limiting the personal liability of their directors and officers in shareholder actions brought to obtain damages for alleged breaches of fiduciary duties, as long as the alleged acts or omissions did not involve intentional misconduct, fraud, a knowing violation of law or payment of dividends in violation of the Nevada statutes. Nevada law also allows Nevada corporations to include in their Articles of Incorporation or Bylaws provisions to the effect that expenses of officers and directors incurred in defending a civil or criminal action must be paid by the corporation as they are incurred, subject to an undertaking on behalf of the officer or director that he or she will repay such expenses if it is ultimately determined by a court of competent jurisdiction that such officer or director is not entitled to be indemnified by the corporation because such officer or director did not act in good faith and in a manner reasonably believed to be in or not opposed to the best interests of the corporation.

The Company s Articles of Incorporation provide that a director or officer is not personally liable to the Company or its shareholders for damages for any breach of fiduciary duty as a director or officer, except for liability for: (i) acts or omissions which involve intentional misconduct, fraud or a knowing violation of law, or (ii) the payment of distributions in violation of Nevada Revised Statutes, §78.300. In addition, Nevada Revised Statutes §78.751 and Article VII of the Company s Bylaws, under certain circumstances, provide for the indemnification of the officers and directors of the Company against liabilities which they may incur in such capacities.

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ITEM 11 - EXECUTIVE COMPENSATION

Jim Collord voluntarily reduced his salary to $12,000 per year commencing in June 2008 which continued throughout 2009 to maximize financial resources available for exploration efforts. His salary was reinstated at rate of 60,000 per year from January to August 2010. In early 2011, Mr. Collord voluntarily reduced his salary to $1/month until November of 2012, when the financial condition of the Company improved. Mr. Collard again decided to suspend his salary in July of 2013 until the company became financially secure.

Eric Jones commenced working for the Company in February 2008 at a 75% of a full-time rate of $100,000 per year, or $75,000 per year which was further reduced to a temporary rate of $12,000 per year starting June 1, 2009 through September 30, 2009. His salary was returned to the 100% full-time rate of $100,000 starting in October 2009. In September 2010 his salary was increased to $110,000 per year. In early 2011, Mr. Jones also voluntarily reduced his salary to $1/month until November 2012 when the financial condition of the Company improved. Mr. Jones voluntarily suspended his salary in July of 2013, until the company became financially able to pay him.

Pete Parsley discontinued his full-time position as Vice President and Exploration Manager during 2012, but remained on the board of the Company, until he resigned on December 11, 2013.

On August 24, 2010 the Board approved, subject to Shareholder approval of its SIP, a grant of 2.0 million options under the SIP to Directors, Executive Officers and other non-employees consultants. The options have a strike price of $0.27. The option certificates will reflect the actual date of the SIP by shareholders, which was July 17, 2011.

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

Summary Compensation Table

Compensation to directors also included reimbursement of out-of-pocket expenses that are incurred in connection with the Directors duties associated with the Company's business. There is currently no other compensation arrangements for the Company s Directors. The following table provides certain summary information for the fiscal year ended December 31, 2013 and 2012 concerning compensation awarded to, earned by or paid to our Chief Executive Officer, Chief Financial Officer and three other highest paid executive officers, including the Directors of the Company:

Name & Position	**Year**	**Salary (US$)**	**Bonus (US$)**	**Stock Awards (US$)**	**Option Awards (US$)**	**Non-Equity Incentive Plan Compen-sation (US$)**	**Change in Pension Value & Non-Qualified Deferred Compensation Earnings (US$)**	**All Other Compensation/ Directors Fee (US$)**	**Total (US$)**
Jim Collord,	2013	$36,510	-	-	18,000	-	-	-	$54,510
Vice President/COO	2012	$11,002	$16,498	-	-	-	-	-	$27,500
Eric T. Jones,	2013	$29,966		-	18,000	-	-	-	$47,966
President & CEO	2012	$26,337	$28,663	-	-	-	-	-	$55,000
Pete Parsley,	2013	-	-	-	9,000	-	-	-	9,000
Director	2012	$23,542	-	-	-	-	-	-	$23,542
Doug Glaspey	2013	-	-	-	9,000	-	-	-	9,000
Director	2012	-	-	-	-	-	-	-	-
Robin S. McRae,	2013	-	-	-	9,000	-	-	-	9,000
Director	2012	-	-	-	-	-	-	-	-
Edward Field,	2013	-	-	-	9,000	-	-	-	9,000
Director	2012	-	-	-	-	-	-	-	-
R. Llee Chapman	2013	-	-	-	9,000	-	-	-	9,000
Director	2012	-	-	$24,000	-	-	-	-	$24,000

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

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Exercise of Options:

There were no stock options exercised by executives or directors in 2013.

Long-term Incentives:

On July 17, 2011, the shareholders approved a Stock Incentive Plan (the SIP). The SIP will be administered by the Compensation Committee or Board of Directors and provides for the grant of stock options, incentive stock options, stock appreciation rights, restricted stock awards, and incentive awards to eligible individuals including directors, executive officers and advisors that have furnished bona fide services to the Company not related to the sale of securities in a capital-raising transaction.

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

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

Employment Contracts:

During 2013, there were two paid Company employees - Eric Jones and Jim Collord. They were employed per resolution of the Board and other than a monthly salary, plus normal burden, there are no other contractual understandings in the resolutions. Each is reimbursed for the use of personal office equipment and phones, and Jim and Eric are reimbursed for health insurance and related costs up to a set maximum amount.

2013 Share-Based Payments:

The Thunder Mountain Gold Inc. shareholders granted 2 million options to officers, directors and outside consultants in July 2011. Since the shareholders approved the SIP, the Company will recognize stock compensation expense equal to the fair value of the options granted on the date of approval. No retirement benefit, bonus, stock option or other remuneration plans are in effect with respect to the Company s officers and directors.

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

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Employment Contracts and Termination of Employment or Change of Control

We have no plans or arrangements in respect of remuneration received or that may be received by our executive officers to compensate such officers in the event of termination of employment (as a result of resignation or retirement) or change of control transaction.

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

The following table sets forth certain information regarding the beneficial ownership of shares of the Company s common stock as of December 31, 2013 by:

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the Company s named executive officers;

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the Company s directors;

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all of the Company s executive officers and directors as a group; and each person who is known to beneficially own more than 5% of the Company s issued and outstanding shares of common stock.

Name of Shareholder	**Amount and Nature of Beneficial Ownership**	**Percent of Class(1)**
Directors and Executive Officers		
E. James Collord	1,703,200(2)(3)	5.4%
Eric T. Jones	2,180,508(2)	6.9%
G. Peter Parsley	581,962(2)	1.9%
Robin S. McRae	439,307(2)	1.4%
Edward Fields	142,393(2)	0.5%

Doug Glaspey	150,000(2)	0.5%
R. Llee Chapman	361,800(2)	1.2%
All current executive officers and directors as a group	5,559,170	17.8%
5% or greater shareholders not insiders		
None	-	-

(1) Based on 31,467,549 shares of common stock issued and outstanding as of December 31, 2013.

(2) Sole voting and investment power.

(3) Includes 50,000 shares held in trust for Mr. Collord s son, Jerritt Collord.

As of December 31, 2013, the number of shares of common stock that can be sold by officers, directors, principal shareholders, and others pursuant to Rule 144 was 5,559,170. As a condition to our listing on the TSX-V in 2010, our officers and directors were required to deposit their common stock totaling 4,799,239 shares, into an escrow account with Computershare Investor Services, Inc. Those escrowed shares were subject to the TSX-V s Tier 1 escrow requirement at that time. Those requirements provide for an 18 month escrow release mechanism with 25% of the escrowed securities being released on September 24, 2010 (the date our common shares commenced trading on the TSX-V), and 25% of the escrowed securities to be released every 6 months thereafter. As of December 31, 2013, all of the escrowed shares have been released back to the officers and directors.

Changes in Control:

The Board of Directors is aware of no circumstances which may result in a change of control of the Company.

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ITEM 13 - CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

Transactions with Management and Others:

During the year ended December 31, 2013, we had the following transactions with related parties:

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. Principal and interest were due in full on November 30, 2013. In July 2013, a Company vehicle with no book value was transferred to Mr. Collord in agreed-upon 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. At December 31, 2013 the Company had accrued interest of $1,500 payable to Mr. Collord.

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.

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

Certain Business Relationships:

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

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.

Directors Stock Purchases

There were no Directors stock purchases during 2013.

Stock transactions for directors and officers were reported on Form 4 and are available on the SEC website.

Director Independence

Douglas Glaspey, Llee Chapman, and Edward Fields are independent non-employee members of the Board of Directors, as defined in FINRA Marketplace Rule 4200.

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ITEM 14 - PRINCIPAL ACCOUNTING FEES AND SERVICES

Audit and Non-Audit Fees

The following table presents fees billed to the Company relating to the audit of the Financial Statements at December 31, 2013, as provided by DeCoria, Maichel and Teague, P.S. We expect that DeCoria, Maichel and Teague, P.S. will serve as our auditors for fiscal year 2014.

Year Ended	December 31, 2013	December 31, 2012
Audit fees (1)	$47,338	$49,453
Audit-related fees (2)	-	-
Tax fees (3)	5,570	-
All other fees (4)	-	-
Total Fees	$52,908	$49,453

(1) Audit fees consist of fees billed for professional services provided in connection with the audit of the Company s financial statements, and assistance with reviews of documents filed with the SEC.

(2) Audit-related fees consist of assurance and related services that include, but are not limited to, internal control reviews, attest services not required by statute or regulation and consultation concerning financial accounting and reporting standards.

(3) Tax fees consist of the aggregate fees billed for professional services for tax

compliance, tax advice, and tax planning. These services include preparation of federal income tax returns.

(4) All other fees consist of fees billed for products and services other than the services reported above.

The Company s Board of Directors reviewed the audit services rendered by DeCoria, Maichel and Teague, P.S. and concluded that such services were compatible with maintaining the auditors independence. All audit, non-audit, tax services, and other services performed by the independent accountants are pre-approved by the Board of Directors to assure that such services do not impair the auditors independence from the Company. The Company does not use DeCoria, Maichel and Teague, P.S. for financial information system design and implementation. We do not engage DeCoria, Maichel and Teague, P.S to provide compliance outsourcing services.

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PART IV

ITEM 15 EXHIBITS, FINANCIAL STATEMENT SCHEDULES

Documents filed as part of this report on Form 10-K or incorporated by reference:

(1)

Our financial statements can be found in Item 8 of this report.

(2)

Financial Statement Schedules (omitted because they are either not required, are not applicable, or the required information is disclosed in the notes to the financial statements or related notes).

(3)

The following exhibits are filed with this Annual Report on Form 10-K or incorporated by reference:

EXHIBITS

Exhibit Number	**Description of Exhibits**
3.1*	Articles of Incorporation of Montgomery Mines Inc, October 30, 1935
3.2*	Articles of Amendment, Montgomery Mines Inc., April 12, 1948
3.3*	Articles of Amendment, Montgomery Mines Inc., February 6, 1970
3.4*	Articles of Amendment, Montgomery Mines Inc., April 10, 1978
3.5*	Articles of Amendment, Thunder Mountain Gold, August 26, 1985
3.6*	Articles of Amendment, Thunder Mountain Gold, October 17, 1985
3.7*	Articles of Incorporation, Thunder Mountain Gold Inc. (Nevada), December 11, 2007
3.8*	Bylaws, Montgomery Mines Inc.
3.9*	Bylaws, Thunder Mountain Gold Inc. (Nevada)
10.1*	Agreement and Plan of Merger, Thunder Mountain Gold (Nevada)
21.1**	Subsidiaries of the Registrant
31.1**	Certification of Chief Executive Officer of Periodic Report pursuant to Rule 13a-14(a) and Rule 15d-14(a)(Section 302 of the Sarbanes- Oxley Act of 2002).
31.2**	

	Certification of Chief Financial Officer of Periodic Report pursuant to Rule 13a-14(a) and Rule 15d-14(a)(Section 302 of the Sarbanes- Oxley Act of 2002).
32.1**	Certificate of Principal Executive Officer pursuant to 18 U.S.C. 1350 (Section 906 of the Sarbanes-Oxley Act of 2002).
32.2**	Certificate of Principal Financial Officer pursuant to 18 U.S.C. 1350 (Section 906 of the Sarbanes-Oxley Act of 2002).
101***	The following financial information from our Annual Report on Form 10-K for the year ended December 31, 2013 formatted in Extensible Business Reporting Language (XBRL): (i) the Balance Sheets, (ii) the Statements of Operations, (iii) the Statements of Cash Flows, and (iv) Notes to Financial Statements

* Previously filed as an exhibit to Form 10-KSB, filed on April 16, 2008, SEC File No. 001-08429.

** Filed herewith.

*** In accordance with Rule 406T of Regulation S-T, the XBRL information in Exhibit 101 to this annual report on Form 10-K 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.

DOCUMENTS INCORPORATED BY REFERENCE

None

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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 of the undersigned, thereunto duly authorized.

THUNDER MOUNTAIN GOLD, INC.

By /s/ Eric T. Jones______________________

Eric T. Jones

President, Director and Chief Executive Officer

Date: April 7, 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: April 7, 2014

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