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

FORM 10-Q

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

For the quarterly period ended June 30, 2018
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 or other jurisdiction of incorporation or organization)	(IRS identification No.)
11770 W President Dr. STE F Boise, Idaho	**83713-8986**
(Address of Principal Executive Offices)	(Zip Code)

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

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

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

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

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

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 July 25, 2018: 57,645,579

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PART I – FINANCIAL INFORMATION

Item 1: Financial Statements

Thunder Mountain Gold, Inc.
Consolidated Balance Sheets
June 30, 2018 and December 31, 2017

	(Unaudited) June 30, 2018	December 31, 2017
ASSETS		
Current assets:		
Cash and cash equivalents	$ 90,185	$ 36,454
Prepaid expenses and other assets	29,916	28,473
Total current assets	120,101	64,927
Property and Equipment:		
Land	280,333	280,333
Equipment, net of accumulated depreciation of $100,968 and $75,959, respectively	81,637	106,646
Total property and equipment	361,970	386,979
Mineral interests (Note 3)	479,477	479,477
Total assets	**$ 961,548**	**$ 931,383**
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current liabilities:		
Accounts payable and other accrued liabilities	$ 125,973	$ 92,311
Accrued related party liability (Note 6)	246,843	181,313
Accrued interest payable to related parties (Note 5)	43,693	36,949
Deferred payroll (Note 6)	1,018,500	871,500
Related party notes payable (Note 5)	126,576	217,688
Total current liabilities	1,561,585	1,399,761
Accrued reclamation costs	65,000	65,000
Total liabilities	1,626,585	1,464,761
Commitments and Contingencies (Notes 2, 3)		
Stockholders' equity (deficit):		
Preferred stock; $0.0001 par value, 5,000,000 shares authorized; no shares issued or outstanding	-	-
Common stock; $0.001 par value; 200,000,000 shares authorized, 57,645,579 and 55,095,579, respectively, shares issued and outstanding	57,646	55,096
Additional paid-in capital	5,811,988	5,457,538
Less: 11,700 shares of treasury stock, at cost	(24,200)	(24,200)
Accumulated deficit	(6,684,161)	(6,195,923)
Total Thunder Mountain Gold, Inc. stockholders' equity (deficit)	(838,727)	(707,489)
Noncontrolling interest in Owyhee Gold Trust (Note 3)	173,690	174,111
Total stockholders' equity (deficit)	(665,037)	(533,378)
Total liabilities and stockholders' equity (deficit)	**$ 961,548**	**$ 931,383**

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

Thunder Mountain Gold, Inc.
Consolidated Statements of Operations (Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Expenses:				
Exploration	$ 118,457	$ 49,117	$ 176,073	$ 98,268
Legal and accounting	80,475	8,743	108,036	39,247
Management and administrative	69,055	78,911	160,184	214,719
Depreciation	12,402	20,010	25,009	42,580
Total expenses	280,389	156,781	469,302	394,814
Other income (expense):				
Interest expense, related parties	(4,547)	(4,607)	(19,644)	(7,841)
Foreign exchange gain (loss)	5	156	(478)	95
Miscellaneous Income (expense)	-	-	1,186	-
Total other income (expense)	(4,542)	(4,451)	(18,936)	(7,746)
Net Loss	(284,931)	(161,232)	(488,238)	(402,560)
Net Income (loss) – noncontrolling interest in Owyhee Gold Trust	-	-	-	-
Net Loss – Thunder Mountain Gold, Inc.	$ (284,931)	$ (161,232)	(488,238)	(402,560)
Net Loss per common share-basic and diluted	$ Nil	$ Nil	$ (0.01)	$ (0.01)
Weighted average common shares outstanding-basic and diluted	57,409,315	54,680,579	56,674,861	54,680,579

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

Thunder Mountain Gold, Inc.
Consolidated Statements of Cash Flows (Unaudited)

	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017
Cash flows from operating activities:		
Net loss	$ (488,238)	$ (402,560)
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation	25,009	42,580
Common stock options issued for services	-	53,558
Amortization of related party notes payable discount	8,888	
Change in:		
Prepaid expenses and other assets	(1,443)	1,832
Accounts payable and other accrued liabilities	33,662	176,749
Accrued related party liability	65,530	(154,193)
Accrued interest payable to related parties	10,756	7,841
Deferred payroll	147,000	156,000
Net cash used by operating activities	(198,836)	(118,193)
Cash flows from financing activities:		
Proceeds from sale of common stock and warrants	252,988	-
Borrowing on related parties notes payable	-	20,000
Distribution to noncontrolling interest	(421)	-
Net cash provided by financing activities	252,567	20,000
Net increase (decrease) in cash and cash equivalents	53,731	(98,193)
Cash and cash equivalents, beginning of period	36,454	108,184
Cash and cash equivalents, end of period	**$ 90,185**	**$ 9,991**
Noncash financing and investing activities:		
Common stock and warrants issued for payment of related parties notes payable and accrued interest	**$** 104,012	**$** -

The accompanying notes are an integral part of these 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.

Basis of Presentation and Going Concern

These unaudited interim consolidated financial statements have been prepared by the management of the Company in accordance with accounting principles generally accepted in the United States of America for interim financial information. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete consolidated 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 consolidated financial statements have been included.

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities known to exist as of the date the financial statements are published, and the reported amounts of revenues and expenses during the reporting period. Uncertainties with respect to such estimates and assumptions are inherent in the preparation of the Company's financial statements; accordingly, it is possible that the actual results could differ from these estimates and assumptions, which could have a material effect on the reported amounts of the Company's financial position and results of operations. Operating results for the three and six month periods ended June 30, 2018 are not necessarily indicative of the results that may be expected for the full year ending December 31, 2018.

For further information refer to the financial statements and footnotes thereto in the Company's audited financial statements for the year ended December 31, 2017 as filed with the Securities and Exchange Commission.

The accompanying consolidated financial statements have been prepared under the assumption that the Company will continue as a going concern. The Company has historically incurred losses and does not have sufficient cash at June 30, 2018 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. 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 to the carrying value of assets and liabilities, the reported expenses and the balance sheet classifications used.

Reclassifications

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

Principles of Consolidation

The consolidated financial statements include the accounts of the Company; its wholly owned subsidiaries, Thunder Mountain Resources, Inc. and South Mountain Mines, Inc. ("SMMI"); and Owyhee Gold Trust, LLC ("OGT") a company in which the Company has majority control. Intercompany accounts are eliminated in consolidation.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 interests, environmental remediation liabilities, deferred tax assets, and stock based compensation. 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.

Fair Value Measurements

When required to measure assets or liabilities at fair value, the Company uses a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used. The Company determines the level within the fair value hierarchy in which the fair value measurements in their entirety fall. The categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Level 1 uses quoted prices in active markets for identical assets or liabilities, Level 2 uses significant other observable inputs, and Level 3 uses significant unobservable inputs. The amount of the total gains or losses for the period are included in earnings that are attributable to the change in unrealized gains or losses relating to those assets and liabilities still held at the reporting date. The Company has no financial assets or liabilities that are adjusted to fair value on a recurring basis.

Financial Instruments

The Company's financial instruments include cash and cash equivalents and related party notes payable the carrying value of which approximates fair value based on the nature of those instruments.

Mineral Interests

The Company capitalizes costs for acquiring mineral interests 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 based on 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

The Company's accounting policy for joint ventures is as follows:

1. The Company uses the cost method when it does not have joint control or significant influence in a joint venture. Under the cost method, these investments are carried at cost. If other than temporary impairment in value is determined, it would then be charged to current net income or loss.

2. If the Company enters into a joint venture in which there is joint control between the parties or the Company has significant influence, the equity method is utilized whereby the Company's share of the venture's 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. If other than temporary impairment in value is determined, it would then be charged to current net income or loss.

3. In a joint venture where the Company holds more than 50% of the voting interest and has significant influence, the joint venture is typically 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. See Note 3 regarding the Company's investment in Owyhee Gold Trust, LLC.

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.

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

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

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

Share-Based Compensation

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

Recent Accounting Pronouncements

In August 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-15 Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments. The update provides guidance on classification for cash receipts and payments related to eight specific issues. The update is effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years, with early adoption permitted. The adoption of this update on January 1, 2018 had no impact on the Company's consolidated financial statements

In November 2016, the FASB issued ASU No. 2016-18 Statement of Cash Flows (Topic 230): Restricted Cash. The update requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. The update is effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years, with early adoption permitted. The adoption of this update on January 1, 2018 had no impact on the Company's consolidated financial statements

In January 2017, the FASB issued ASU No. 2017-01 Business Combinations (Topic 805): Clarifying the Definition of a Business. The update clarifies the definition of a business with the objective of adding guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. The update is effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. The Company will apply the provisions of the update to potential future acquisitions occurring after January 1, 2018.

Other accounting standards that have been issued or proposed by FASB that do not require adoption until a future date are not expected to have a material impact on the consolidated financial statements upon adoption. The Company does not discuss recent pronouncements that are not anticipated to have an impact on or are unrelated to its financial condition, results of operations, cash flows or disclosures.

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 options and warrants to purchase the Company's common stock. As of June 30, 2018, and 2017, potentially dilutive common stock equivalents not included in the calculation of diluted earnings per share as their effect would have been anti-dilutive are:

	2018	**2017**
Stock options	3,710,000	5,115,000
Warrants	1,275,000	
Total possible dilution	**4,985,000**	**5,115,000**

2. Commitments

The Company has two lease arrangements with land owners that own land parcels adjacent to the Company's South Mountain patented and unpatented mining claims. The leases were originally for a seven-year period, with annual payments of $20 per acre. The leases were renewed for an additional 10 years at $30 per acre paid annually; committed payments are listed in the table below. The lease payments have no work requirements.

	Annual Payment
Acree Lease (June)	$ 3,390
Lowry Lease (October)	11,280
Total	$14,670

The Company has 78 unpatented claims (1,600 acres) in the Trout Creek area and 21 unpatented claims in the South Mountain area. The claim fees are paid on these unpatented claims annually as follows:

Target Area	**2018**
Trout Creek -State of Nevada	$12,090
Trout Creek -Lander County	940
South Mountain-State of Idaho	3,255
Total	**$16,285**

3. South Mountain Project

The Company's wholly-owned subsidiary SMMI is the sole manager of the South Mountain Project in its entirety through a separate Mining Lease with Option to Purchase ("Lease Option") with the Company's majority-owned subsidiary OGT. The Lease Option includes a capped $5 million less, net returns royalties paid through the date of exercise. The Lease Option expires in November 2026. If SMMI exercises the option, the option payment of $5 million less advance royalties will be distributed 100% by OGT to OGT's minority member. Under the Lease Option, SMMI pays an advance $5,000 net returns royalty to OGT annually on November 4 which is distributed to OGT's minority member.

OGT's financial information is included 100% in the Company's consolidated financial statements and reflects its minority member's non-controlling interest. Changes in the non-controlling interest equity balance is as follows:

	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017
Balance at beginning of period	$ 174,111	$ 178,702
Distribution to non-controlling interest	(421)	-
Net income (loss) attributable to noncontrolling interest	-	-
Balance at end of period	$ 173,690	$ 178,702

4. Property and Equipment

The Company's property and equipment are as follows:

	June 30, 2018	December 31, 2017
Vehicles	$ 22,441	$ 22,441
Buildings	65,071	65,071
Construction Equipment	36,447	36,447
Mining Equipment	58,646	58,646
	182,605	182,605
Accumulated Depreciation	(100,968)	(75,959)
	81,637	106,646
Land	280,333	280,333
Total Property and Equipment	$ 361,970	$ 386,979

5. Related Parties Notes Payable

At both June 30, 2018 and December 31, 2017, the Company had notes payable balances of $56,768 and $69,808 with Eric Jones, the Company's President and Chief Executive Officer and Jim Collard, the Company's Vice President and Chief Operating Officer, respectively. These notes, as amended, are due December 31, 2018.

On October 25, 2017 the Company received $100,000 from Paul Beckman, a director of the Company, under a convertible promissory note. Terms of the note called for interest at 1% per month, with the entire balance of principal and interest due in full on April 24, 2018. The convertible promissory note contained the option for the holder to convert any portion of the principal and interest into Company common stock at $0.15 per common share (a total of 666,667 shares). At inception, the market price for the Company's common stock was $0.17 per common share which exceeded the conversion price. As such, the convertible note contained a beneficial conversion feature of $13,333 which was recognized as a discount on the note on the date of issuance. The discount was being amortized over the note term using the straight-line method, which approximates the effective interest method.

On February 26, 2018, Mr. Beckman participated in the Company's Private Placement (see Note 7) and acquired 1,000,000 Units for $140,000. A portion of this amount was in exchange for retirement of Mr. Beckman's convertible note payable of $100,000 and accrued interest payable of $4,012. Upon the retirement of Mr. Beckman's convertible promissory note, the Company recognized the unamortized portion of the discount of $5,100 as interest expense. After this transaction, the Company had no remaining obligation under the convertible note agreement with Mr. Beckman.

During the six months ended June 30, 2018 and 2017, the Company recognized a total of $19,644 and $7,841, respectively, in interest expense for all these notes discussed above. Accrued interest payable was $43,693 and $36,949 at June 30, 2018 and December 31, 2017, respectively.

6. Related Party Transactions

In addition to the related parties notes payable discussed in Note 5, the Company had the following related party transactions.

Three of the Company's officers are deferring compensation for services. The officers' balances at June 30, 2018 are as follows: Eric Jones, President and Chief Executive Officer - $410,000 (December 31, 2017 – $350,000), Jim Collord, Vice President and Chief Operating Officer - $410,000 (December 31, 2017 – $350,000), and Larry Thackery, Chief Financial Officer - $198,500 (December 31, 2017 – $171,500).

The Company engages Baird Hanson LLP ("Baird"), a company owned by one of the Company's directors, to provide legal services. During the three and six-month periods ended June 30, 2018, the Company incurred $65,530 in legal expense with Mr. Baird. There was no expense for the comparable periods in 2017. At June 30, 2018 and December 31, 2017, the balance due to Baird was $246,843 and $181,313, respectively.

During 2017, Jim Collord and Eric Jones advanced funds to the Company for operating expenses. On November 22, 2017, Mr. Collord's advance of $5,035 was paid in full. The balance of Mr. Jones' advance at both December 31, 2017 and June 30, 2018 was $10,971 and is included in accounts payable and other accrued liabilities on the consolidated balance sheet.

7. Stockholders' Equity

The Company's common stock has a par value of $0.001 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 February 20, 2018, the Board of Directors approved a Private Placement financing of up to $750,000 from the sale of equity units at a price of $0.14 per unit. 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 $0.20 for a period of 12 months. On April 27, 2018 the Company closed its Private Placement. The Company sold Units representing a total of 2,550,000 shares of common stock and 1,275,000 common stock purchase warrants for total proceeds of $357,000. Of this amount, $252,988 was received in cash and $104,012 was in exchange for retirement of Mr. Beckman's convertible note payable and related accrued interest payable. See Note 5.

At June 30, 2018, the Company has outstanding warrants for 1,275,000 shares of common stock with an exercise price of $0.20 that expire in 2019. There were no outstanding warrants at December 31, 2017.

8. Stock Options

In March 2017, the Company granted 600,000 stock options to three directors of the Company. The options are exercisable on or before March 31, 2022 at a price of $0.10 for 200,000 shares, and at a price of $0.09 for the remaining 400,000 shares. The fair value of the options was determined to be $53,558 using the Black Scholes model. The options were fully vested upon grant and the entire fair value was recognized as compensation expense during the three and six months ended June 30, 2018.

The fair value of each option award granted in March 2017 was estimated on the date of the grant using the assumptions noted in the following table:

Number of Options	600,000
Stock price	$0.09 - $0.10
Exercise price	$0.09 - $0.10
Expected volatility	235.5%
Expected dividends	-
Expected terms (in years)	5.0
Risk-free rate	1.96%

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

	Shares	**Weighted Average Exercise Price**
Outstanding and exercisable at December 31, 2016	4,515,000	$0.08
Granted	600,000	0.09
Exercised	(415,000)	0.10
Outstanding and exercisable at December 31, 2017	4,700,000	0.09
Granted	-	-
Exercised	(990,000)	(0.07)
Outstanding and exercisable at June 30, 2018	3,710,000	$0.09

The average remaining contractual term of the options outstanding and exercisable at June 30, 2018 was 2.74 years. As of June 30, 2018, options outstanding and exercisable had an aggregate intrinsic value of approximately $153,700 based on the Company's stock price of $0.13.