

THUNDER MOUNTAIN GOLD INC  
Form 10-Q  
November 14, 2008

OMB APPROVAL

OMB Number: 3235-0416

Expires: April 30, 2009

Estimated average burden

hours per response 182.00

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM 10-Q**

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

For the quarterly period ended September 30, 2008

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 91-1031075  
(State or other jurisdiction of (IRS identification  
incorporation or organization) No.)

1239 Parkview Drive  
Elko, Nevada 89801  
(775) 738-9826

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

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

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

Number of shares of issuer's common stock outstanding at November 14, 2008: 14,752,880

SEC 2334 (9-05) Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.



TABLE OF CONTENTS

**PART I FINANCIAL INFORMATION**

Item 1: Financial Statements

Consolidated Balance Sheets, September 30, 2008 and December 31, 2007 3

Consolidated Statements of Operations for the three and nine-month periods ended  
September 30, 2008 and 2007 and for the exploration stage from 1991 through September 30, 2008 4

Consolidated Statements of Cash Flows for the nine months ended September 30, 2008 and  
2007 and  
for the exploration stage from 1991 through September 30, 2008 5

Notes to Financial Statements 7

Item 2: Management's Discussion and Analysis of Financial Condition and Results of Operations 11

Item 3: Quantitative and Qualitative Disclosures About Market Risk 14

Item 4T: Controls and Procedures 14

**PART II OTHER INFORMATION**

Item 1: Legal Proceedings 16

Item 2: Unregistered Sales of Equity Securities and Use of Proceeds 16

Item 5. Other Information 16

Item 6: Exhibits 16

Signatures

17

2

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**Item 1. Financial Statements****Thunder Mountain Gold, Inc.***(An Exploration Stage Company)***Consolidated Balance Sheets***September 30, 2008 and December 31, 2007*

	(unaudited)	
	September 30, 2008	December 31, 2007
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 598,561	\$ 499,777
Prepaid expenses and other assets	38,757	2,987
Federal and state income tax refunds receivable		194,581
Total current assets	637,318	697,345
Investments	1,565	1,565
Property, plant, equipment, and mining claims:		
South Mountain Mines property	357,496	357,497
Equipment, net of accumulated depreciation	63,093	52,197
Total property, plant, equipment and mining claims	420,589	409,694
<b>Total assets</b>	<b>\$ 1,059,472</b>	<b>\$ 1,108,604</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 90,167	\$ 15,358
Total current liabilities	90,167	15,358
Stockholders' equity:		
Preferred stock; \$0.0001 par value, 5,000,000 shares authorized; no shares issued or outstanding	-	-
Common stock; \$0.05 par value, 12,000,000 shares authorized; 0 and 11,929,580 issued and outstanding, respectively	-	596,479
Common stock; \$0.001 par value; 200,000,000 shares authorized; 14,752,880 and 0 issued and outstanding, respectively	14,753	-
Additional paid-in capital	1,558,504	422,728

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Less: 11,700 shares of treasury stock, at cost	(24,200)	(24,200)
Accumulated other comprehensive income	485	485
Deficit accumulated prior to 1991	(212,793)	(212,793)
Retained earnings (deficit) during the exploration stage	(367,444)	310,547
Total stockholders' equity	969,305	1,093,246
<b>Total liabilities and stockholders' equity</b>	<b>\$ 1,059,472</b>	<b>\$ 1,108,604</b>

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

**Thunder Mountain Gold,  
Inc.**

*(An Exploration Stage  
Company)*

**Consolidated Statements of  
Operations**

*(unaudited)*

	Three Months Ended September 30,		Nine Months Ended September 30,		During Exploration Stage 1991 Through September 30,
	2008	2007	2008	2007	2008
Revenue:					
Royalties, net	\$ -	\$ -	\$ -	\$ -	\$ 328,500
Total revenue	-	-	-	-	328,500
Expenses:					
Exploration expense	161,450	32,513	209,874	65,817	889,086
Legal and accounting	56,783	10,948	118,906	74,085	471,173
Management and administrative	81,704	74,841	337,918	178,485	1,079,255
Directors' fees and Professional services	-	15,450	2,646	37,950	631,691
Depreciation (and depletion)	5,241	3,475	14,779	10,090	84,750
Total expenses	305,178	137,227	684,123	366,427	3,155,955
Other income (expense):					
Gain on sale of property & mining claims	-	-	-	-	2,576,112
Interest and dividend income	2,841	6,508	6,133	22,990	281,776
Interest expense	-	-	-	-	(27,706)
Gain on sale of securities	-	-	-	-	166,116
	-	-	-	-	(51,255)

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Adjustments for impairments of investments					
Total other income (expense)	2,841	6,508	6,133	22,990	2,945,043
Net income (loss) before income taxes	\$ (302,337)	\$ (130,719)	\$ (677,990)	\$ (343,437)	\$ 117,588
(Provision) Benefit for income taxes		52,941		139,062	(211,337)
Net loss	(302,337)	(77,778)	(677,990)	(204,375)	(93,749)
Treasury stock cancelled	-	-	-	-	(273,695)
Deficit accumulated during exploration stage					(367,444)
Other comprehensive income, net of tax	-	-	-	-	485
<b>Comprehensive income (loss)</b>	<b>\$ (302,337)</b>	<b>\$ (77,778)</b>	<b>\$ (677,990)</b>	<b>\$ (204,375)</b>	<b>\$ (366,959)</b>
Net loss per common share	\$ (0.02)	\$ (0.01)	\$ (0.05)	(0.02)	
Weighted average common shares outstanding-basic	13,577,107	11,105,236	13,431,811	10,457,554	

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



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

	Nine Months Ended		During Exploration Stage
	September 30,		1991
	2008	2007	Through September 30, 2008
Cash flows from operating activities:			
Net loss	\$ (677,990)	\$ (204,375)	\$ (93,749)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and depletion	14,779	10,090	84,750
Common stock, warrants, and options issued for services	20,200	2,800	136,354
Amortization of directors' fees prepaid with common stock	-	35,150	53,400
Gain on sale of mining claims	-	-	(2,576,112)
Gain on sale of other assets	-	-	(160,441)
Impairment loss on securities	-	-	51,255
Change in:			
Prepaid expenses	(35,770)	(2,285)	(38,757)
Federal and state income tax refunds receivable	194,581	(49,066)	-
Accounts payable	74,810	28,672	75,600
Receivables	-	-	124,955
Net cash used in operating activities	(409,390)	(179,014)	(2,342,745)
Cash flows from investing activities:			
Proceeds from sale of property and mining claims	-	-	5,500,000
Purchase of Dewey Mining Co. mining claims	-	-	(2,923,888)
Purchase of investments	-	-	(354,530)
Purchase of South Mountain Mines	-	(332,931)	(357,497)
Purchase of equipment	(13,826)	(32,628)	(168,578)
Proceeds from disposition of investments	-	-	642,645
Proceeds from disposition of equipment	-	-	49,310
Net cash (used in) provided by investing activities	(13,826)	(365,559)	2,387,462

Cash flows from financing activities:

Proceeds from sale of common stock, net	522,000	125,000	707,000
Proceeds from exercise of stock options	-	-	57,800
Acquisition of treasury stock	-	-	(376,755)
Borrowing on related party note payable	-	-	241,500
Payments on related party note payable	-	-	(241,500)
Borrowing on line-of-credit	-	-	188,821
Repayments on line-of-credit	-	-	(188,821)
Net cash provided by financing activities	522,000	125,000	388,045
Net increase (decrease) in cash and cash equivalents	98,784	(419,573)	432,762
Cash and cash equivalents, beginning of period	499,777	1,054,927	165,799
<b>Cash and cash equivalents, end of period</b>	<b>\$ 598,561</b>	<b>\$ 635,354</b>	<b>\$ 598,561</b>

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

**Thunder Mountain Gold, Inc.**

*(An Exploration Stage Company)*

**Consolidated Statements of Cash Flows Continued**  
(unaudited)

	Nine Months Ended September 30,		During Exploration Stage 1991 Through September 30,
	2008	2007	2008
<i>(Supplemental disclosures of cash flow information)</i>			
Non-cash investing and financing activities:			
Stock issued to acquire equipment from related party	\$ 11,850	\$ -	\$ 11,850
Stock issued for mining contract	\$ -	\$ -	\$ 50,000
Stock issued for payment of accounts payable	\$ -	\$ -	\$ 29,250
Stock issued for directors and consultants fees	\$ -	\$ 50,600	\$ 53,400

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



THUNDER MOUNTAIN GOLD, INC.

(An Exploration Stage Company)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**1. Basis of Presentation**

The unaudited financial statements have been prepared by the Company in accordance with accounting principles generally accepted in the United States of America for interim financial information, as well as the instructions to Form 10-Q. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. In the opinion of the Company's management, all adjustments (consisting of only normal recurring accruals) considered necessary for a fair presentation of the interim financial statements have been included. Operating results for the three-month or nine-month periods ended September 30, 2008, are not necessarily indicative of the results that may be expected for the full year ending December 31, 2008.

For further information refer to the financial statements and footnotes thereto in the Company's Annual Report on Form 10-KSB for the year ended December 31, 2007.

Net Loss Per Share

Statement of Financial Accounting Standards No. 128, Earnings per Share, requires dual presentation of basic earnings per share (EPS) and diluted EPS on the face of all income statements issued after December 15, 1997, for all entities with complex capital structures. Basic EPS is computed as net income divided by the weighted average number of common shares outstanding for the period. Diluted EPS reflects the potential dilution that could occur from common shares issuable through stock options, warrants, and other convertible securities. For the periods ended September 30, 2008 and 2007, the effect of the Company's outstanding options and common stock equivalents would have been anti-dilutive. Accordingly, only basic EPS is presented. At September 30, 2008, the Company had 155,000 stock options and 2,875,000 warrants outstanding and a commitment to issue 10,000 additional warrants, that if exercised would be dilutive in a future period if the Company reports net income.

**2. Description of Business**

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, Valley County, Idaho. Thunder Mountain Gold, Inc. takes its name from the Thunder Mountain Mining District in Valley County, Idaho, where its principal lode mining claims were located. In recent years the Company's activities have been restricted to maintaining its property position and exploration activities. During 2005, the Company sold its holdings in Idaho, and continued its exploration activities. During 2007, the Company acquired the South Mountain Mines property in Southern Idaho.

### **3. New Accounting Pronouncements**

#### Recent Accounting Pronouncements

Effective January 1, 2008, we adopted the provisions of SFAS No. 157, "Fair Value Measurements", for our financial assets and financial liabilities without a material effect on our results of operations and financial position. The effective date of SFAS No. 157 for non-financial assets and non-financial liabilities has been deferred by FSP 157-2 to fiscal years beginning after November 15, 2008, and we do not anticipate the impact of adopting SFAS 157 for non-financial assets and non-financial liabilities to have a material impact on our results of operations and financial position.

THUNDER MOUNTAIN GOLD, INC.

(An Exploration Stage Company)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**3. New Accounting Pronouncements, Continued**

SFAS No. 157 expands disclosure requirements to include the following information for each major category of assets and liabilities that are measured at fair value on a recurring basis:

The fair value measurement;

a.

The level within the fair value hierarchy in which the fair value measurements in their entirety fall, segregating fair value measurements using quoted prices in active markets for identical assets or liabilities (Level 1), significant other observable inputs (Level 2), and significant unobservable inputs (Level 3);

b.

For fair value measurements using significant unobservable inputs (Level 3), a reconciliation of the beginning and ending balances, separately presenting changes during the period attributable to the following:

1.

Total gains or losses for the period (realized and unrealized), segregating those gains or losses included in earnings (or changes in net assets), and a description of where those gains or losses included in earnings (or changes in net assets) are reported in the statement of operations;

2.

The amount of these gains or losses attributable to the change in unrealized gains or losses relating to those assets and liabilities still held at the reporting period date and a description of where those unrealized gains or losses are reported;

3.

Purchases, sales, issuances, and settlements (net); and

4.

Transfers in and/or out of Level 3.

At September 30, 2008, the Company has no financial assets or liabilities that are measured at fair value on a recurring basis.

In February 2007, the FASB issued SFAS 159, *The Fair Value Option for Financial Assets and Financial Liabilities*, which is effective for fiscal years beginning after November 15, 2007. The purpose of this statement is to permit entities to measure many financial instruments and certain other items at fair market value that are not currently required to be measured at fair market value. This statement also establishes presentation and disclosure requirements designed to facilitate comparisons between entities that choose different measurement attributes for similar types of assets and liabilities. The Company adopted SFAS 159, effective January 1, 2008. There was no impact to the Company's financial statements upon adoption.

In December 2007, the FASB issued SFAS 160, *Non-controlling Interests in Consolidated Financial Statements*, which is effective for fiscal years beginning after December 15, 2008. The Company is in the process of reviewing and evaluating SFAS 160, but does not believe that its adoption will have a material effect on the financial statements.

On March 19, 2008 the FASB issued SFAS No. 161, *Disclosures about Derivative Instruments and Hedging Activities* ( SFAS 161 ). SFAS 161 requires disclosures of the fair value of derivative instruments and their gains and losses in a tabular format, provides for enhanced disclosure of an entity's liquidity by requiring disclosure of derivative features that are credit-risk related, and requires cross-referencing within footnotes to enable financial statement users to locate information about derivative instruments. This statement is effective for fiscal years and interim periods beginning after November 15, 2008. The Company is in the process of reviewing and evaluating SFAS 161, but does not believe that its adoption will have a material effect on the financial statements.

THUNDER MOUNTAIN GOLD, INC.

(An Exploration Stage Company)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**3. New Accounting Pronouncements, Continued**

In December 2007, the FASB issued SFAS 141(R) *Business Combinations*, which is effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. The Company is in the process of reviewing and evaluating SFAS 141(R), but does not believe that its adoption will have a material effect on the financial statements.

In May 2008, the FASB issued SFAS No. 162, *The Hierarchy of Generally Accepted Accounting Principles*, (GAAP) which identifies the sources of accounting principles and provides entities with a framework for selecting the principles used in preparation of financial statements that are presented in conformity with GAAP in the United States. The Statement is effective 60 days following the SEC's approval of the Public Company Accounting Oversight Board amendments to AU Section 411, The adoption of SFAS No. 162 is not expected to have a material impact on our financial statements.

**4. Income Taxes**

The tax net operating loss for 2007 was carried back to 2005 and resulted in a current asset of income tax refunds receivable at December 31, 2007 of \$194,581. The tax refunds were received during the quarter ended September 30, 2008.

**5. Private Placement**

On May 1, 2008, Thunder Mountain Gold, Inc. initiated a private offering of securities solely to accredited investors. The completed offering consisted of 2,775,000 Units priced at \$0.20 each. Each Unit consisted of a share of common stock, \$0.001 par value, and a warrant to purchase common stock for \$0.40 per share. The offering was oversold by 11% of the planned offering of 2,500,000 Units. During the quarter ended June 30, 2008, the Company received subscriptions totaling \$300,000 for this private placement. The offering closed on July 18, 2008. As a result of completion of the offering, on the closing date a total of 2,775,000 shares of common stock, \$0.001 par value, and warrants to acquire 2,775,000 shares of common stock were issued to the purchasers. There were no registration rights granted in connection with the offering. Pennaluna and Company of Coeur d'Alene, Idaho, acted as the placement agent for approximately 60% of the funds raised in the Private Placement and was paid a commission of \$33,000. The

total amount raised before expenses was \$555,000. No other commissions were paid, and a total of \$400 in registration fees paid to the states of Idaho, California and Washington.

## **6. Stockholders Equity**

On January 25, 2008, the Company changed the state of incorporation from Idaho to Nevada, changed the par value of common stock from \$0.05 to \$0.001 and increased the authorized shares to 200,000,000. The Company also authorized 5,000,000 shares of preferred stock with a par value of \$0.0001. No preferred shares have been issued.

On April 2, 2008, the Company issued 100,000 5-year warrants to an investor relations firm. These warrants vested upon issuance and have an exercise price of \$0.05 per share of Company common stock, which will in turn have a 3-year trading restriction upon their issuance. The price of the Company's common stock was \$0.23 per share on the date of issue of the warrants.

## THUNDER MOUNTAIN GOLD, INC.

(An Exploration Stage Company)

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**6. Stockholder s Equity, Continued**

On August 20, 2008, the Company committed to issue 10,000 3-year warrants to a contractor in exchange for half of the fees for his professional service, with the issuance when made to be effective on that commitment date. The warrants will have a grant date of August 20, 2008, will be vested upon issuance and will have an exercise price of \$0.05 per share of Company common stock, which will in turn have a 3-year trading restriction after exercise and issuance. The price of the Company s common stock was \$0.25 per share on the grant date of the warrants.

The fair value of both warrant issues was estimated at the dates of grant using a Black-Scholes pricing model, which requires the use of highly subjective assumptions, including the expected volatility of the stock price, which may be difficult to estimate for small business issuers traded on micro-cap stock exchanges. The fair value of the warrants was estimated on the grant date using the following weighted average assumptions:

	<b>5-year options</b>	<b>3-years options</b>
Risk-free interest rate	1.56%	2.16%
Expected dividend yield	--	--
Expected term	5 years	3 years
Expected volatility	30.9%	98.4%

The risk-free interest rate is based on the U.S. Treasury yield curve at the time of the grant. The expected term of warrants granted is from the date of the grant. The expected volatility is based on historical volatility. An expense of \$18,000 was recognized in the quarter ended June 30, 2008, in Management and administrative expenses as a result of issuing the 5-year warrants. Exploration expense of \$2,200 was recognized in the quarter ended September 30, 2008, as a result of issuing the 3-year warrants.

**7. Related Party Transactions**

On April 1, 2008, the Board approved, for business use in the field, the purchase of a 4-wheel drive personal vehicle from the Chairman of the Board for a total purchase price of \$21,850, consisting of \$10,000 in cash and 60,000 shares of the Company s common stock, valued at \$11,850 (\$0.1975 per share) for a total purchase price of \$21,850, which approximates fair value of the vehicle at the time of purchase.



**Item 2. Management's Discussion and Analysis or 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 other risk factors that are listed in the Company's reports and registration statements filed with the Securities and Exchange Commission.*

*Management's Discussion and Analysis is intended to be read in conjunction with the Company's unaudited financial statements and the integral notes thereto for the quarter ending September 30, 2008. The following statements may be forward- looking in nature and actual results may differ materially.*

**Plan of Operation:**

For purposes of this discussion, 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. South Mountain Mines, Inc. owns the South Mountain Project.

1.

**Thunder Mountain Resources, Inc./South Mountain Mines, Inc. - South Mountain Project, Owhyee County, Idaho**

REI Drilling of Salt Lake City, Utah mobilized a small core drill to South Mountain early in September. The rig was placed on hole DMEA -2 that was located to test the down dip extension approximately 300 feet of the DMEA massive sulfide mineralized zone encountered by South Mountain Mines in the Sonneman Tunnel. Based on the software mine model, the potential target was expected to be intercepted at 665 feet below the collar elevation, and the massive sulfide was intercepted at 657 feet. Two distinct sulfide zones totaling 30 feet were 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 were cut at the Company's office in Boise, Idaho and Company personnel delivered the samples to ALS Chemex preparation lab in Elko, Nevada. The sample assay results for the core were received and are reported below. The assay results showed two distinct zones of strong mineralization:

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

The alteration and mineralization in the intercept is similar in character to that mined on the Sonneman and Laxey underground levels. The target for the DEMA-2 drill hole was the down-rake extension of this mineralization approximately 280 to 300 feet below the DMEA 2 sulfide zone Sonneman level. A bulk sample from the Sonneman in the 1980s by South Mountain Mines, Inc. had values of 22.87% zinc, 0.50% copper, 0.47 lead, 0.12 ounce per ton (opt) gold

and 3.3 opt silver. The DMEA 2 zone on the Sonneman Level was extensively drilled by South Mountain Mines and a zone of massive sulfide approximately 75 feet by 50 feet was defined.

Drillhole DMEA-2 was completed to a depth of 863 feet, well below the carbonate unit that hosts the significant sulfide mineralization. The hole was extended to ensure that the complete target geology had been tested.

The drill was then moved to the second site that was placed to test the down-dip extension of the favorable Texas sulfide zone that has been mined from the surface to the Laxey Tunnel level, a dip distance of approximately 400 feet. The sulfide zone was also encountered in the Sonneman Tunnel situated some 300 feet below the Sonneman. The second drillhole, TX-1, is designed to test the Texas Ore Shoot approximately 300 feet down dip of the Sonneman Level. As of October 30, 2008, the hole was in progress, and had obtained a depth of approximately 1,000 feet. Based on the mine software model of the ore shoot, the target is projected to be encountered between 1,100 and 1,200 feet, unless it has been complicated by faulting.

During the reporting period, the portal work on the Sonneman Tunnel was completed. This required extensive excavation of caved material and the placement of concrete box culverts over 25 feet and a 20-foot steel box at the portal. Once these had been placed, they were backfilled and the portal site reclaimed. In addition to the portal site, contractors cleaned out the tunnel and re-timbered in a few locations where intrusive dikes had resulted in some caved areas. Clean up work was also done in the Laxey Tunnel. With the exception of a significant cave at a dike in front of the Texas ore shoot in the Sonneman Tunnel, the underground workings are accessible and safe.

The Company had previously reached agreement with one of the landowners on June 20, 2008 wherein the Company can explore and develop mineral resources, if discovered, on the owner's approximate 113-acre parcel. On November 3, 2008, subsequent to the end of the reported quarter, the Company entered into an agreement with the owners of a second parcel of private ranch land totaling an additional 376 acres. The land consists of both surface and mineral rights, and is prospective exploration land adjacent to its South Mountain property. The Company now controls approximately 815 acres of private land and mineral rights plus 21 unpatented mining claims totaling approximately 420 acres, bringing the total land holdings to approximately 1,235 acres. The two leases are different in nature, but both call for a 3% royalty should economic mineralization be defined on the parcels. Annual payments for the first six years amount to \$20 per acre and are due on the anniversary date of the respective agreements.

A detailed land survey was completed at South Mountain by Timberline Surveying of Nampa, Idaho. The land survey was used to re-establish and verify South Mountain Mines' grid network, survey some of the critical patented claim boundaries, place surface drillhole locations and re-establish the original surveys on the leased private land parcels pursuant to the agreement with the landowners.

Water rights applications for South Mountain were filed with the state engineer during the period. Givens Pursley of Boise, Idaho drafted the applications and filed the applications.



2.

**Thunder Mountain Resources, Inc.**

No additional fieldwork was completed on the TC Claim group in Lander County, Nevada during the period. Preliminary discussions were held with major mining companies in the area regarding the claim group and our geologic ideas for the area.

3.

**Thunder Mountain Gold, Inc.**

Minor regional grassroots field work was conducted by the Company during the period that consisted of evaluating a submittal for a silver prospect with historic production located along the east side of the White Mountains in eastern California. The sample results were not sufficiently interesting to prompt additional work on the prospect.

A detailed 163 sample soil grid was completed on the Company's Clover Mountain claim block out of Grandview, Idaho. The analytical results were sufficiently positive that follow up closer-spaced soil samples are planned as well as detailed rock chip samples and mapping will be done.

**Financial Condition and Liquidity:**

The Company has not generated any revenues from its exploration activities and no revenues are anticipated unless and until economically viable mineralized material is defined on our properties.

As of the end of the third quarter of 2008, the Company had working capital of \$547,151 and maintained its liquid assets in a Merrill Lynch tax-exempt cash management fund and in a Wells Fargo Bank account. The Company's cash and cash equivalents balance at September 30, 2008 of \$598,561 are considered adequate to meet its current and near-term corporate obligations.

For the nine months ended September 30, 2008, the Company used \$409,390 in operating activities, the majority of which was for exploration, legal and accounting and management and administration expenses, offset by cash provided by a decrease in income tax receivable and an increase in accounts payable. At the end of the reporting

quarter, the Company had no outstanding liabilities other than accounts payable of approximately \$90,167 for normal trade activities.

Cash used in investing activities totaled \$13,826 for acquisition of equipment. The Company also acquired an additional \$11,850 in rolling stock equipment from a related party by issuing shares.

Cash from financing activities were provided by a private offering of securities which closed on July 18, 2008. Net proceeds of \$522,000 were raised in this private placement, which was made solely to accredited investors. The placement consisted of 2,775,000 Units priced at \$0.20 each. Each Unit consisted of a share of common stock, plus a warrant to acquire an additional share common stock for \$0.40 per share. As a result of the offering, a total of 2,775,000 shares of common stock, plus warrants to purchase up to an additional 2,775,000 shares of common stock, were issued to the investors. There were no registration rights granted in connection with the offering. Pennaluna and Company of Coeur d Alene, Idaho acted as the placement agent and was paid a commission of \$33,000.

**Capital Resources:**

The Company owns outright the South Mountain Mine property in Owyhee County, Idaho that consists of 17 patented mining claims totaling approximately 326 acres. For financial reporting purposes, Management values the property at \$357,497.

On November 3, 2008, subsequent to the end of the reported quarter, the Company entered into leases on two parcels of private ranch land totaling approximately 489 acres. The land consists of both surface and mineral rights, and is prospective exploration land adjacent to its South Mountain property. The Company now controls approximately 815 acres of private land and mineral rights plus 21 unpatented mining claims totaling approximately 420 acres, bringing the total to approximately 1,235 acres.

The Company owns outright three 4-wheel drive vehicles that are used for exploration and project work, as well as miscellaneous field equipment and office furniture. It also leases office space in Garden City, Idaho.

**Results of Operations:**

The Company had no production from operations or any revenue derived from operations during the third quarter 2008.

Management believes the Company was in a strong financial position for the quarter ending September 30, 2008; and therefore able to continue its Plan of Operation described above.

**Related Party Transactions:**

On April 1, 2008, the Board approved, for business use in the field, the purchase of a 4-wheel drive personal vehicle from the Chairman of the Board for a total purchase price of \$21,850, consisting of \$10,000 in cash and 60,000 shares of the Company's common stock, valued at \$11,850 (\$0.1975 per share) for a total purchase price of \$21,850, which approximates fair value of the vehicle at the time of purchase.

**Item 3. Quantitative and Qualitative Disclosures about Market Risk**

There are no financial instruments that are sensitive to changes in interest rates or exposed to foreign currency exchange gains/losses.

#### **Item 4T. 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.

### **Changes In Internal Controls Over Financial Reporting**

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

## **ITEM II. OTHER INFORMATION**

### **Item 1. Legal Proceedings.**

The Company is not a party to any pending legal proceedings.

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

The following sales of Company securities were authorized or occurred during the three months ended September 30, 2008:

On May 1, 2008, Thunder Mountain Gold, Inc. initiated a private offering of securities solely to accredited investors. The completed offering consisted of 2,775,000 Units priced at \$0.20 each. Each Unit consisted of a share of common stock, \$0.001 par value, and a warrant to purchase common stock for \$0.40 per share. The offering was oversold by 11% of the planned offering of 2,500,000 Units. During the quarter ended September 30, 2008, the Company received subscriptions totaling \$300,000 for this private placement.

The offering was closed July 18, 2008. Net proceeds of \$522,000 were raised in this private placement. As a result of the offering, a total of 2,775,000 shares of common stock, \$0.001 par value, and warrants to acquire 2,775,000 shares of common stock were issued to the purchasers. There were no registration rights granted in connection with the offering. Pennaluna and Company, of Coeur d'Alene, Idaho, acted as the placement agent and was paid a commission of \$33,000. The total amount raised before expenses was \$555,000. No other commissions were paid.

### **Item 5. Other Information**

Form 8-K dated September 2, 2008, is incorporated herein by reference.

### **Item 6. Exhibits**

(a) Documents which are filed as a part of this report:

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

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

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

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

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\*\*As contemplated by SEC Release No. 33-8212, these exhibits are furnished with this quarterly report on Form 10-Q and are not deemed filed with the Securities and Exchange Commission and are not incorporated by reference in any filing of the Registrant under the Securities Act of 1933 or the Securities Exchange Act of 1934, including this quarterly report, whether made before or after the date hereof and irrespective of any general incorporation language in any filings.

**SIGNATURES**

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

THUNDER MOUNTAIN GOLD, INC.

/s/ E. James Collord

By \_\_\_\_\_

E. James Collord

President and Chief Executive Officer

Date: November 14, 2008

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

/s/ Eric T. Jones

By \_\_\_\_\_

Eric T. Jones

Secretary/Treasurer and Chief Financial Accounting Officer

Date: November 14, 2008

