

**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 September 30, 2022
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

(State or other jurisdiction of incorporation or organization)

91-1031015

(IRS identification No.)

11770 W President Dr. STE F

Boise, ID

(Address of Principal Executive Offices)

83713-8986

(Zip Code)

(208) 658-1037

(Registrant's Telephone Number, including Area Code)

Securities registered pursuant to Section 12(g) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common Stock, \$0.001 par value	THMG THM	OTCQB TSX-V

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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 October 21, 2022: 60,855,579

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PART I - FINANCIAL INFORMATION

Item 1 - Financial Statements

Thunder Mountain Gold, Inc.

Consolidated Balance Sheets (Unaudited)

September 30, 2022 and December 31, 2021

	September 30, 2022	December 31, 2021
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 840,820	\$ 1,156,622
Prepaid expenses, deposits and other assets	37,141	18,390
Total current assets	877,961	1,175,012
Property and Equipment:		
Land	280,333	280,333
Equipment, net of accumulated depreciation of \$181,722 and \$180,500 respectively	883	2,105
Total property and equipment	281,216	282,438
Investment in BeMetals, at fair value (Note 4)	669,624	1,520,684
Total assets	\$ 1,828,801	\$ 2,978,134
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and other accrued liabilities	\$ 34,866	\$ 11,495
Accrued related party liability (Note 6)	151,685	166,685
Accrued interest payable to related parties (Note 6)	19,698	80,177
Advance from BeMetals (Note 3)	82,420	36,187
Deferred officer compensation (Note 6)	1,041,500	1,041,500
Related parties notes payable (Note 6)	28,768	66,768
Total current liabilities	1,358,937	1,402,812
Accrued reclamation costs	65,000	65,000
Total liabilities	1,423,937	1,467,812
Commitments and Contingencies (Notes 2 and 3)		
Stockholders' equity:		
Preferred stock; \$0.0001 par value, 5,000,000 shares authorized; no shares issued or outstanding	-	-
Common stock; \$0.001 par value; 200,000,000 shares authorized, 60,855,579 shares issued and outstanding	60,856	60,856
Additional paid-in capital	6,564,947	6,406,606
Less: 11,700 shares of treasury stock, at cost	(24,200)	(24,200)
Accumulated deficit	(6,370,441)	(5,106,642)
Total Thunder Mountain Gold, Inc stockholders' equity	231,162	1,336,620
Noncontrolling interest in Owyhee Gold Trust (Note 3)	173,702	173,702
Total stockholders' equity	404,864	1,510,322
Total liabilities and stockholders' equity	\$ 1,828,801	\$ 2,978,134

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Revenues:				
Gain on mineral interest	\$ -	\$ 250,000	\$ -	\$ 500,000
Management service income	75,000	75,000	225,000	225,000
Total revenues	<u>75,000</u>	<u>325,000</u>	<u>225,000</u>	<u>725,000</u>
Operating expenses:				
Exploration	1,072	4,940	3,310	12,640
Legal and accounting	21,237	14,187	106,329	68,694
Management and administrative	121,272	116,745	527,470	341,098
Depreciation	331	618	1,222	2,232
Total operating expenses	<u>143,912</u>	<u>136,490</u>	<u>638,331</u>	<u>424,664</u>
Net operating income (loss)	<u>(68,912)</u>	<u>188,510</u>	<u>(413,331)</u>	<u>300,336</u>
Other income (expense):				
Unrealized gain (loss) on investment	(230,072)	(842,931)	(851,060)	(913,942)
Gain on sale of investment	-	-	-	92,685
Other income	494	(436)	592	8,384
Total other income (expense)	<u>(229,578)</u>	<u>(843,367)</u>	<u>(850,468)</u>	<u>(812,873)</u>
Net (loss)	<u>(298,490)</u>	<u>(654,857)</u>	<u>(1,263,799)</u>	<u>(512,537)</u>
Net Income (loss) - noncontrolling interest in Owyhee Gold Trust	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net (loss) - Thunder Mountain Gold, Inc.	\$ <u>(298,490)</u>	\$ <u>(654,857)</u>	\$ <u>(1,263,799)</u>	\$ <u>(512,537)</u>
Net (loss) per common share-basic and diluted	\$ <u>Nil</u>	\$ <u>(0.01)</u>	\$ <u>(0.02)</u>	\$ <u>(0.01)</u>
Weighted average common shares outstanding-basic and diluted	<u>60,855,579</u>	<u>60,855,579</u>	<u>60,855,579</u>	<u>60,855,579</u>

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

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

	Nine Months Ended September 30,	
	2022	2021
Cash flows from operating activities:		
Net (loss)	\$ (1,263,799)	\$ (512,537)
Adjustments to reconcile net income to net cash used by operating activities:		
Depreciation	1,222	2,232
Stock based compensation	158,341	-
Gain on mineral interest	-	(500,000)
Unrealized (gain) loss on investment	851,060	913,942
Gain on sale of investment	-	(92,685)
Change in:		
Prepaid expenses and other assets	(18,751)	(14,531)
Accounts payable and other accrued liabilities	23,371	(4,914)
Accrued liability payable to related parties	(15,000)	(20,000)
Accrued interest payable to related parties	(60,479)	(190)
Advance from BeMetals	46,233	29,820
Net cash used by operating activities	(277,802)	(198,863)
Cash flows from investing activities:		
Proceeds from sale of investment	-	649,557
Proceeds from mineral interest	-	500,000
Net cash provided by investing activities	-	1,149,557
Cash flows from financing activities:		
Proceeds from Exercise of Options	-	35,534
Payments on related parties notes payable	(38,000)	(39,808)
Net cash used by financing activities	(38,000)	(4,274)
Net increase (decrease) in cash and cash equivalents	(315,802)	946,420
Cash and cash equivalents, beginning of period	1,156,622	274,155
Cash and cash equivalents, end of period	\$ 840,820	\$ 1,220,575
Noncash financing activities		
Shares issued for settlement of option exercise with accrued interest and wages	\$ -	\$ 35,466

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

Thunder Mountain Gold, Inc.
Consolidated Statements of Changes in Stockholders' Equity (Unaudited)
For three-month periods ended September 30, 2022 and September 30, 2021

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Treasury Stock	Accumulated Deficit	Non- Controlling Interest in OGT	Total
Balances at July 1, 2021	60,145,579	\$ 60,146	\$ 6,336,316	\$ (24,200)	\$ (4,392,526)	173,702	\$ 2,153,438
Stock Options exercised	710,000	710	70,290	-	-	-	71,000
Net income(loss)	-	-	-	-	(654,857)	-	(654,857)
Balances at September 30, 2021	<u>60,855,579</u>	<u>\$ 60,856</u>	<u>\$ 6,406,606</u>	<u>\$ (24,200)</u>	<u>\$ (5,047,383)</u>	<u>173,702</u>	<u>\$ 1,569,581</u>
Balances at July 1, 2022	60,855,579	\$ 60,856	\$ 6,564,947	\$ (24,200)	\$ (6,071,951)	173,702	\$ 703,354
Net (loss)	-	-	-	-	(298,490)	-	(298,490)
Balances at September 30, 2022	<u>60,855,579</u>	<u>\$ 60,856</u>	<u>\$ 6,564,947</u>	<u>\$ (24,200)</u>	<u>\$ (6,370,441)</u>	<u>173,702</u>	<u>\$ 404,864</u>

For nine-month periods ended September 30, 2022 and September 30, 2021

Balances at January 1, 2021	60,145,579	\$ 60,146	\$ 6,336,316	\$ (24,200)	\$ (4,534,846)	173,702	\$ 2,011,118
Stock Options exercised	710,000	710	70,290	-	-	-	71,000
Net income(loss)	-	-	-	-	(512,537)	-	(512,537)
Balances at September 30, 2021	<u>60,855,579</u>	<u>\$ 60,856</u>	<u>\$ 6,406,606</u>	<u>\$ (24,200)</u>	<u>\$ (5,047,383)</u>	<u>173,702</u>	<u>\$ 1,569,581</u>
Balances at January 1, 2022	60,855,579	\$ 60,856	\$ 6,406,606	\$ (24,200)	\$ (5,106,642)	173,702	\$ 1,510,322
Stock Options issued for Services	-	-	158,341	-	-	-	158,341
Net income(loss)	-	-	-	-	(1,263,799)	-	(1,263,799)
Balances at September 30, 2022	<u>60,855,579</u>	<u>\$ 60,856</u>	<u>\$ 6,564,947</u>	<u>\$ (24,200)</u>	<u>\$ (6,370,441)</u>	<u>173,702</u>	<u>\$ 404,864</u>

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", "THMG", 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.

On February 27, 2019, the Company entered into an Option Agreement, (the "BeMetals Option Agreement") with BeMetals Corporation. Under the terms of the BeMetals Option Agreement, BMET USA will be entitled to purchase 100% of the issued and outstanding shares of South Mountain Mines, Inc. ("SMMI") from Thunder Mountain Resources, Inc. ("TMRI"), both wholly owned subsidiaries of the Company. The original term of the agreement was for two years, but was extended on May 18, 2020 by three months. On September 14, 2021, the BeMetals Option Agreement was amended, extending the option period to December 31, 2022, due to the COVID-19 pandemic, and business conditions surrounding restricted international travel, and corresponding access to capital markets. During this term, BeMetals is required to conduct a preliminary economic assessment ("PEA"), completed by a mutually agreed third-party engineering firm. Over its term, this agreement requires issuance of 10,000,000 million shares of BMET stock to the Company by BeMetals, and cash payments to the Company of \$1,350,000: \$1,100,000 in cash and \$250,000 in exchange for shares of the Company's common stock. In the event that BeMetals decides not to proceed with the South Mountain Project, BeMetals will not be obligated to make any additional payments. See Note 3 for further information.

Basis of Presentation and Going Concern

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, however, under the BeMetals Option Agreement (Note 3), the Company now has a recurring source of revenue, and its ability to continue as a going concern is no longer dependent on equity capital raises and borrowings. However, if necessary, the Company continues to have the ability to raise additional capital in order to fund its future exploration and working capital requirements. The Company's plans for the long-term continuation as a going concern include operating on the cash flows and consideration payments provided under the BeMetals Option Agreement.

COVID-19

In March 2020, COVID-19 was declared a pandemic by the World Health Organization and the Centers for Disease Control and Prevention. Its rapid spread around the world and throughout the United States prompted many countries, including the United States, to institute restrictions on travel, public gatherings and certain business operations. These restrictions disrupted economic activity in Thunder Mountain Gold's business related to raising capital. As of September 30, 2022, the disruption did not materially impact the Company's financial statements. However, if the severity of the economic disruptions increase as the duration of the COVID-19 pandemic continues, the negative financial impact could be significantly greater in future periods.

The COVID-19 outbreak could have a variety of adverse impacts to the Company, including their ability to continue operations of their exploration under the BeMetals Options Agreement. As of September 30, 2022, there were no material adverse impacts to the Company's BeMetals Options Agreement due to COVID-19.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company; its wholly owned subsidiaries, Thunder Mountain Resources, Inc. ("TMRI") and South Mountain Mines, Inc. ("SMMI"); and a company in which the Company owns 75% and has majority control, Owyhee Gold Trust, LLC ("OGT"). The Company's consolidated financial statements reflect the other investor's 25% non-controlling, capped interest in OGT. 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.

Revenue Recognition

Management service revenue is recognized when the Company has satisfied its performance obligation required under its management contract with BeMetals. Such obligation is satisfied over time as work is performed and the Company has a contractual right to payment.

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.

Cash and Cash Equivalents

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

Fair Value 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. At September 30, 2022, the Company has one financial asset, investment in equity security, that is adjusted to fair value on a recurring basis for which the fair value is determined based on Level 1 inputs as the equity security is traded on a stock exchange. The Company has no financial liabilities that are adjusted to fair value on a recurring basis.

Financial Instruments

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

Investments

The Company determines the appropriate classification of investments at the time of acquisition and re-evaluates such determinations at each reporting date. Equity securities that have a readily determined fair value are carried at fair value determined using Level 1 fair value measurement inputs with the change in fair value recognized as unrealized gain (loss) in the consolidated statement of operations each reporting period. Gains and losses on the sale of securities are recognized on a specific identification basis.

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 interests are periodically assessed for impairment of value and any subsequent losses are charged to operations at the time of impairment.

If a mineral interest is abandoned or sold, its capitalized costs are charged to operations. Consideration received by the Company pursuant to joint ventures or purchase option agreements is applied against the carrying value of the related mineral interest. When and if payments received exceed the carrying value, the excess amount is recognized as a gain in the consolidated statement of operations in the period the consideration is received.

Investments in Joint Ventures

For companies and joint ventures where the Company holds more than 50% of the voting interests, but less than 100%, and has significant influence, the company or joint venture is consolidated, and other investor interests are presented as noncontrolling. See Note 3 regarding the Company's investment in Owyhee Gold Trust. Joint ventures in which the Company has the ability to exercise significant influence, but does not control, are accounted for under the equity method of accounting.

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.

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. At September 30, 2022 and December 31, 2021, the Company had accrued \$65,000 on its consolidated balance sheets relating to estimated mine closure and reclamation costs on its South Mountain Mines property.

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 consolidated statements of operations over the vesting period.

Recent Accounting Pronouncements

Accounting Standards Updates Adopted

In August 2020, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2020-06 Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging-Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity. The update is to address issues identified because of the complexity associated with applying generally accepted accounting principles for certain financial instruments with characteristics of liabilities and equity. The update is effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years and with early adoption permitted. The adoption of this standard did not impact the Company's consolidated financial statements.

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 financial statements upon adoption.

Net Income (Loss) Per Share

The Company is required to have dual presentation of basic earnings per share ("EPS") and diluted EPS. The Company calculates basic earnings (loss) per share by dividing net income or loss available to common stockholders by the weighted average number of common shares outstanding. We do not include the impact of any potentially dilutive common stock equivalents in our basic earnings (loss) per share calculations. Diluted earnings per share reflect potentially dilutive common stock equivalents, including options and warrants that could share in our earnings through the conversion to common shares, except where their inclusion would be anti-dilutive. For the three-month and nine month periods ended September 30, 2022 and September 30, 2021 Outstanding common stock equivalents were excluded from the calculation of diluted earnings per share as their effect would have been anti-dilutive due to the net loss for the period.

2. Mineral Interest Commitments

The Company has two lease arrangements with landowners 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 as of September 30, 2022, are listed in the table below. The leases have no work requirements.

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

The Company has 26 unpatented claims (533 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	2022
Trout Creek -State of Nevada	\$ 4,290
Trout Creek -Lander County, Nevada	324
South Mountain-State of Idaho	3,465
Total	\$ 8,079

3. South Mountain Project

BeMetals Option Agreement:

On February 27, 2019, the Company entered into an Option Agreement, (the "BeMetals Option Agreement") with BeMetals Corp., a British Columbia corporation ("BeMetals"), and BeMetals USA Corp., a Delaware corporation ("BMET USA"), a wholly owned subsidiary of BeMetals. Under the terms of the BeMetals Option Agreement, BMET USA will be entitled to purchase 100% of the issued and outstanding shares of SMMI from TMRI, both wholly owned subsidiaries of the Company. SMMI is the Company's subsidiary that holds the Company's investment in the South Mountain project mineral interest. The original term of the agreement is for two years with BeMetals completing a PEA completed by a mutually agreed third-party engineering firm. On May 18, 2020, the Company extended the BMET Option Agreement by three months from the existing BeMetals Option Agreement date, due to the COVID-19 pandemic, and business conditions surrounding restricted international travel, and corresponding access to capital markets.

On September 14, 2021, the BeMetals Option Agreement was amended, effecting Tranche 6 with the addition of Tranches 7 and 8. The option period has been extended to December 31, 2022, unless agreed to be further extended by all parties.

Pursuant to the amended BeMetals Option Agreement, BMET USA will be entitled to purchase 100% of the outstanding shares of SMMI from TMRI if the following obligations are satisfied:

- Tranche 1: cash payment of \$100,000 to TMRI within 1 business day of delivery of voting support agreements from shareholders of THMG who hold or control shares carrying more than 50% of the voting rights attached to all outstanding THMG Shares. Payment was received on March 5, 2019 and is nonrefundable.
- Tranche 2: Tranche 2 conditions were completed on June 10, 2019, with the issuance of 10 million common shares of BMET USA to TMRI having a fair value of \$1,883,875; and BMET USA's purchase of 2.5 million shares of THMG common stock at a price of \$0.10 per share, for an aggregate purchase price of \$250,000, on a private placement basis (received June 2019).
- Tranche 3: Cash payment of \$250,000 on or before the 6-month anniversary of the Tranche 2. Payment was received on December 10, 2019.
- Tranche 4: Cash payment of \$250,000 on or before the 15-month anniversary of the Tranche 2, was received on September 10, 2020, and was recognized as a gain on sale of mineral interest during the year ended December 31, 2020.
- Tranche 5: Cash payment of \$250,000 on or before the 21-month anniversary of the Tranche 2, was received on March 5, 2021, and recognized as a gain on sale of mineral interest for the period ended March 31, 2021.
- Tranche 6: Cash payment of \$250,000 on or before September 30, 2021, which was received on September 10, 2021, and fulfilled the cash option payment requirement per the original agreement.
- Tranche 7: Commencing from September 14, 2021, BeMetals shall fund and complete a surface drilling exploration program with a minimum of 7,000 feet. Including but not limited to corresponding sampling and analysis.
- Tranche 8: Upon BeMetal's intention to exercise their option, and completion of Tranches 1 through 7. An additional payment of an amount equal to the lesser of 50% of the market capitalization of BeMetals at the time, and the greater of either \$10 million; or 20% of the net present value of the South Mountain Project as calculated in the PEA and discounted at 8%. Less the sum of:
 - US\$850,000 being the total cash payments made by BMET USA.
 - The Tranche 2 Shares Value \$1,883,875.
 - The aggregate value of the South Mountain Project Liabilities, excluding reclamation and environmental liabilities.

BeMetals Management Service Income

Concurrent with the BeMetals Option Agreement, BMET USA and SMMI entered a management contract whereby BeMetals will pay \$25,000 monthly to SMMI for management services to enable BMET to perform exploration and development work with respect to the South Mountain Project. Management service income of \$225,000 was recognized for the nine months ended September 30, 2022, and 2021, respectively. Management Service income for the three months ended September 30, 2022, and 2021 was \$75,000, respectively.

Advance from BeMetals

BeMetals provides funding to SMMI for ongoing project expenses, including office lease payments. Under the terms of the Option Agreement, SMMI's management provides BeMetals a request for funds monthly to cover the upcoming month's expenses. At September 30, 2022, and December 31, 2021, advances received from BeMetals that have not yet been spent totaled \$82,420 and \$36,187, respectively.

SMMI Joint Venture - OGT, LLC

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.

4. Investment in Equity Security

In June 2019 in connection with the BeMetals Option Agreement (see Note 3), the Company received 10,000,000 shares of BeMetals Corp. common stock that had a fair value of \$1,883,875.

On May 4, 2021, the Company sold 2,000,000 shares held in BeMetals Corp. for US \$649,557 (\$CAD 800,000). The shares of common stock were sold through Canaccord Genuity at a price of US \$0.325 (\$CAD 0.40). A foreign exchange gain of \$9,147 was recognized on the sale as the funds were not transferred to the company until May 17, 2021. This gain is included in other income on the consolidated statement of operations. This sale met the requirements under the terms of the BeMetals Option Agreement.

The fair value of the Company's shares in BeMetals is \$669,624 at September 30, 2022, compared to the fair value of the investment of \$1,520,684 at December 31, 2021. For the three months and nine months ended September 30, 2022, the Company had an unrealized loss of \$230,072 and \$851,060, respectively.

5. Property and Equipment

The Company's property and equipment are as follows:

	<u>September 30</u>	<u>December 31,</u>
	<u>2022</u>	<u>2021</u>
Vehicles	\$ 22,441	\$ 22,441
Buildings	65,071	65,071
Construction Equipment	36,447	36,447
Mining Equipment	58,646	58,646
	<u>182,605</u>	<u>182,605</u>
Accumulated Depreciation	(181,722)	(180,500)
	883	2,105
Land	280,333	280,333
Total Property and Equipment	<u>\$ 281,216</u>	<u>\$ 282,438</u>

6. Related Notes

Board of Directors Compensation

On March 16, 2022, the Company's Compensation Committee recommended that the Company's Board of Directors receive nominal compensation for their service. The Company's Board of Directors passed the resolution for Board members compensation on March 21, 2022. During the nine-month period ended September 30, 2022, the total amount of cash compensation paid to the Board of Directors was \$16,550. Board of Directors Compensation for the three months ended September 30, 2022 was \$2,900.

Notes Payable

Mr. Jones is the Company's President and Chief Executive Officer on September 30, 2022. Mr. Jones had a note payable balance of \$28,768. On August 21, 2022, Mr. Jones received payment of accrued interest of \$38,000. Mr. Jones had accrued interest payable balance on September 30, 2022 and December 31, 2021 of \$9,698 and \$47,698, respectively. The note, as amended, stopped accruing monthly interest on January 1, 2021.

James Collord, the Company's Vice President and Chief Operating Officer was paid \$40,000, paying off the principal of the note payable balance of \$39,808 as well as \$192 of accrued interest ending December 31, 2021. During the nine months ended September 30, 2022, Mr. Collord received a payment of accrued interest of \$22,479, and had accrued interest payable balance at September 30, 2022 and December 31, 2021 of \$10,000 and \$32,479, respectively.

Deferred Officer Compensation

Three of the Company's officers began deferring compensation for services on April 1, 2015. On July 31, 2018, the Company stopped expensing and deferring compensation for the three Company officers in the interest of marketing the SMMI project. As part of the BeMetals agreement (Note 3), the Company resumed compensation for these officers on May 15, 2019. The officers' deferred compensation balances at September 30, 2022 and December 31, 2021 represent the balances deferred prior to the BeMetals agreement and are as follows: Eric Jones, President and Chief Executive Officer - \$420,000; Jim Collord, Vice President and Chief Operating Officer - \$420,000; and Larry Thackery, Chief Financial Officer - \$201,500, for a total of \$1,041,500.

Accrued Related Party Liability

During 2015 to 2018 the Company engaged Baird Hanson LLP ("Baird"), a company owned by one of the Company's former directors, to provide legal services. The Company's director Joseph Baird retired from the Board of Directors of Thunder Mountain Gold, Inc., and from all other positions or offices with the Company effective April 11, 2022. Baird received \$15,000 in payments during the nine months ended September 30, 2022. At September 30, 2022 and December 31, 2021, the balance due to Baird for prior years' legal services was \$151,685 and \$166,685, respectively.

On May 10, 2022, the Company agreed to facilitate the sale of 1,000,000 shares of the Company's common stock held by Joseph Baird, one of the Company's former directors and a shareholder. In anticipation of the sale, the Company received \$10,000 for the sale of shares that had not yet transferred to the purchasers. The Company held funds in prepaid expense, deposits and other assets with a corresponding liability due to Mr. Baird of \$10,000 classified in accounts payable and other accrued liabilities on its consolidated balance sheet at September 30, 2022.

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 July 19, 2021, the Company issued 710,000 common shares because of stock options exercised by Company officers and certain Directors. The options entitled the holder to receive one share of the Company's common stock at an exercise price of \$0.10 per share. The Company received net cash proceeds from the option exercise of \$71,000 in exchange for 355,352 common shares and issued an additional 354,648 common shares to settle advanced funds, accrued wages, and accrued interest to officers of \$35,466.

8. Stock Options

The Company has a Stock Incentive Plan (the "SIP") that provides for the grant of stock options, incentive stock options, stock appreciation rights, restricted stock awards, and incentive awards to eligible individuals including directors, executive officers and advisors that have furnished bona fide services to the Company not related to the sale of securities in a capital-raising transaction. On July 12, 2022, the Company's shareholders, at their Annual Meeting, ratified and reapproved the Stock Option Plan.

On March 21, 2022, the Company granted 1,820,000 stock options to officers and directors of the Company. The fair value of the options was determined to be \$158,341 using the Black Scholes model. The total amount of compensation cost recognized for share-based payment awards to nonemployees was \$13,920. The Company has elected to recognize the effect of forfeitures in compensation cost when they occur. Previously recognized compensation cost for a nonemployee share-based payment award shall be reversed in the period that the award is forfeited. The options are exercisable on or before March 21, 2027 and have an exercise price of \$0.09. The options were fully vested upon grant and the entire fair value was recognized as compensation expense during the quarter ended March 31, 2022.

On July 19, 2021, management and Board members exercised stock options for 710,000 shares of common stock for total consideration \$71,000. The Company issued 354,648 common shares in exchange for advanced funds, accounts payables, and accrued interest payable to management for a nonmonetary value of \$35,466. An additional 355,352 common shares were exercised for cash consideration of \$35,534.

On July 19, 2021, the Company's President and Chief Executive Officer, Eric Jones, exercised stock options representing 200,000 shares of common stock for total consideration of \$20,000. This payment was noncash representing \$7,146 from the accounts payable and \$12,854 net of accrued wages. James Collord, the Company's Vice President and Chief Operating Officer exercised stock options in the amount of \$10,000 representing 100,000 shares of common stock. Mr. Collord exercised stock options, using \$8,163 of accrued interest plus \$2,500 in accrued wages, net of \$663 in related taxes, to cover the option exercise price of \$10,000. Additionally, Larry Thackery, the Company's CFO, exercised stock options for 160,000 shares of common stock for \$16,000 with \$10,535 in cash, and \$5,917 in accrued wages, net of \$453 in related taxes. Board Members, Ralph Noyes, and Doug Glaspey exercised stock options of 150,000 and 100,000 shares of common stock, respectively. This transaction was a cash transaction of \$15,000 for Ralph Noyes, and \$10,000 for Doug Glaspey for a total of \$25,000 in cash.

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

	<u>March 21, 2022</u>
Stock price	\$0.088
Exercise price	\$0.09
Expected volatility	188.9%
Expected dividends	-
Expected terms (in years)	5.0
Risk-free rate	2.39%

During the nine months ended September 30, 2022, 400,000 options expired.

The following is a summary of the Company's options issued and outstanding under the SIP:

	<u>Shares</u>	<u>Weighted Average Exercise Price</u>
Outstanding and exercisable at December 31, 2020	5,705,000	\$ 0.10
Exercised	(710,000)	0.10
Expired	(1,640,000)	0.10
Outstanding and exercisable at December 31, 2021	3,355,000	\$ 0.10
Granted	1,820,000	0.09
Expired	(400,000)	0.09
Outstanding and exercisable at September 30, 2022	<u>4,775,000</u>	<u>\$ 0.093</u>

The average remaining contractual term of the options outstanding and exercisable at September 30, 2022 was 2.97 years. At September 30, 2022, options outstanding and exercisable had no aggregate intrinsic value based on the Company's stock price of \$0.07 at September 30, 2022.

9. Leases

The Company renewed its office operating lease on February 1, 2022, for 12 months, and does not anticipate the lease will be more than 12 months as of September 30, 2022. Since the remaining lease term is one year or less the Company did not recognize a right to use asset and a related lease liability on the balance sheet for the lease renewal. For the nine months ended September 30, 2022, the Company paid \$13,050 in lease payments, which was reimbursed by BeMetals under the terms of the Option Agreement.

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Thunder Mountain Gold Inc, (the "Company") on Form 10-Q for the period ending September 30, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Larry Thackery, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ Larry Thackery
Larry Thackery
Chief Financial Officer
Date: November 14, 2022

A signed original of this written statement has been provided to and will be retained by Thunder Mountain Gold, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.