

THUNDER MOUNTAIN GOLD INC
Form 10KSB
April 15, 2005

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-KSB

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

For the fiscal year ended: December 31, 2004

Commission File Number: 001-08429

THUNDER MOUNTAIN GOLD, INC.

(Exact name of Registrant as specified in its charter)

Idaho

91-1031075

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

With copies to:

3605 E. 16th Avenue
Spokane, Washington 99223
(509) 535-6092
(Address of Principal Executive Offices) (Zip Code)

E. James Collord
1239 Parkview Drive
Elko, Nevada 89801
(775) 738-9826

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

 Title of each Class

Name of Exchange on which Registered

\$0.05 par Value Common

None

Non-Assessable Stock

Securities registered under Section 12(g) of the Exchange Act: None

Check whether the issuer (1) filed all reports required by Section 13 or 15(d) of the Exchange Act 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

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulations S-B is met contained in this form, and no disclosure will be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of the Form 10-KSB or any amendment to this Form 10-KSB. Not Applicable

The aggregate market value of the voting stock held by non-affiliates of the Registrant as of December 31, 2004 was 2,087,600 . This figure is based on estimated bid price of \$0.29.

Issued and outstanding common capital stock as of December 31, 2004: 9,727,852 shares of common \$0.05 par value stock non -assessable.

Documents are Incorporated by reference: None.

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

SEC 2337 (12-03)

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FORWARD-LOOKING STATEMENTS

This Report on Form 10-KSB contains certain forward-looking statements. These forward looking statements include statements regarding (i) research and development plans, marketing plans, capital and operations expenditures, and results of operations; (ii) potential financing arrangements; (iii) potential utility and acceptance of the Registrant's existing and proposed products; and (iv) the need for, and availability of, additional financing.

The forward-looking statements included herein are based on current expectations and involve a number of risks and uncertainties. These forward-looking statements are based on assumptions regarding the business of Interactive Multimedia Network, Inc., the ("Company"), which involve judgments with respect to, among other things, future economic and competitive conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the Company. Although the Company believes that the assumptions underlying the forward looking statements are reasonable, any of the assumptions could prove inaccurate and, therefore, actual results may differ materially from those set forth in the forward-looking statements.

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PART I

ITEM 1. DESCRIPTION OF BUSINESS

(A) Business Development

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. In August 1985, the Company's shareholders approved an increase in the authorized common stock, \$0.05 par value, from 7,500,000 shares to 12,000,000 shares. Quotations of the bid and ask prices for the stock are published by the Spokane Quotations Service of Spokane, Washington.

(B) Business Of Issuer

The Company's primary property at Thunder Mountain was placed into operation in the mid-1980s by Coeur 'd Alene Mines (CDA) under a net profits arrangement. Gold and silver production totaled approximately 180,000 ounces gold

by CDA from the Sunnyside Deposit by open pit mining and heap leaching. Coeur 'd Alene ceased production in the early 1990s and relinquished the claims back to the Company, and completed required closure and reclamation work that won significant praise from the agencies and outside interests.

In February 1992, a joint venture between the Company and Dewey Mining unified the mining district and provided significant added value to both entity's property positions. Subsequent to the formation of this joint venture, the joint properties were leased to and explored by several major mining companies, with the most extensive work being completed by USMX/Dakota Mining. They expended approximately \$5,000,000 to explore the district and define a significant measured mineral resource Dewey Hill mineralized zone, the historic mining area on the Dewey property.

Bankruptcy by Dakota Mines provided an opportunity for the Company and Dewey Mining to acquire the consolidated district, with an improved land package, for future development. USMX/Dakota Mining had initiated an Environmental Impact Statement (EIS), additional baseline studies and other permitting requirements to place the Dewey Hill deposit into production. The Company continued these activities to the extent reasonable.

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During 2000, the Company and their joint venture partner, Dewey Mining Company, entered into an Option Agreement with Trust for Public Lands to purchase the consolidated mining district. The Trust for Public Lands is a nonprofit organization dedicated to the preservation of nature for human enjoyment and well-being. The Thunder Mountain Mining District is located on a cherry-stem within the Frank Church River of No Return Wilderness that was specifically outlined to allow continued development of the historic mining area. Due to its location, the Company's land position is a candidate for purchase by the United States Forest Service through the Land and Water Conservation Funds and other appropriations. All permitting efforts were placed on hold pending the completion of the initial appraisal, which the Forest Service completed in mid-2004.

The independent appraisal, completed by Mr. Don Howell of Valuation Service with support from Dr. Dave Wahl, an independent PhD economic geologist, was reported in per Uniform Appraisal Standards for Federal Land Acquisitions. The appraisal concluded that the value for all private holdings, drill-defined mineralized material, unpatented claims and appurtenant components had a value of \$13,000,000. The Trust for Public Lands, with support from the Forest Service, is in the process of working with the congressional delegation to acquire the funding for the purchase. Funding sources such as Land and Water Conservation Funds are exceptionally tight because of other priorities of the federal government.

When funding is made available and the sale is completed, the Company's share of the proceeds would be in the range of \$5,000,000 to \$5,500,000, after expenses such as the fee-for-service to Trust for Public Lands, agreed-to reclamation costs and the purchase of a third-party group of patented claims.

The Company is an exploration stage company and there is no assurance that a commercially viable mineral deposit exists on any of its properties. Further exploration efforts will likely be required by the Company or lessor before a final evaluation as to the economic and legal feasibility of conducting further operations is determined.

In addition to the patented claims, the Company also owns unpatented mining claims. The validity of unpatented mining claims is dependent upon inherent uncertainties and conditions. These uncertainties related to such non-record facts as the sufficiency of the discovery of minerals, proper posting and marking of boundaries, whether the minerals discovered were properly locatable as a lode claims or a placer claim as appropriate, the payment of annual claim holding fees of \$100.00 per claim as required by law, and possible conflicts with other claims not determinable from descriptions of record. In the absence of a discovery of valuable minerals, a mining claim may be open to location by others unless the owner is in actual possession of the claim and making the required annual payments. No assurance

can be given with respect to unpatented mining claims in the exploratory stage that the requisite discovery of a valuable mineral deposit can be made thereon.

PRECIOUS AND OTHER MINERAL PROPERTIES

1. Thunder Mountain Mining District, Valley County, Idaho

The Company and their joint venture partner, Dewey Mining Company, holds 272 unpatented and 50 patented lode claims and fractional claims in the historic Thunder Mountain District of Valley County, Idaho. The Company's claims are located in the Thunder Mountain Mining District, approximately 55 miles east of McCall, Idaho. The approximate location of the property is illustrated on the following map.

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The Registrant and Dewey Mining Company, also an Idaho Corporation, entered into a joint venture agreement in February 1992. The joint venture owns outright a total of 50-patented lode-mining claims (735.5 acres total) and 272 unpatented lode claims (5,245 acres total). With the exception of one small claim block within the Frank Church River of No Return Wilderness (their location pre-dated the wilderness designation), all of the claims are within the cherry-stem that forms a corridor into the wilderness. Mineral development within this cherry-stem is subject to the same regulatory stipulations as the United States Forest Service managed land surrounding the wilderness. Some of the Company's claims within the cherry stem are partially within the wilderness area, but these were, for the most part, located as protection of the land position more central to the cherry-stem that either has mineral resources or exploration potential.

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Under the terms of the Joint Venture, both Dewey Mining Company and Thunder Mountain Gold joined all resources including patented and unpatented mining claims, mineralized material, water rights and any other right, title and interest on the properties. All costs connected with the effort of marketing the joint properties to environmental interests, mining companies, or other interested parties are shared on a 50-50 basis. All properties and expenditures as of the date of the joint venture agreement are considered equal. All net proceeds generated by, or from the joint properties will be shared on a 50-50 basis. The joint venture agreement does not create a partnership, and each Party will hold the other harmless from any pre-existing obligation and liabilities. Dewey Mining Company retained ownership of their existing 500 ton-per-day gravity gold processing mill, although this facility could be utilized for processing gold-silver mineralization mined from any deposit defined on the joint property.

Mineralization and Current Activity

Mineralization within the Thunder Mountain District is hosted in the volcanic rock sequence of the Thunder Mountain Caldera and lies within the northeast-trending Trans-Challis Mineral Belt of central Idaho. The Dewey Deposit is hosted in rhyolitic ash fall tuffs and tuffaceous sediment of the Dewey Sequence, part of the extensive Eocene Challis Volcanic Group. Three gold-silver mineralized zones are defined within the Dewey Deposit: 1) an upper tuffaceous sediment unit; 2) a middle ash fall tuff unit, and; 3) a lower mudflow agglomerate unit. Gold and silver mineralization is both structurally and stratiform controlled, with the better grades occurring along structural zones where hydrothermal fluids concentrated mineralization. Other areas of past production and future potential mineralization within the district are within similar geologic and host rock settings.

Exploration of the Dewey Deposit has been extensive, with work completed by several exploration and mining companies since the 1970s. A mineralized resource has been defined using after the completion of 256 drill holes on 100-foot centers with some areas of 50-foot fill in drilling that resulted in 12,275 assay intervals. Extensive geologic mapping and sampling, with some exploratory drilling, has been done on several other geologic targets within the district. The current mineralized resource defined at the Dewey Deposit is the result of approximately five million dollars of expenditures by USMX and Dakota Mining, this not counting previous exploration drill data compiled by Placer Amex, Copper Lakes and other companies. As a result of this work, a mineralized material of 5,390,000 tons averaging 0.047 ounces per ton gold (using a gold price of \$400 per ounce) is estimated to be present at the Dewey Deposit.

Note: Mineralized material is generally defined as a mineralized body

which has been delineated by appropriately spaced drilling and/or underground sampling to support a sufficient tonnage and average grade of metals.

Current infrastructure that supports exploration activities and potential future development of the Thunder Mountain Property consists of improvements associated with past mining operations. This includes access road improvements, a potential tailings disposal or heap leach pad area, and a Dewey Mining Company-owned 500 ton-per-day gravity milling facility that was operational in the late

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1970s and early 1980s, along with support facilities including fuel storage tanks, shop, assay laboratory, electrical equipment, base camp housing, etc.

Costs incurred by the Company include property maintenance activities (claim fees, taxes, etc.), appraisal and other costs associated with the potential sale, site security, monitoring and maintenance of reclamation and sediment control features. All exploration, development and mining activities in the past have been borne by previous operators that had the Thunder Mountain Property under lease arrangement.

All past and future operations would require generation of power on site by the use of diesel-powered generators.

The Thunder Mountain Property is without known and defined reserves pursuant to SEC Industry Guide 7. Significant mineralized material has been drill defined as discussed above. The Property is still in an exploration stage, although sufficient information has been developed to potentially initiate further development activities.

Maintenance of the mining claims consists of payment of the annual claim maintenance fees on unpatented mining claims. Property taxes are paid on all patented and unpatented mining claims.

2. Ironside Platinum Group Metals (Pgm) Prospect, Goodsprings Mining District, Clark County, Nevada

The Company's interest Ironside Platinum Group Metals (PGM) prospect located in the Goodsprings Mining District, Clark County, Nevada was dropped during 2003. This was done to focus all financial efforts on the pending sale of the Company's property in the Thunder Mountain Mining District. The Ironside claim position had also failed to generate much interest by other companies, partly because of the then declining price of the platinum group metals.

(C) Reports To Security Holders:

The registrant does not issue annual or quarterly reports to security holders other than the annual Form 10-KSB and quarterly Forms 10-QSB as electronically filed with the SEC. Interested parties may read and copy any materials filed with the SEC at the SEC's Public Reference Room at 450 Fifth Street, N. W., Washington, D.C. 20549. Information may be obtained on the operation of the Public Reference Room by calling the SEC at 1 (800) SEC-0330. The SEC maintains an Internet site (<http://www.sec.gov>) that contains reports, proxy and information statements and other information.

ITEM 2: PROPERTIES

For continuity and clarity, this information was included in the information set in Item 1(B).

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ITEM 3: LEGAL PROCEEDINGS.

The Company has no legal actions pending against it and it is not a party to any suits in any court of law, nor are the directors aware of any claims which could give rise to or investigations pending by the Securities and Exchange Commission or any other governmental agency. The Company, along with other impacted entities, including companies, municipalities and various irrigation districts, was involved in a legal protest against the Federal Government's claims for certain reserved water rights for Wild and Scenic Rivers Act purposes. The matter is in the Idaho States Federal Court for the District Court of Idaho (SRBA Case No. 39576, District Court of the Fifth Judicial District of the State of Idaho, in and for the County of Twin Falls) assigned to handle the Snake River Basin water rights adjudication. A settlement agreement was reached by all parties to this case during 2003, and the Company retained sufficient water rights for any foreseeable operational needs, or to add value to a sale to the Forest Service. The Company is not involved in any civil rights negotiations or proceedings.

ITEM 4: SUBMISSION OF MATTERS TO VOTE ON SECURITY HOLDERS.

No matters were submitted to vote of the Registrant's security holders during 2004.

PART II

ITEM 5: MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.

(A) Market Information.

The common stock of the Registrant is traded over-the-counter in Spokane, Washington and its bid and asked prices are quoted on a daily basis by the Spokane Quotation Service in Spokane, Washington.

The bid prices for the Registrant's stock for the years 2004, 2003 and 2002 were as follows:

HIGH

LOW

2004

First Quarter

\$ 0.19

\$ 0.14

Second Quarter

\$ 0.21

\$ 0.13

Third Quarter

\$ 0.15

\$ 0.10

Fourth Quarter

\$ 0.33

\$ 0.12

2003

First Quarter

\$ 0.08

\$ 0.05

Second Quarter

\$ 0.09

\$ 0.07

Third Quarter

\$ 0.18

\$ 0.06

Fourth Quarter

\$ 0.30

\$ 0.10

2002

First Quarter

\$ 0.10

\$ 0.04

Second Quarter

\$ 0.14

\$ 0.04

Third Quarter

\$ 0.11

\$ 0.06

Fourth Quarter

\$ 0.09

\$ 0.04

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(B) Holders:

Title of Class	No. of Record Holders
-----	-----
\$0.05 Par Value	2,112 as of June 4, 2004
Common Stock Non -Assessable	

(C) Dividends

The Registrant has not paid any dividends, and does not plan to do so in the foreseeable future as it plans to use its capital maintain corporate affairs and finalize the potential sale of Thunder Mountain Property.

Securities Authorized For Issuance Under Equity Compensation Plans

None.

Recent Sales Of Unregistered Securities; Use Of Proceeds From Registered Securities

During the period covered by this report the Company has sold no equity securities that were not registered under the Securities Act of 1933, as amended.

ITEM 6: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION.

This report contains both historical and prospective statements concerning the Company and its operations. Prospective statements (known as "forward-looking statements") may or may not prove true with passage of time because of future risks and uncertainties. The Company cannot predict what factors might cause actual results to differ materially from those indicated by prospective statements.

The following discussion is based on unaudited financial information prepared by Management. Pursuant to Regulation 3-11 of Regulation S-X, Management believes that the Company is an *inactive entity* and has elected to omit audited financial information.

(a) FULL FISCAL YEAR.

Liquidity:

.

The Company has a positive cash-position and maintained its liquid assets in a cash management fund and the Midas gold-based mutual fund. The Company's cash and liquid assets are considered adequate to meet its current and near-term corporate obligations. The Company does not foresee any necessity to raise additional funds during the next twelve-month period, except for the advance from Dewey Mining to defray various appraisal and property maintenance costs on the joint venture properties. Management will be selling the Midas Fund assets, which, at the end of 2004 had a value of approximately \$16,000. Management believes that its funds are sufficient to meet corporate expenses incurred during the next 12 months.

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Due to the extended timeframe for the completion of the potential sale through Trust for Public Land, the Company required a source of continued funding to pay their 50% share of mining claim holding fees, security, appraisal costs, and consultant expenses. To this end, a line of credit in the amount of \$150,000 was established in May 2003 to provide for expenses to complete the land sale efforts with Trust for Public Land. The line of credit carries an eight percent interest charge and is secured by the Company's land in the Thunder Mountain Mining District. The note is due and payable in May 2005, but will be extended for an indefinite period of time pending further progress of Trust for Public Lands in acquiring funding. The amount due on this line of credit was approximately \$181,000 at the end of 2004. Alternative financing arrangements are being evaluated in the event that it becomes necessary.

Expenses for the ensuing year will be incurred for continued maintenance and sales efforts of the Thunder Mountain property, including claim holding fees, minor appraisal costs, travel, consultants, legal reviews of the pending sale, corporate management fees and administrative costs. It is anticipated that no Directors and discretionary managerial fees will be paid during the upcoming year due to the low cash position of the Company. Any geologic, professional and other technical expertise utilized in Company efforts are generally done by the Directors, who are adequately qualified.

Any additional exploration efforts undertaken by the Company will be limited to the evaluation of opportunities that may be presented to the Company. The Company did not engage in any research and development activities during 2004.

There were no fees paid to any of the Directors during 2004. Please refer to the financial statements for additional costs and expenditures and other financial information.

Capital Resources: The Company presently did not acquire any equipment during 2004. The Company does not intend to make any capital expenditures from its funds for property or equipment during the next 12 months. The Company also does not presently have any plans to raise capital through debt or equity financing.

Results of Operations: The Company had no production from operations for 2004. Although additional production units are likely, it is impossible to predict with any certainty when and where the next production unit will be developed. For that reason, it is impossible to predict the future production units.

For 2004, gross revenues were \$-0-.

The Company does not currently have any employees, and does not anticipate any for the upcoming calendar year(s). The Directors conduct most of the work related to corporate business on a non-paying basis at the current time. Occasionally, outside consultants are utilized per the above discussion.

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ITEM 7: FINANCIAL STATEMENTS AND SUPPLEMENTAL DATA

THUNDER MOUNTAIN GOLD, INC.

(An Exploration Stage Company)

FINANCIAL STATEMENTS

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AND

ACCOUNTANTS REPORT

DECEMBER 31, 2004

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ACCOUNTANTS REPORT

Board of Directors

Thunder Mountain Gold, Inc.

Spokane, Washington

We are not independent with respect to Thunder Mountain Gold, Inc. (an exploration stage company), and the accompanying balance sheets as of December 31, 2004 and 2003, and the related statements of operations, cash flows, and changes in stockholders' equity, for the years then ended were not audited by us and, accordingly, we do not express an opinion on them.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As shown in the accompanying financial statements, the Company has suffered recurring losses from operations and the Company's liabilities exceed its assets. These factors raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are described in the notes to the financial statements. The financial statements do not include any adjustment that might result from the outcome of this uncertainty.

/s/ Moe)'Shaughnessy & Associates, P.S.

MOE O SHAUGHNESSY & ASSOCIATES, P.S.

Spokane, Washington

March 21, 2005

THUNDER MOUNTAIN GOLD, INC.

(An Exploration Stage Company)

BALANCE SHEETS

(Unaudited - See Accountants Report)

DECEMBER 31, 2004 AND 2003

ASSETS

2004

2003

CURRENT ASSETS:

Cash and cash equivalents

\$ 2,204

\$ 11,697

Available-for-sale investments

16,712

—

Total Current Assets

18,916

11,697

AVAILABLE-FOR-SALE-INVESTMENTS

(NON-CURRENT)

170

170

PROPERTY AND EQUIPMENT

Office equipment

7,141

7,141

Mining claims

-

-

Total Property and Equipment

7,141

7,141

Less: Accumulated depreciation

7,141

7,108

Net Property and Equipment

 -

 33

\$ 19,086

\$ 11,900

See Notes to Financial Statements.

LIABILITIES AND STOCKHOLDERS EQUITY

2004

2003

CURRENT LIABILITIES

Accounts payable

\$181,000

\$ 98,600

Total Current Liabilities

181,000

98,600

STOCKHOLDERS EQUITY

Common stock, \$0.05 par value;

12,000,000 shares authorized;

9,727,852 and 9,727,852

shares issued respectively

486,392

486,392

Additional paid-in capital

254,222

254,222

Less: 11,700 shares of treasury

stock, at cost

(24,200)

(24,200)

Accumulated other comprehensive

income (loss)

16,712

-

Retained earnings (deficit)

(212,793)

(212,793)

Deficit accumulated during the

exploration stage (1991 through

2004)

(682,247)

(590,321)

(161,914)

(86,700)

\$ 19,086

\$ 11,900

See Notes to Financial Statements.

THUNDER MOUNTAIN GOLD, INC.

(An Exploration Stage Company)

NOTES TO FINANCIAL STATEMENTS

(Unaudited - See Accountants Report)

1.

Summary of Significant Accounting Policies

Business Operations

Thunder Mountain Gold, Inc., takes its name from the Thunder Mountain Mining District in Valley County, Idaho, where its principal lode mining claims are located.

Accounting Policies

Marketable securities are stated at market value. The market value is based on quoted market prices or other fair value estimates provided by third party portfolio managers.

Exploration Costs

Exploration costs are charged to operations when incurred.

Property and Equipment

Property and equipment are carried at cost. Depreciation is computed using accelerated depreciation methods with useful lives of three to seven years. Major additions and improvements are capitalized. Costs of maintenance and repairs, which do not improve or extend the life of the associated assets are expensed currently. When there is a disposition of property and equipment, the cost and related accumulated depreciation are removed from the accounts and any gain or loss is reflected in net income.

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(An Exploration Stage Company)

NOTES TO FINANCIAL STATEMENTS

(Unaudited - See Accountants Report)

1.

Significant Accounting Policies - (Continued)

Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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. Actual results could differ from those estimates.

Comprehensive Income

In 1998, the Company adopted Statement of Financial Accounting Standards (FAS) 130, Reporting Comprehensive Income, issued by the Financial Accounting Standards Board (FASB). The Company reports accumulated other comprehensive income as a separate component of shareowners equity.

Earnings Per Share

The Company computes basic earnings per common share by dividing the net income by the weighted average number of common shares outstanding during the period. Diluted earnings per share are calculated by including all dilutive potential common shares such as stock options. Dilutive potential common shares were 9,727,852 in 2004, 2003, and 2002. No adjustment to reported net income is required when computing diluted earnings per share.

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THUNDER MOUNTAIN GOLD, INC.

(An Exploration Stage Company)

NOTES TO FINANCIAL STATEMENTS

(Unaudited - See Accountants Report)

2.

Investments

The Company has adopted Statement of Financial Accounting Standards (SFAS) No. 115, Accounting for Certain Investments in Debt and Equity Securities. SFAS No. 115 establishes generally accepted accounting principles for the financial accounting and measurement and disclosure principles for (1) investments in equity securities that have readily determinable fair market value and (2) all investments in debt securities. All of the marketable securities held by Thunder Mountain Gold, Inc., consist of securities available-for-sale, as defined by SFAS No. 115. The method used in computing realized gains and losses is the specific identification method.

The Company has been liquidating investments to provide cash flow. Marketable securities are stated at market value. The market value is based on quoted market prices or other fair value estimates provided by third party portfolio managers. Investments in small local mining companies are stated at estimated fair value and classified as non-current investments.

The following information is as of December 31, 2004, 2003, and 2002:

2004

2003

2002

Aggregate fair value of

marketable securities

\$ 16,712

\$ -

\$ 41,666

Gross unrealized holding

gains

-

-

-

Gross unrealized holding

losses

1,003

-

20,477

Cost basis

\$ 17,715

\$ -

\$ 62,143

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THUNDER MOUNTAIN GOLD, INC.

(An Exploration Stage Company)

NOTES TO FINANCIAL STATEMENTS

(Unaudited - See Accountants Report)

2.

Investments - (Continued)

Changes in current marketable securities for the twelve months

ended December 31, 2004, 2003, and 2002, are as follows:

2004

2003

2002

Cost, as of January 1

\$ 17,715

\$ 62,143

\$101,539

Purchase of shares

-

-

-

Sales of shares

-

(62,143)

(39,396)

Dividends and capital

gains reinvested

-

-

-

Unrealized gain (loss),

As of December 31

(1,003)

—

(20,477)

Fair market value as of

December 31

\$ 16,712

\$ —

\$ 41,666

Investments consist of the following:

Carrying

Market

Value

Cost

Value

December 31, 2004:

Current Investments

\$ 16,712

\$ 17,715

\$ 16,712

Other investments

170

1,080

170

Total

\$ 16,882

\$ 18,795

\$ 16,882

December 31, 2003:

Current investments

\$ -

\$ -

\$ -

Other investments

170

1,080

170

Total

\$ 170

\$ 1,080

\$ 170

(Continued)

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THUNDER MOUNTAIN GOLD, INC.

(An Exploration Stage Company)

NOTES TO FINANCIAL STATEMENTS

(Unaudited - See Accountants Report)

2.

Investments - (Continued)

December 31, 2002:

Current investments

\$ 41,666

\$ 62,143

\$ 41,666

Other investments

170

1,080

170

Total

\$ 41,836

\$ 63,223

\$ 41,836

Other investments consist of small stock holdings in several local mining companies.

3.

Mining Claims

Substantially all of the Company's patented and unpatented claims in the Thunder Mountain Mining district were obtained from major stockholders for cash or newly issued stock. The purchase price and capitalized costs of the mining claims have been written off.

4.

Income Taxes

The Company has losses for income tax purposes and accordingly has no income tax provision.

At December 31, 2004, the Company has \$934,614 in net operating loss carry forward which may be used to offset taxable income generated by operations, which began expiring in 2004, and are fully expired in 2024.

The net operating loss carry forward would normally result in a recorded income tax benefit. As a result of the uncertainty to continue as a going concern as described in Note 5, the income tax benefit is fully reserved and is not reflected herein.

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THUNDER MOUNTAIN GOLD, INC.

(An Exploration Stage Company)

NOTES TO FINANCIAL STATEMENTS

(Unaudited - See Accountants' Report)

5.

Uncertainty - Going Concern

The Company's continued existence is dependent upon its ability to resolve its liquidity problems, principally by obtaining equity or debt funding, sale of the mining claims or production from the mining claims. While pursuing additional funding or sale of its mining claims, the Company must continue to operate on limited cash. The Company has no revenue from operations and has experienced recurring losses. Management believes that geological, geophysical, and engineering data have identified mineralized material in place on the mining claims in commercial quantities to be of value. The Company is negotiating with the United States Forest Service through the Land and Water Conservation Funds for sale of its position regarding the mining claims.

6.

Litigation

The Company, along with other similarly situated parties, was a protestant against the Federal Government's claims for certain reserved water rights for Wild and Scenic Rivers Act purposes. A settlement has been reached and legal counsel anticipates the settlement will be favorable to Thunder Mountain Gold, Inc.

7.

Exploration Stage Company

Management reviewed the status of the company and determined that the company has been an exploration stage company from 1991 through 2004. Accordingly, the financial statements and disclosures report the company as an exploration stage enterprise.

THUNDER MOUNTAIN GOLD, INC.

(An Exploration Stage Company)

NOTES TO FINANCIAL STATEMENTS

(Unaudited - See Accountants Report)

8.

Accounts Payable

The Company established a line of credit with Dewey Mining Company during 2003. Dewey Mining Company is paying the Companies share of mining claim holding fees, security, appraisal costs, consultant expenses and related expenses to complete land sale efforts with the United States Forest Service. Accounts payable at December 31, 2004, of \$181,000 represents the costs paid by Dewey Mining Company. The line of credit carries an interest rate of eight percent and is included in the \$181,000.

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THUNDER MOUNTAIN GOLD, INC.

(An Exploration Stage Company)

(Unaudited - See Accountants Report)

SUPPLEMENTAL SCHEDULES

(Unaudited - See Accountants Report)

The Board of Directors

Thunder Mountain Gold, Inc.

Spokane, Washington

Our report on the financial statements of Thunder Mountain Gold, Inc., (an exploration stage company) is included in the Form 10-KSB and covers the balance sheets as of December 31, 2004 and 2003 and the related statements of operations, cash flows and changes in stockholders' equity for each of the three years ended December 31, 2004, 2003, and 2002. The following supplemental schedules were not audited by us and, accordingly, we do not express an opinion on them.

Schedule I - Marketable Securities - Other Investments

Schedule V - Property, Plant, and Equipment

Schedule VI - Amortization of Property, Plant, and Equipment

MOE O SHAUGHNESSY & ASSOCIATES, P.S.

Spokane, Washington

March 21, 2005

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THUNDER MOUNTAIN GOLD, INC.

Form 10-KSB

December 31, 2004

ITEM 8: DISAGREEMENTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

During the year ended December 31, 2004 there were no disagreements between the Company and its independent certified public accountants concerning accounting and financial disclosure.

ITEM 8A. CONTROLS AND PROCEDURES

The Registrant's President and Principal Accounting Officer after evaluating the effectiveness of the Company's disclosure controls and procedures (as defined in the Securities Exchange Act of 1934 Rules 13a-14(c) and 15d-14(c) as of a date within 90 days of the filing date of this annual report on Form 10-KSB (the "Evaluation Date"), have concluded that as of the Evaluation Date, the Company's disclosure controls and procedures were adequate and effective to ensure that material information relating to the Company would be made known to it by others within the Company, particularly during the period in which this annual report on Form 10-KSB was being prepared.

There were no significant changes in the Registrant's internal controls or, to the knowledge of the management of the Registrant, in other factors that could significantly affect these controls subsequent to the evaluation date, nor any significant deficiencies or material weaknesses in such disclosure controls and procedures requiring corrective actions.

ITEM 8B. OTHER INFORMATION

The Company filed a report on Form 8K on October 19, 2004 with the announcement of a press release under Item 8.01 regarding the Forest Service appraisal of the Thunder Mountain Mining District.

PART III

ITEM 9: DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

(A) Identification of Directors:

E. James Collord, Age 58 - President and Director - Mr. Collord has been an officer and Director of the Registrant since 1978.

Robin S. McRae, Age 64 - Secretary/Treasurer and Director - Dr. McRae has been an officer and Director of the Registrant since 1978.

Pete Parsley, Age 44 - Director and Thunder Mountain Project Manager. Mr. Parsley has been a director since 1999.

(B) Identification of Executive Officers

This information is contained in paragraph (a) above.

(C) Family Relationships

Dr. Robin S. McRae is the cousin of E. James Collord, the President of the Registrant.

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(D) Business Experience

E. James Collord has a Masters of Science degree in exploration geology from the Mackay School of Mines, University of Nevada, Reno. He has been a mining professional since 1973, employed as a mill construction superintendent, exploration geologist, mine construction and reclamation manager, and in environmental and lands management. He is currently actively employed as Environmental and Land Superintendent at a large gold mine near Elko, Nevada. He is the grandson of Daniel C. McRae, the original locator of the gold prospects in the Thunder Mountain Gold Mining District.

Robin S. McRae is a graduate of the Pacific College of Optometry and is a retired Boise optometrist. He is also the grandson of Daniel C. McRae, and is the son of Robert J. McRae, author of numerous geological reports concerning the Thunder Mountain Mining District. His knowledge of mining and related exploratory activities is derived from three generations of ownership of the Sunnyside group of claims that the Registrant now owns.

Pete Parsley has a Masters in Science degree in geology form the University of Idaho. He has been a mining professional since 1985 and has experience in gold exploration, mine development, construction, reclamation, and environmental compliance and permitting. He has been associated with the Thunder Mountain Project since 1985, including being the project manager for the exploration program by USMX/Dakota Mining that defined the Dewey mineralization.

(E) Directorships

None of the directors of the Registrant is a director of any other corporation subject to the requirements of Section 12 or Section 15(d) of the Exchange Act of 1934.

(F) Involvement In Certain Legal Proceedings

None of the Officers and Directors of the Registrant has been involved in any bankruptcy, insolvency, or receivership proceedings as an individual or member of any partnership or corporation; none has ever been convicted in a criminal proceeding or is the subject of a criminal proceeding presently pending. None has been involved in proceedings concerning his ability to act as an investment advisor, underwriter, broker, or dealer in securities, or to act in a responsible capacity for investment company, bank savings and loan association, or insurance company or limiting his activity in connection with the purchase and sale of any security or engaging in any type business practice. None has been enjoined from engaging in any activity in connection with any violation of federal or state securities laws nor been involved in a civil action regarding the violation of such laws.

(G) Promoters and Control Persons

Not applicable

THUNDER MOUNTAIN GOLD, INC.

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(H)

Audit Committee/Code of Ethics

There is no Audit Committee of the Board of Directors, given the current state of the Company. The Board of Directors has determined that it is unable to attract and/or retain independent board members or even if it could, the Company could not retain independent members that could be classified as an "audit committee financial expert" due to the high cost of such Director candidates.

The Board of Directors has not currently adopted a code of ethics at the time of this report. The Board of Directors is undertaking evaluation of a code of ethics and expects to finalize and adopt a code of ethics during 2005. Proper disclosure will be undertaken subsequent to adoption of a code of ethics by the Board of Directors.

ITEM 10: EXECUTIVE COMPENSATION

(A) Cash Compensation

None of the officers and Directors received any payment for services during 2004:

(B) Bonuses And Deferred Compensation:

Budgeted Arrangements: None

(C) Other Compensation

There are no remuneration payments to any officer or Director.

(D) Compensation Of Directors

Other arrangements: There are no arrangements for remuneration for services as a Director in addition to the standard arrangements.

(E) Termination Of Employment And Change Of Control Arrangement

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

ITEM 11: SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

(A) Security Ownership Of Certain Beneficial Owners

The following are known to the Registrant to be the beneficial owners of more than five percent (5%) of the Registrant's voting securities:

THUNDER MOUNTAIN GOLD, INC.

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Common Stock

Heirs of Ronald C. Yanke

1,883,525 shares of

19.36%

P.O. Box 5405,

record

Boise, ID 83715

(B) The Security Holdings Of Management Are As Follows

Common Stock

Ellis J. Collord

519,500 shares of

5.34%

record

Common Stock

Dr. Robin S. McRae

91,955 shares of

.95%

record

Total of all Officers and Directors

6.29%

ITEM 12: CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

(A) Transactions With Management And Others

There have been no transactions with:

Any Director or executive officer

Any Nominee for election as a director

Any immediate family member of any of the forgoing, or

Any security holder known to the issuer to own beneficially or of record more than 5% of the Registrant's voting securities.

(B) Certain Business Relationships

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

(C) Indebtedness Of Management

No Director or executive officer or nominee for Director, or any member of the immediate family of such has been indebted to the Company during the past year.

(D) Transactions With Promoters

Not Applicable

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PART IV

ITEM 13: EXHIBITS

- (31) Rule 13a-14(a)/15d-14(a) Certifications
 - (31)(i) Certification of E. James Collord
 - (31)(ii) Certification of Robin S. McRae
- (32) Section 1350 Certifications
 - (32)(i) Certification of E. James Collord
 - (32)(ii) Certification of Robin S. McRae

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The Company's board of directors reviews and approves services performed by Moe, O' Shaughnessy & Associates, P.S., as well as the fees charged by Moe, O' Shaughnessy & Associates, P.S. for such services. All of the services provided and fees charged by Moe, O' Shaughnessy & Associates, P.S. in 2004 were pre-approved by the board of directors.

Audit Fees

There were no fees billed by Moe, O' Shaughnessy & Associates, P.S. for preparation of audits as the Company does not prepare audited financial statements. The aggregate fees billed by Moe, O' Shaughnessy & Associates, P.S. for professional services for the preparation of the annual financial statements of the Company and the reviews of the financial statements included in the Company's quarterly reports on Form 10-QSB for 2004 and 2003 were \$1,600 and \$4,500, respectively, net of expenses.

Audit-Related Fees

There were no other fees billed by Moe, O Shaughnessy & Associates, P.S. during the last two fiscal years for services that were reasonably related to the preparation or review of the Company's financial statements and not reported under "Audit Fees" above.

Tax Fees

The aggregate fees billed by Moe, O Shaughnessy & Associates, P.S. during the last two fiscal years for professional services rendered by Moe, O Shaughnessy & Associates, P.S. for tax compliance for 2004 and 2003 were \$428 and \$750, respectively.

All Other Fees

There were no other fees billed by Moe, O Shaughnessy & Associates, P.S. during the last two fiscal years for products and services provided by Moe, O Shaughnessy & Associates, P.S.

THUNDER MOUNTAIN GOLD, INC.

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December 31, 2004

SIGNATURES

Pursuant to the requirements of Section 143 of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf of the undersigned, thereunto duly authorized.

THUNDER MOUNTAIN GOLD, INC.

/s/ James Collord

By _____

E. James Collord

President, Director and Chief Executive Officer

Date: April 15, 2005

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/ Robin S. McRae

By _____

Robin S. McRae

Secretary/Treasurer and Director and Chief Financial Accounting Officer

Date: April 15, 2005

