

THUNDER MOUNTAIN GOLD INC
Form 10-Q
November 14, 2018

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended September 30, 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)

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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 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 22, 2018: 57,645,579

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PART I – FINANCIAL INFORMATION
Item 1: Financial Statements**Thunder Mountain Gold, Inc.****Consolidated Balance Sheets***September 30, 2018 and December 31, 2017**Unaudited*

	September 30, 2018	December 31, 2017
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 30,115	\$ 36,454
Prepaid expenses and other assets	32,176	28,473
Total current assets	62,291	64,927
Property and Equipment:		
Land	280,333	280,333
Equipment, net of accumulated depreciation of \$113,161 and \$75,959, respectively	69,444	106,646
Total property and equipment	349,777	386,979
Mineral interests (Note 3)	479,477	479,477
Total assets	\$ 891,545	\$ 931,383
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current liabilities:		
Accounts payable and other accrued liabilities	\$ 129,929	\$ 92,311
Accrued related party liability (Note 6)	241,685	181,313
Accrued interest payable to related parties (Note 5)	48,240	36,949
Deferred payroll (Note 6)	1,041,500	871,500
Related party notes payable (Note 5)	126,576	217,688
Total current liabilities	1,587,930	1,399,761
Accrued reclamation costs	65,000	65,000
Total liabilities	1,652,930	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	(6,780,509)	(6,195,923)
Total Thunder Mountain Gold, Inc. stockholders' equity (deficit)	(935,073)	(707,489)
Noncontrolling interest in Owyhee Gold Trust (Note 3)	173,690	174,111
Total stockholders' equity (deficit)	(761,385)	(533,278)
Total liabilities and stockholders' equity (deficit)	\$ 891,545	\$ 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		Nine Months Ended	
	September 30,		September 30,	
	2018	2017	2018	2017
Expenses:				
Exploration	\$ 21,470	\$ 46,613	\$ 197,543	\$ 144,881
Legal and accounting	5,489	9,728	113,524	48,975
Management and administrative	53,986	69,354	214,170	284,074
Loss on sale of equipment	-	1,021	-	1,021
Depreciation	12,193	15,003	37,202	57,582
Total expenses	93,138	141,719	562,440	536,533
Other income (expense):				
Interest expense, related parties	(4,547)	(4,612)	(24,191)	(12,454)
Miscellaneous income (expense)	1,337	1,200	2,044	1,295
Total other income (expense)	(3,210)	(3,412)	(22,147)	(11,159)
Net Loss	(96,348)	(145,131)	(584,586)	(547,692)
Net Income (loss) – noncontrolling interest in Owyhee Gold Trust	-	-	-	-
Net Loss – Thunder Mountain Gold, Inc.	\$ (96,348)	\$ (145,131)	(584,586)	(547,692)
Net Loss per common share – basic and diluted	\$ 0.00	\$ 0.00	\$ (0.01)	\$ (0.01)
Weighted average common shares outstanding – basic and diluted	57,645,579	54,864,185	57,554,653	54,791,550

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,	
	2018	2017
Cash flows from operating activities:		
Net loss	\$ (584,586)	\$ (547,692)
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation	37,202	57,582
Loss on sale of Equipment	-	1,021
Common stock options issued for services	-	53,558
Amortization of related party notes payable discount	8,888	-
Change in:		
Accounts payable and other accrued liabilities	37,618	2,384
Accrued related party liability	60,372	-
Accrued interest payable to related parties	15,303	12,453
Deferred payroll	170,000	234,000
Net cash used by operating activities	(258,906)	(182,971)
Cash flows from investing activities:		
Proceeds from sale of equipment	-	41,000
Net cash provided by investing activities	-	41,000
Cash flows from financing activities:		
Proceeds from sale of common stock and warrants	252,988	-
Proceeds from exercise of common stock options	-	20,550
Borrowing on related parties notes payable	-	20,000
Distribution to noncontrolling interest	(421)	-
Net cash provided by financing activities	252,567	40,550
Net increase (decrease) in cash and cash equivalents	(6,339)	(101,421)
Cash and cash equivalents, beginning of period	36,454	108,184
Cash and cash equivalents, end of period	\$ 30,115	\$ 6,763
Noncash financing and investing activities:		
Common stock and warrants issued for payment of related parties notes payable and accrued interest	\$ 104,012	-

Stock options exercised in exchange for payment of related parties notes payable and related accrued interest	- \$ 20,125
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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 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 nine months ended September 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 September 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 estimate.

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