

THUNDER MOUNTAIN GOLD INC
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SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-KSB

(Mark One)

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

For the fiscal year ended December 31, 2007

OR

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

For the transition period from _____ to _____

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The aggregate market value of the voting stock held by non-affiliates of the Registrant as of March 31, 2008 was \$2,743,800. This figure is based on estimated bid price as of March 31, 2008 of \$0.30 per share.

Issued and outstanding common capital stock as of March 31, 2008: 11,929,580 shares of common \$0.05 par value stock non-assessable.

Documents Incorporated by reference: Form 8-K, as filed on January 30, 2008; Form 8-K, dated December 14, 2007; Form 8-K dated September 27, 2007; Form 8-K dated June 11, 2007; Form 8-K dated June 4, 2007; Form 8-K dated May 1, 2007, and; Form 8-K dated February 21, 2007. See Item 13, page 43.

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

THUNDER MOUNTAIN GOLD, INC.

Form 10-KSB

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PART I

Cautionary Statement about Forward-Looking Statements

This Annual Report on Form 10-KSB 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-KSB 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;

Business strategies and development of our Operational Plans, and;

Forward-looking statements also typically include words such as anticipate, estimate, expect, potential, could or similar words suggesting future outcomes. These statements are based on certain assumptions and analyses made by us in light of our experience and our perception of historical trends, current conditions, expected future developments and other factors we believe are appropriate in the circumstances. Such statements are subject to a number of assumptions, risks and uncertainties, including such factors as the volatility and level of metal prices, uncertainties in cash flow, expected acquisition benefits, exploration, mining and operating risks, competition, litigation, environmental matters, the potential impact of government regulations, many of which are beyond our control.

Readers are cautioned that forward-looking statements are not guarantees of future performance and actual results or developments may differ materially from those expressed or implied in the forward-looking statements.

Except as required by law, we undertake no obligation to revise or update publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

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. That group 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. In August 1985, the Company's shareholders approved an increase in the authorized common stock, \$0.05 par value, from 7,500,000 shares to 12,000,000 shares.

Change in Status

The Company has recently moved its status from Idaho to Nevada. 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). 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 and 5,000,000 shares of preferred stock.

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 its operations.

Subsidiary Company

On May 21, 2007, the Company filed of articles of incorporation with the Secretary of State in Nevada for Thunder Mountain Resources, Inc., a wholly-owned subsidiary of Thunder Mountain Gold, Inc. G. Peter Parsley was appointed as President, Secretary, Treasurer and sole Director. 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. The *Stock Purchase Agreement* was previously filed as an Exhibit to a Form 8-K filed on June 11, 2007.

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-KSB and quarterly Forms 10-QSB 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.

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-KSB:

We have very limited income and resources and we expect losses to continue for at least the next three 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 forced to liquidate assets.

The Company 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, 2007, we had cash position of \$499,777. The Company is planning of raising additional funds in 2008 to meet our current operating and capital requirements for at least the next 12 months. 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, 2007 net cash used for operating activities was \$346,322, which includes \$83,609 for 2007 shareholder maintenance, accounting, auditing and filing. 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 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.

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)

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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, and 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 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. In upcoming years we will be required to have our independent registered public accounting firm test and evaluate the design and operating effectiveness of such internal controls and publicly attest to such evaluation. We have prepared an internal plan of action for compliance with the requirements of Section 404, have completed our effectiveness evaluation. Although we believe our internal controls are operating effectively, we cannot guarantee that we will not have any material weaknesses as reported by our independent registered public accounting firm. Compliance with the requirements of Section 404 is expected to be expensive and time-consuming. If we fail to complete this evaluation in a timely manner, or if our independent registered public accounting firm cannot attest to our evaluation, we could be subject to regulatory scrutiny and a loss of public confidence in our internal controls. 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 2 - DESCRIPTION OF PROPERTIES

The Company, including its subsidiaries, owns rights to claims and properties in for mining areas of Nevada and Idaho. None of the properties contain any known probable (indicated) or proven (measured) ore reserves under the definition of ore reserves that meet the definition of reserves as defined by SEC Industry Guide 7.

Thunder Mountain Gold

West Tonopah Claim Group, Esmeralda County, Nevada

Eight unpatented lode mining claims were staked by Thunder Mountain Gold, Inc. totaling approximately 160 acres located in the Tonopah Mining district of Esmeralda County, Nevada. The claims are located on what has been interpreted to be the offset portion of the West End and Ohio veins along the south limb of the West End Rhyolite intrusive dome. The target is projected to be 500 to 800 feet deep and could initially be tested by surface drilling. The typical veins historically mined in this area are projected to be 10-20 feet thick, with ore shoots up to 50 feet thick. Grades historically mined in the area were 15 to 20 ounces per ton (opt) silver and 0.15 to 0.20 opt gold. There is approximately 3,000 feet of relatively unexplored strike length and the veins could extend to depths of 2,000 feet.

During the period 1900 to 1952, the Tonopah District produced 174,153,600 ounces silver and 1,861,000 ounces of gold from 8,798,000 tons of ore for an average grade of approximately 20 opt silver and 0.21 opt gold.

Approximately 50% of this production came from what are called the *contact veins* in the western part of the district where the mineralization occurs near the contacts of the Mizpah Andesite and Tonopah Formation Rhyolite with the domed-shaped West End Rhyolite intrusive sill.

Clover Mountain Claim Group, Owyhee County, Idaho

Thunder Mountain Gold, Inc. staked the Clover Mountain claim group that consists of 40 unpatented lode mining claims totaling approximately 800 acres. 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. Mineralization appears to be associated with subtle 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.

Thunder Mountain Resources, Inc.

Stock Ownership in South Mountain Mines

Thunder Mountain Resources, Inc. completed the acquisition of 100% ownership of South Mountain Mines, Inc. on September 27, 2007.

Trout Creek Claim Group, Lander County, Nevada

A total of 58 lode mining claims were staked by Thunder Mountain Resources, Inc. on the Trout Creek target in the Reese River Valley area south of Battle Mountain, Lander County, Nevada. The target is defined by a regional gravity high-low flexure and also by a magnetic anomaly recently confirmed through ground magnetic survey initiated by the Company during the summer of 2007.

Notice was received early in 2008 by Thunder Mountain Resources, Inc. that a number of the TC claims had been located on a section of land on which the BLM did not control the mineral rights but had been subject to a split estate land exchange. This was not indicated on the map that the Company used to lay out the claim package. However, the Company believes the primary target is within the valid set of claims. Additional claims have been staked in the area to cover the identified target associated with a gravity and magnetic anomaly. A total of 60 claims are now controlled by the Company.

South Mountain Mines, Inc.

South Mountain Project, Owyhee County, Idaho

The sole asset of South Mountain Mines, Inc. consists of 17 patented mining claims, totaling approximately 326 acres, located in the South Mountain Mining District, Owyhee County, Idaho. In addition to the patented claim package, in 2007 the Company staked 14 additional unpatented claims in areas of favorable geology.

A four-month due diligence period prior to completing the acquisition allowed the Company to determine that there were no significant environmental issues associated with the South Mountain Mines properties. Extensive title work was also completed, and no breaks in the chain of title were discovered, including potential segregation of the surface and mineral ownership on any of the patented claims. Water rights history for the site was also researched.

Geologic work completed during the due diligence period included confirmation of the surface mapping and the collection of surface rock chip sampling in specific areas of interest. A limited ground magnetometer survey was undertaken over known and projected mineralized horizons, and sufficient information was gathered to warrant follow-up work.

A contractor opened the Laxey tunnel portal and secured the underground workings so that access could be gained for examination of the tunnel conditions and to conduct a limited verification sampling program. The tunnel and stopes were found to be in excellent condition with timbering required only in areas of the larger intrusive dikes. Access was gained to the back of the tunnel to the Texas stope area. A confirmatory and limited chip channel sampling program was conducted in areas of previous sampling programs done in the 1950s by Bunker Hill and others. A total of six samples were collected and analyzed by ALS Chemex lab in Elko, Nevada. The average of the six underground samples was 9.1% zinc, 11 opt silver, 2.15% copper, 1.5% lead and 0.011 opt gold.

In addition to the underground sampling, an approximate 500-ton lower-grade stockpile remaining from the floatation mill that operated in the 1950s was systematically sampled. The stockpile sample yielded values of 7.13% zinc, 2.0 opt silver, 0.058 opt gold, 0.3% lead and .35% copper. A second stockpile sampling program was undertaken on the estimated 750-ton stockpile of test ore mined by South Mountain Mines, Inc. during the 1980s. South Mountain Mines had previously segregated high

and low grade material, but had mixed them during reclamation work completed in 2006. A track-mounted backhoe was used to carefully sample and then reclaim the stockpile on one-foot increments, with the samples submitted to ALS Chemex in Elko, Nevada. The composite grade of the samples was 3.43 opt silver, 0.092 opt gold, 7.22% zinc, 0.30% copper and 1.3% lead.

The underground stockpile sampling confirmed the high-grade nature of precious and base metals associated with the South Mountain Mine. They are also backed up by the mined ore that was direct-shipped to a Utah smelter during the World War II era when underground mining yielded 53,653 tons of ore grading 10.6 opt silver, 0.058 opt gold, 14.5% zinc, 2.4% lead and 1.4% copper (based on smelter returns). In addition, the underground exploration work completed by South Mountain Mines, Inc. resulted in a feasibility study with a resource base of about 470,000 tons of ore grading 7.53 opt silver, 0.05 opt gold, 9.77% zinc, 0.94% copper and 1.4% copper. Shortly after completion of the feasibility study in 1986, South Mountain Mines, Inc. made the decision to place the property on care and maintenance and it remained so until the Company acquired it in 2007.

Late in the 2007 field season, the Bureau of Land Management (BLM) completed a reclamation project on the historic mill tailings located immediately adjacent to the Company's patented claims. There had been no significant environmental concerns associated with the estimated 20,000-ton tailings repository were identified by the Idaho Department of Environmental Quality study, or by water samples taken by South Mountain Mines or by Thunder Mountain Resources, the BLM contracted with North Wind to shape the tailings for drainage, then cover them with plastic liner, 18-inches of topsoil, reseed, fence and construct diversion ditches around the tailings area. The Company worked with the BLM to complete the work, and the approximate 2,500 cubic yards of topsoil was mined off of the Company's patented claims.

The Company is planning an extensive program for South Mountain Mines:

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During the first quarter of 2008, a contract was given to Kleinfelder, a consulting group with an office in Boise, Idaho and with 43-101 Qualified staff to complete both the compilation of historic data and a Technical Report.

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Up to 3,000 feet of core drilling will be initiated from the surface to intercept the downdip portions of the Texas and DMEA 2 zones.

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The Sonneman portal will be opened and the 2,500 +/- feet of tunnel rehabilitated so that underground sampling and mapping can be completed. Underground drilling may also be completed. Reports from representatives of South Mountain Mines, Inc. have indicated that the workings should be in excellent shape and a majority of ventilation pipe and electrical equipment was left in place after the shut down in 1986.

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Surface mapping and sampling will continue resulting in the potential acquisition of additional claims and property positions.

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Limited pre-feasibility work will commence and will, in part, evaluate the marketability of a concentrate from South Mountain. The work completed by South Mountain Mines, Inc. will be utilized to the extent applicable.

Location Map of South Mountain and Clover Mountain Projects

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 - SUBMISSION OF MATTERS TO VOTE ON SECURITY HOLDERS

The Company did not submit any matters for shareholder approval during the fourth quarter of the 2007 fiscal year.

PART II**ITEM 5 - MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS****Market Information:**

There is no established market for trading the common Stock of the company. The Common Stock is not regularly quoted in the automated quotation system of a registered securities system or association. The common stock of the Registrant is traded on the over-the-counter market operated by the Financial Industry Regulatory Authority (FINRA) (OTCBB) under the symbol THMG.OB . The "over-the-counter" quotations do not reflect inter-dealer prices, retail mark-ups, commissions or actual transactions.

The following table illustrates the average high/low price of the Common Stock for the last two (2) fiscal years 2006 and 2007:

PERIOD	HIGH	LOW
2006		
First Quarter	\$ 0.14	\$ 0.09
Second Quarter	\$ 0.15	\$ 0.11
Third Quarter	\$ 0.25	\$ 0.11
Fourth Quarter	\$ 0.20	\$ 0.10
2007		
First Quarter	\$ 0.43	\$ 0.16
Second Quarter	\$ 0.21	\$ 0.16
Third Quarter	\$ 0.25	\$ 0.11
Fourth Quarter	\$ 0.20	\$ 0.10

At March 31, 2008, the price per share quoted on the OTCBB was \$0.23.

Holders:

As of March 31, 2008 there were 2,013 shareholders of record of the Company's common stock, who collectively held 11,929,500 issued and outstanding shares of the Company's common Stock.

Dividends:

No dividends were paid by the Registrant in 2007 or 2006, 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.

Securities Authorized For Issuance under Equity Compensation Plans:

The Company does not maintain any form of Equity Compensation Plan. On February 1, 2007, a total of one million shares of Thunder Mountain Resources, Inc. were allocated for a Key Employee Stock Incentive Plan.

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

During 2007 the Company issued securities in transactions summarized below without registration of the securities under the Securities Act of 1933, as amended (the "1933 Act"). The Company believes that each transaction was exempt from the registration requirements of the Securities Act of 1933 by virtue of Section 4(2) thereof, Regulation D promulgated thereunder ("Regulation D"): On February 15, 2007, Thunder Mountain Gold, Inc. initiated a private offering of common stock to purchase, in the aggregate, 2,500,000 shares of common stock of Thunder Mountain Gold, Inc., par value \$0.05, at a price of \$0.05 per share. The offering was limited to Directors, Management, and key consultants for the Company. The offering was fully subscribed and the offering was closed on April 15, 2007. In conjunction with the private placement, the Company obtained a fairness opinion in connection with the offering. All shares purchased are restricted and all investors were required to sign a Shareholder Rights Agreement. The Agreement generally provides that common stock purchased cannot be sold until the agreement terminates. Generally, the Shareholder Rights Agreement terminates upon the occurrence of the earlier of: (i) the closing of a consolidation, merger, other reorganization, or similar transaction of the Company with or into any other entity or entities pursuant to which the Restricted Shareholders of the Company subsequent to the consolidation, merger, or other reorganization or similar transaction shall own less than fifty percent (50%) of the voting securities of the surviving entity; (ii) a sale, conveyance or disposition of all or substantially all of the assets of the Company; (iii) the effectuation of a transaction or series of related transactions in which more than fifty percent (50%) of the voting power of the corporation is disposed of to other than Restricted Shareholders; or (iv) thirty-six (36) months from the date of the Agreement. Upon termination of the Shareholder Rights Agreement, the Company agrees to bear all costs and expenses of transfer (excluding any income tax or commissions) including removal of any restrictive stock legend, issuance of new stock certificates, or legal opinions. The only transfers allowed are restricted to transfers occurring on the death of a purchaser or transfers to another purchaser in the offering. A total of \$125,000 was raised through the private placement, and there were no fees associated with the placement.

On July 20, 2007, a grant of 60,000 shares of Company stock was granted to Jerritt Collord, son of Jim Collord, President, in payment for part of his work to develop a computer-based database for the exploration data provided by South Mountain Mines, Inc. on the South Mountain Mine. Development of the database was critical in facilitating the decision to acquire South Mountain Mines, Inc. The grant was approved by Resolution of the Board, excluding Jim Collord.

On November 11, 2007 options granted in 2005 and 2006 were exercised by the following individuals:

Options

Total Shares

Individual

Exercised

Adjusted for Dilution

Proceeds to Company

Jim Collord

175,000

241,455

\$17,750

Pete Parsley

150,000

206,962

\$15,000

Ed Fields

30,000

41,383

\$ 3,300

Charles Cleveland

125,000

172,400

\$12,250

Bob Moe

30,000

41,393

\$ 9,500

Total Proceeds:

\$57,800

ITEM 6 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND PLAN OF OPERATION

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

Plan of Operation:

The financial condition of the Company was positive during 2007 and the metals commodity markets continued to be favorable during the year. Positive advances were made with the exploration program that resulted in the acquisition of South Mountain Mines, Inc. and the staking of the unpatented TC Claims in the prolific Eureka Battle Mountain gold trend in Nevada.

The Company's plan of operation for the next twelve months, subject to maintaining sufficient funds, is as follows:

During 2008 the Company is planning on focusing on advancing exploration work on their properties, with most of the focus being on their South Mountain Mine property. In addition, the Company will continue grass roots exploration efforts in Idaho, Nevada, Washington State and Arizona looking for geologically and geochemically favorable areas. The focus will remain on precious and base metals, and uranium.

At the Company's other properties (TC Claims, Clover Mountain and West Tonopah), continued evaluation of their geologic setting will continue. A minor rotary drill program at the favorable West Tonopah property may be undertaken, this dependent upon funding and drill rig availability. In order to focus efforts on South Mountain, potential joint venture partners may be sought for the other properties.

In order to facilitate the next phase of Company growth and exploration work, in February 2008 the Company hired Eric T. Jones on a part time basis as Chief Financial Office and Vice President, Investor Relations and Business Development. The Company also closed its Elko, Nevada and opened one in Boise, Idaho. This location is more appropriate to carry on the expanded work program on South Mountain, and is conveniently located for G. Peter Parsley, Vice President of Exploration for the Company and President of Thunder Mountain Resources, Inc., and Eric

T. Jones, both of whom live in Boise. Jim Collord, President, will work out of his home office in Elko as well as the Boise office.

Results of Operations

The Company had no operations in 2007 or 2006. The Company had no production from operations for 2007 or 2006. For 2007 and 2006, gross revenues were \$0. General and administrative costs in 2007 increased by \$221,759 over 2006, to \$354,988 as of December 31, 2007, primarily as a result of the expanded work required to fully evaluate the potential acquisition of all the outstanding stock of South Mountain Mines, Inc. The Company reported a net loss of \$392,709 (\$0.04 per share) in 2007, compared to a net loss of \$171,879 (\$0.02 per share) in 2006. Net loss per share was based on weighted average number of shares of 10,665,585 or the year ended December 31, 2007 and 8,056,394 for the year ended December 31, 2006.

Liquidity and Capital Resources:

At December 31, 2007, we had cash position of \$499,777. The Company is planning of raising additional funds in 2008 to meet our current operating and capital requirements for at least the next 12 months. 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, 2007 net cash used for operating activities was \$346,322, which includes \$83,609 for 2007 shareholder maintenance, accounting, auditing and filing. 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 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.

The Company has a positive cash-position and maintained its liquid assets in a Merrill Lynch Working Capital Management Account. The Company's cash and liquid assets are considered adequate to meet its current and near-term corporate obligations. With the funds received from the private placement (see below) and the exercise of options (\$57,800), expenses for 2007 and a portion of 2008 are adequate. In order to carry out the detailed expanded exploration work at South Mountain and other properties, the Company will be undertaking at least one additional private placement in mid-2008. With this, Management believes that its funds are sufficient to meet its exploration and corporate expenses incurred during the next 12 months.

The Company purchased minor equipment during 2007 that will be utilized for their future corporate and exploration efforts. Equipment purchased included small tools and a used small diesel generator for use at South Mountain.

Private Placement

On February 16, 2007 the Board initiated a private offering of 2.5 million shares the Company's common stock, par value \$0.05, at a price of \$0.05 per share. The offer was limited to Directors, Management and key consultants for the

Company. The price per share for the offering was established after receiving a fairness opinion from a third-party securities broker, Public Securities, Inc. of Spokane, WA. All stock purchased under the private offering will be subject to certain restrictions, specifically the purchasers will be restricted from selling or otherwise transferring the stock for a period of three years, unless and only in the case of a merger, consolidation of the Company, or sale or disposition of all assets of the Company. An 8-K was filed with the SEC regarding the private offering on February 21, 2007. The private offering was completed by March 16, 2007. A total of \$125,000 was raised from the private offering with no associated fees.

Critical Accounting Policies:

In December 2001, the SEC requested that registrants (under the Securities Exchange Act of 1934) list their three to five most critical accounting policies in the Management Discussion and Analysis. The SEC indicated that a critical accounting policy is one which is both important to the portrayal of a company's financial condition and results, and requires management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. We believe that the following accounting policies fit this definition:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make a variety of estimates and assumptions that affect (i) the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and (ii) the reported amounts of revenues and expenses during the reporting periods covered by the financial statements.

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. Our significant accounting policies are disclosed in Note 2 to the financial statements included in this Annual Report on Form 10-KSB/A.

We have identified our critical accounting policies, the application of which may materially affect the financial statements, either because of the significance of the financial 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:

Expenses and disclosures associated with accounting for stock-based compensation. As of January 1, 2006, we adopted Statement of Financial Accounting Standards No. 123 (revised 2004), Share-Based Payment (SFAS 123(R)), which requires the measurement of the cost of employee services received in exchange for an award of an equity instrument on the grant-date fair value of the award. We have chosen to use the modified prospective transition method under SFAS 123(R). We used the Black-Scholes option pricing model to estimate the fair market value of

stock options issued under our stock-based compensation plan, which determines the recognition of associated compensation expense. This valuation model requires the use of judgment in applying assumptions of risk-free interest rate, stock price volatility and the expected life of the options. The appropriate judgment is required in the assumptions and estimates used in this valuation.

Estimates regarding income taxes. We have significant 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. In 2006, the Company paid \$503,514 in federal and state income tax for their 2005 income tax returns. The Company expects a refund of income tax in the amount of \$194,581 from operating loss carryback due to expenses incurred during 2007.

Other Information:

The Company had one full-time and one three-quarter time employees during the year ended December 31, 2007, and one full-time employee for the year ended December 31, 2006. A third employee, Eric Jones, was hired in mid-February 2008 on a three-quarter time basis.

Off Balance-Sheet Arrangements:

During the 12 months ended December 31, 2007 and 2006, 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.

ITEM 7 - FINANCIAL STATEMENTS AND SUPPLEMENTAL DATA

THUNDER MOUNTAIN GOLD, INC.

(An Exploration Stage Company)

AUDITED FINANCIAL STATEMENTS AND AUDITOR'S REPORT

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and

Stockholders of Thunder Mountain Gold, Inc.

(An Exploration Stage Company)

We have audited the accompanying consolidated balance sheets of Thunder Mountain Gold, Inc. (An Exploration Stage Company) (the Company) as of December 31, 2007 and 2006, and the related consolidated statements of operations, changes in stockholders' equity (deficit) and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Thunder Mountain Gold, Inc. as of December 31, 2007 and 2006, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

DeCoria, Maichel & Teague P.S.

Spokane, Washington

April 12, 2008

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THUNDER MOUNTAIN GOLD, INC.

(An Exploration Stage Company)

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2007 AND 2006

	2007	2006
ASSETS		
Cash and cash equivalents	\$ 499,777	\$ 1,054,927
Prepaid expenses	2,987	1,544
Federal and state income tax refunds receivable	194,581	107,439
 Total Current Assets	 697,345	 1,163,910
 Investments (Non-current)	 1,565	 1,565
 PROPERTY AND EQUIPMENT		
South Mountain Mines property	357,497	-
Automotive	71,085	47,186
Office equipment	13,563	4,581
Mining equipment	1,250	-
 Total Property and Equipment	 443,395	 51,767
 Less: Accumulated depreciation	 33,701	 19,986
 Net Property and Equipment	 409,694	 31,781

Total Assets	\$	1,108,604	\$	1,197,256
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See Notes to Consolidated Financial Statements.

THUNDER MOUNTAIN GOLD, INC.

(An Exploration Stage Company)

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2007 AND 2006

	2007	2006
LIABILITIES AND STOCKHOLDERS EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 15,358	\$ 8,035
Total Current Liabilities	15,358	8,035
STOCKHOLDERS EQUITY		
Common stock, \$0.05 par value; 12,000,000 shares authorized; 11,929,580 and 8,069,327 shares issued and outstanding, respectively	596,479	403,466
Additional paid-in capital	422,728	319,007
Less: 11,700 shares of treasury stock, at cost	(24,200)	(24,200)
Accumulated other comprehensive income	485	485
Retained deficit	(212,793)	(212,793)
Retained earnings accumulated during the exploration stage (1991 through 2007)	310,547	703,256

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Total Stockholders Equity	1,093,246	1,189,221
Total Liabilities and Stockholders Equity	\$ 1,108,604	\$ 1,197,256

See Notes to Consolidated Financial Statements.

THUNDER MOUNTAIN GOLD, INC.

(An Exploration Stage Company)

CONSOLIDATED STATEMENTS OF OPERATIONS

AND COMPREHENSIVE INCOME (LOSS)

FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

AND FROM THE PERIOD OF EXPLORATION STAGE FROM 1991 THROUGH 2007

	2007	2006	During Exploration Stage (1991 Through 2007)
INCOME			
Royalties	\$ -	\$ -	\$ 328,500
EXPENSES			
Exploration	83,250	23,905	679,212
Depreciation and depletion	13,715	10,099	69,971
Directors' fees and professional services	51,300	76,565	629,045
Legal and accounting	101,471	72,982	352,267
Management and administrative	354,988	133,229	741,337
Total Expenses	604,724	316,780	2,471,832
(LOSS) FROM OPERATIONS	(604,724)	(316,780)	(2,143,332)
OTHER INCOME			
Gain on sale of property and mining claims	-	-	2,576,112
Interest and dividend income	27,277	37,462	275,643
Interest expense	-	-	(27,706)
Gain on sale of securities	-	-	166,116
Adjustments for impairment of investments	-	-	