

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

**FORM 10-Q**

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

For the quarterly period ended June 30, 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, Idaho**

(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 July 27, 2022: 60,855,579

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## PART I – FINANCIAL INFORMATION

### Item 1 – Financial Statements

#### Thunder Mountain Gold, Inc. Consolidated Balance Sheets (Unaudited)

June 30, 2022 and December 31, 2021

	June 30, 2022	December 31, 2021
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 886,167	\$ 1,156,622
Prepaid expenses, deposits and other assets	59,879	18,390
<b>Total current assets</b>	<u>946,046</u>	<u>1,175,012</u>
Property and Equipment:		
Land	280,333	280,333
Equipment, net of accumulated depreciation of \$181,390 and \$180,500, respectively	1,215	2,105
Total property and equipment	<u>281,548</u>	<u>282,438</u>
Investment in BeMetals, at fair value (Note 4)	899,696	1,520,684
<b>Total assets</b>	<u><u>\$ 2,127,290</u></u>	<u><u>\$ 2,978,134</u></u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable and other accrued liabilities	\$ 51,423	\$ 11,495
Accrued related party liability (Note 7)	156,685	166,685
Accrued interest payable to related parties (Note 7)	67,698	80,177
Advance from BeMetals (Note 3)	12,862	36,187
Deferred officer compensation (Note 7)	1,041,500	1,041,500
Related parties notes payable (Note 7)	<u>28,768</u>	<u>66,768</u>
<b>Total current liabilities</b>	<u>1,385,936</u>	<u>1,402,812</u>
Accrued reclamation costs	65,000	65,000
<b>Total liabilities</b>	<u>1,423,936</u>	<u>1,467,812</u>
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	<u>(6,071,951)</u>	<u>(5,106,642)</u>
<b>Total Thunder Mountain Gold, Inc stockholders' equity</b>	529,652	1,336,620
Noncontrolling interest in Owyhee Gold Trust (Note 3)	<u>173,702</u>	<u>173,702</u>
<b>Total stockholders' equity</b>	<u>703,354</u>	<u>1,510,322</u>
<b>Total liabilities and stockholders' equity</b>	<u><u>\$ 2,127,290</u></u>	<u><u>\$ 2,978,134</u></u>

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

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Revenues:				
Gain on mineral interest	\$ -	\$ -	\$ -	\$ 250,000
Management service income	75,000	75,000	150,000	150,000
Total revenues	<u>75,000</u>	<u>75,000</u>	<u>150,000</u>	<u>400,000</u>
Operating expenses:				
Exploration	1,073	2,690	2,238	7,700
Legal and accounting	14,545	32,697	85,092	54,507
Management and administrative	130,707	112,171	406,199	224,353
Depreciation	331	618	890	1,614
Total operating expenses	<u>146,656</u>	<u>148,176</u>	<u>494,419</u>	<u>288,174</u>
Net operating income (loss)	<u>(71,656)</u>	<u>(73,176)</u>	<u>(344,419)</u>	<u>111,826</u>
Other income (expense):				
Unrealized gain (loss) on investment	(381,924)	163,507	(620,988)	(71,011)
Gain on sale of investment	-	92,685	-	92,685
Other income	-	8,526	98	8,820
Total other income (expense)	<u>(381,924)</u>	<u>264,718</u>	<u>(620,890)</u>	<u>30,494</u>
<b>Net income (loss)</b>	<u>(453,580)</u>	<u>191,542</u>	<u>(965,309)</u>	<u>142,320</u>
<b>Net Income (loss) – noncontrolling interest in Owyhee Gold Trust</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net income (loss) – Thunder Mountain Gold, Inc.	\$ <u>(453,580)</u>	\$ <u>191,542</u>	\$ <u>(965,309)</u>	\$ <u>142,320</u>
Net (loss) per common share-basic and diluted	\$ <u>(0.01)</u>	\$ <u>Nil</u>	\$ <u>(0.02)</u>	\$ <u>Nil</u>
Weighted average common shares outstanding-basic	<u>60,855,579</u>	<u>60,145,579</u>	<u>60,855,579</u>	<u>60,145,579</u>
Weighted average common shares outstanding-diluted	<u>60,855,579</u>	<u>62,233,399</u>	<u>60,855,579</u>	<u>62,472,624</u>

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

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

	Six Months Ended June 30,	
	2022	2021
Cash flows from operating activities:		
Net income (loss)	\$ (965,309)	\$ 142,320
Adjustments to reconcile net income to net cash used by operating activities:		
Depreciation	890	1,614
Stock based compensation	158,341	-
Gain on mineral interest	-	(250,000)
Unrealized (gain) loss on investment	620,988	71,011
Gain on sale of investment	-	(92,685)
Change in:		
Prepaid expenses and other assets	(41,489)	(27,939)
Accounts payable and other accrued liabilities	29,928	15,876
Accrued interest payable to related parties	(12,479)	(192)
Advance from BeMetals	(23,325)	36,491
Net cash used by operating activities	(232,455)	(103,504)
Cash flows from investing activities:		
Proceeds from sale of investment	-	649,557
Proceeds from mineral interest	-	250,000
Net cash provided by investing activities	-	899,557
Cash flows from financing activities:		
Payments on related parties notes payable	(38,000)	(39,808)
Net cash (used) by financing activities	(38,000)	(39,808)
Net increase (decrease) in cash and cash equivalents	(270,455)	756,245
Cash and cash equivalents, beginning of period	1,156,622	274,155
<b>Cash and cash equivalents, end of period</b>	<b>\$ 886,167</b>	<b>\$ 1,030,400</b>

*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 the three-month periods ended June 30, 2022 and June 30, 2021*

	<b>Common Stock Shares</b>	<b>Common Stock Amount</b>	<b>Additional Paid-In Capital</b>	<b>Treasury Stock</b>	<b>Accumulated Deficit</b>	<b>Non- Controlling Interest in OGT</b>	<b>Total</b>
Balances at April 1, 2021	60,145,579	\$ 60,146	\$ 6,336,316	\$(24,200)	\$ (4,584,069)	\$ 173,702	\$ 1,961,895
Net income	-	-	-	-	191,542	-	191,542
Balances at June 30, 2021	<u>60,145,579</u>	<u>\$ 60,146</u>	<u>\$ 6,336,316</u>	<u>\$(24,200)</u>	<u>\$ (4,392,526)</u>	<u>\$ 173,702</u>	<u>\$ 2,153,438</u>
Balances at April 1, 2022	60,855,579	\$ 60,856	\$ 6,564,947	\$(24,200)	\$ (5,618,371)	\$ 173,702	\$ 1,156,934
Net loss	-	-	-	-	(453,580)	-	(453,580)
Balances at June 30, 2022	<u>60,145,579</u>	<u>\$ 60,856</u>	<u>\$ 6,564,947</u>	<u>\$(24,200)</u>	<u>\$ (6,071,951)</u>	<u>\$ 173,702</u>	<u>\$ 703,354</u>

*For the six-month periods ended June 30, 2022 and June 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
Net income	-	-	-	-	142,320	-	142,320
Balances at June 30, 2021	<u>60,145,579</u>	<u>\$ 60,146</u>	<u>\$ 6,336,316</u>	<u>\$(24,200)</u>	<u>\$ (4,392,526)</u>	<u>\$ 173,702</u>	<u>\$ 2,153,438</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 based compensation	-	-	158,341	-	-	-	158,341
Net loss	-	-	-	-	(965,309)	-	(965,309)
Balances at June 30, 2022	<u>60,855,579</u>	<u>\$ 60,856</u>	<u>\$ 6,564,947</u>	<u>\$(24,200)</u>	<u>\$ (6,071,951)</u>	<u>\$ 173,702</u>	<u>\$ 703,354</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 June 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 effects of the continued outbreak of COVID-19 and related government responses could also include extended disruptions to supply chains and capital markets, reduced labor availability and a prolonged reduction in economic activity. These effects could have a variety of adverse impacts to the Company. As of June 30, 2022, there were no material adverse impacts to the Company’s operations due to COVID-19.

In addition, the economic disruptions caused by COVID-19 could also adversely impact the impairment risks for certain long-lived assets and other investments. Thunder Mountain Gold evaluated these impairment considerations and determined that no such impairments had occurred as of June 30, 2022.

The effects of the continued outbreak of COVID-19 and related government responses could have disruptions to the “BeMetals Option Agreement”. In the event, if BeMetals decides not to proceed with the South Mountain Project, BeMetals will not be obligated to make any additional payments. 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 June 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 June 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 June 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.

In November 2021, the FASB issues ASU 2021-10, *Government Assistance (Topic 932), Disclosures by Business Entities About Government Assistance*, which requires entities to provide disclosures on material government assistance transactions for annual reporting periods. The disclosures include information about the nature of the assistance, the related accounting policies used to account for the government assistance, the effect of government assistance on the entities financial statements, and any significant terms and conditions on the agreements, including commitments and contingencies. ASU 2021-10 is effective for annual periods beginning after December 31, 2021. We are currently assessing the impact of this guidance on our consolidated financial statements and disclosures.

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 six months ended June 30, 2022 of 4,775,000 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. Outstanding common stock equivalents consisting of 5,705,000 outstanding stock options for the three-month and six month periods ended June 30, 2021 were included in the calculating diluted weighted average shares outstanding.

## **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 June 30, 2022, are listed in the table below. The leases have no work requirements.

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

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:

<b><u>Target Area</u></b>	<b><u>2021</u></b>
Trout Creek -State of Nevada	\$ 4,290
Trout Creek -Lander County, Nevada	324
South Mountain-State of Idaho	3,465
<b>Total</b>	<b><u>\$ 8,079</u></b>

### **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 \$150,000 was recognized for the six months ended June 30, 2022, and 2021, 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 June 30, 2022 and December 31, 2021, advances received from BeMetals that have not yet been spent totaled \$12,862 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 BeMetals Corp.**

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 \$899,696 at June 30, 2022, compared to the fair value of the investment of \$1,520,684 at December 31, 2021. For the three and six months ended June 30, 2022, the Company had an unrealized loss of \$381,924 and \$620,988, respectfully.

### **5. Property and Equipment**

The Company's property and equipment are as follows:

		<b>June 31</b>	<b>December 31,</b>
		<b>2022</b>	<b>2021</b>
Vehicles	\$	22,441	22,441
Buildings		65,071	65,071
Construction Equipment		36,447	36,447
Mining Equipment		58,646	58,646
		182,605	182,605
Accumulated Depreciation		(181,390)	(180,500)
		1,215	2,105
Land		280,333	280,333
Total Property and Equipment	\$	281,548	282,438

## 7. Related Parties

### 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 three-month period ended June 30, 2022, total amount of compensation paid to the Board of Directors was \$13,650.

### Notes Payable

On June 30, 2022, the Company had a note payable balance of \$28,768 due to Eric Jones. Mr. Jones is the Company's President and Chief Executive Officer. Mr. Jones received \$38,000 in payments during the quarter ended June 30, 2022. The note, as amended, stopped accruing monthly interest on January 1, 2021. Mr. Jones had accrued interest payable at June 30, 2022 and December 31, 2021 of \$47,698.

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 during the six months ended June 30, 2021. On May 16, 2022 Mr. Collord received a payment of accrued interest of \$12,479, and had accrued interest payable at June 30, 2022 and December 31, 2021 of \$20,000 and \$32,479, respectfully.

### 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 June 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.

### Accrued Related Party Liability

The Company engaged Baird Hanson LLP ("Baird"), at the time 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 \$10,000 in payments during the quarter ended June 30, 2022. At June 30, 2022 and December 31, 2021, the balance due to Baird for prior years' legal services was \$156,685 and \$166,685, respectfully.

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 June 30, 2022.

## 8. 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.

## 9. 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 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.

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

	<b>March 21, 2022</b>
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 six months ended June 30, 2022 400,000 options expired.

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

	<b>Shares</b>	<b>Weighted Average Exercise Price</b>
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 June 30, 2022	4,775,000	\$0.093

The average remaining contractual term of the options outstanding and exercisable at June 30, 2022 was 3.22 years. At June 30, 2022, options outstanding and exercisable had no aggregate intrinsic value based on the Company's stock price of \$0.08 at June 30, 2022.

## **10. Leases**

The Company renewed its office operating lease on February 1, 2022 for 12 months, and do not anticipate the lease will be more than 12 months. Since the remaining lease term is one year or less the Company did not recognize a right to use asset and related lease liability on the balance sheet for the lease renewal. For the six months ended June 30, 2022 the Company paid \$8,663 in lease payments, which was reimbursed by BeMetals under the terms of the Option Agreement.

## **11. Subsequent Events**

On July 12, 2022, the Company's shareholders approved three proposals at their Annual Meeting. The shareholders elected the previous eight directors existing from 2021. The shareholders also ratified and reapproved the Stock Option Plan. The shareholders ratified and reapproved the appointment of Assure CPA, LLC as independent auditors.

## **Item 2. Management's Discussion and Analysis or Plan of Operation**

The following Management's Discussion and Analysis of Financial Condition and Results of Operation ("MD&A") is intended to help the reader understand our financial condition. MD&A is provided as a supplement to, and should be read in conjunction with, our financial statements and the accompanying integral notes ("Notes") thereto. The following statements may be forward-looking in nature and actual results may differ materially.

### **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 the Company's business related to raising capital. As of June 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 due to the BeMetals Option Agreement could be significantly greater in future periods.

The effects of the continued outbreak of COVID-19 and related government responses could have disruptions to the Company's Option Agreement with BeMetals Corp. 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 the Company. The term of the agreement is for two years starting June 10, 2019, with an option to extend an additional year, with BeMetals conducting a preliminary economic assessment ("PEA") completed by a mutually agreed third-party engineering firm. Over its term, this agreement requires 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. 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 Operation Agreement. Thunder Mountain Gold evaluated these impairment considerations and determined that no such impairments occurred as of June 30, 2022.

### **COVID-19 Additional Precautions**

Thunder Mountain Gold Inc. has also taken steps to mitigate the potential risks to employees and suppliers posed by the spread of COVID-19. The Company has taken extra precautions for employees who work under the terms of the BeMetals Option Agreement, and have implemented work from home policies where appropriate.

As of June 30, 2022, there has been no material adverse impact to the BeMetals Operation Agreement. Management will continue to review and modify plans as conditions change. Despite efforts to manage these impacts to the Company, the ultimate impact of COVID-19 also depends on factors beyond management's knowledge or control, including the duration and severity of this outbreak as well as third-party actions taken to contain its spread and mitigate its public health effects. Therefore, management cannot estimate the potential future impact to financial position, results of operations and cash flows, but the impacts could be material.

### **Plan of Operation:**

*FORWARD LOOKING STATEMENTS: The following discussion may contain forward-looking statements that involve a number of risks and uncertainties. Factors that could cause actual results to differ materially include the following: inability to locate property with mineralization, lack of financing for exploration efforts, competition to acquire mining properties; risks inherent in the mining industry, and risk factors that are listed in the Company's reports and registration statements filed with the Securities and Exchange Commission.*

On February 27, 2019, the Company entered into an Option Agreement, (the "BeMetals Option Agreement") with BeMetals Corp. 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 term of the agreement is for two years with BeMetals



completing a PEA completed by a mutually agreed third-party engineering firm. Over its term, this agreement requires BeMetals to issue 10,000,000 shares of BMET stock to the Company, 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. Through June 30, 2022, cash proceeds of \$1,100,000 and \$250,000 in exchange for shares of the Company's common stock have been received. In the event BeMetals decides not to proceed with the South Mountain Project, BeMetals will not be obligated to make any additional payments.

The Company's plan of operation through the end of the 2022 calendar year will be supporting BeMetals Corp. during their option period and aiding in the exploration and advancement of the project. Planned exploration at South Mountain in 2022 includes surface core drilling and some additional surface geophysical survey.

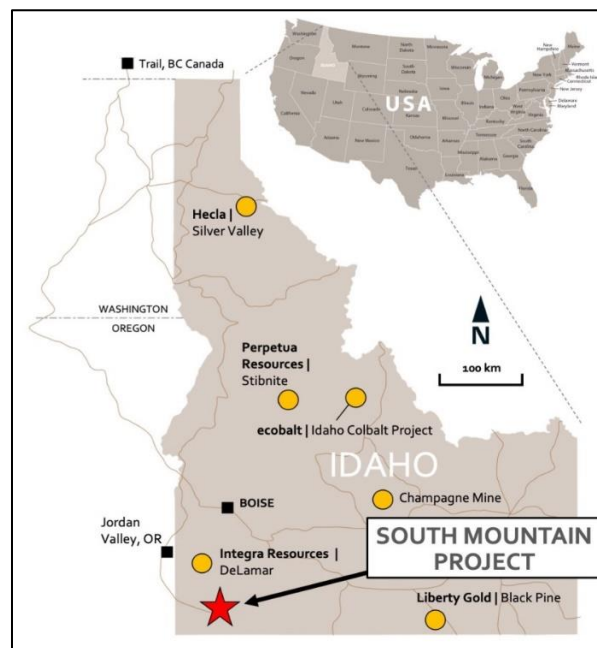
### **South Mountain Project, Owyhee County, Idaho**

South Mountain is a polymetallic development project focused on high-grade zinc, silver and gold. It is located approximately 70 miles southwest of Boise, Idaho (see Figure 2). The Project was intermittently mined from the late 1800s to the late 1960s and its existing underground workings remain intact and well maintained. Historic production at the Project has largely come from high-grade massive sulfide bodies that remain open at depth and along strike. According to historical smelter records, approximately 53,642 tons of mineralized material has been mined to date. These records also indicate average grades; **14.5% Zn, 11.63 opt Ag, 0.063 opt Au, 2.4% Pb, and 1.4% Cu** were mined.

Thunder Mountain Gold Inc. purchased and advanced the Project from 2007 through 2019 investing approximately US\$12M during that period. The current mineral resource estimate of the deposit is detailed in Table 3 below and the Company expects to provide a revised mineral resource update following a phase 2 drilling program in 2020.

The Project is largely on and surrounded by private surface land, and as such, the permitting and environmental aspects of the Project are expected to be straightforward. Permits are currently in place for underground and surface exploration and development activities.

**Figure 2. Location of South Mountain Project**



### **South Mountain Project – BeMetals Option Agreement**

Under the BeMetals Corporation (TSX-V: BMET) Option Agreement, BeMetals and Thunder Mountain Gold formed a project team early in 2019 that is focused on advancing the South Mountain Project. This Boise Idaho-based team includes key management of Thunder Mountain Gold Inc., who have coordinated re-establishment of the Project site

prior to the start of drilling. In addition, BeMetals appointed a project manager and project geologist for this team, along with technical and underground support.

With the help of Thunder Mountain Gold, BeMetals (BMET) commenced drilling at South Mountain in July of 2019 and drilled twenty-one holes totaling 7,517 feet (2,290 meters) from five underground drilling stations within the Sonneman level. The drilling program was designed to test potential down plunge extensions, and overall continuity to the mineralized zones and confirm the grade distribution of the current polymetallic mineral resource. All of the drill core recovered from the drilling was logged on site and assayed by ALS Chemex. Selected intervals and results are summarized in the Company's Form 10K for the year ended December 31, 2021.

On September 21, 2021, the Company agreed to an extension of the Option Agreement with BeMetals Corp. The Extension is through the 2022 calendar year, with the same terms to acquire up to a 100% interest in the South Mountain Project in southwest Idaho, U.S.A. In exchange for the Extension, BeMetals paid the Company the Tranche 6 Payment of \$250,000.

## **PROJECT HIGHLIGHTS - SOUTH MOUNTAIN PROJECT**

In May of 2021, BeMetals Corp. completed an updated Mineral Resource Estimate ("MRE"), incorporating results from Phase 1 and 2 underground diamond drilling programs at the South Mountain Project. The updated MRE includes a substantially increased resource for the Project while maintaining the high-grade nature of the mineralization.

The updated Independent MRE, which has an effective date of April 20, 2021, was prepared in accordance with National Instrument 43-101 Standards of Disclosure for Mineral Projects ("NI-43-101") by Hard Rock Consulting, LLC, based in the U.S.A. More details are included in Tables 1 & 2 below and a technical report for this MRE was filed with SEDAR, and on the Company's website, within 45 days from the date of this news release.

After signing the Option Agreement Extension, BeMetals Corp. embarked on a phase 3 program at South Mountain with the objective to significantly expand the scale of the current Mineral Resource Estimate ("MRE") at South Mountain (*See Summary of the MRE below*), testing and establishing the down depth extent of mineralization on the DMEA zone. The DMEA Zone is the largest known body of mineralization on the Property, containing the majority of tonnage in the current MRE, and the mineralized zone remains open at depth.

Based on the last two phases of underground drilling and all the historical exploration data available, we believe there is the potential to expand the down-plunge extensions of the mineral resource with this new phase of surface drilling at the Property. The plan is to initially complete approximately 7,000 feet (2,100 meters) of surface core drilling in this phase of exploration. Assuming this exploration program is successful, the BMET will update the current MRE and continue the ongoing Preliminary Economic Assessment for the Project in 2022.

By December of 2021, 2 surface core holes had been drilled for a combined total of 3,600 feet, the results of which were added to the resource model.

## **MINERAL RESOURCE ESTIMATE**

### **HIGHLIGHTS OF UPDATED MINERAL RESOURCE**

- Measured & Indicated (“M&I”): 206,900 tons grading 9.63% Zinc (“Zn”), 4.41 ounces per ton (“opt”) Silver (“Ag”), 0.064 opt Gold (“Au”), 1.01% Lead (“Pb”) and 0.63% Copper (“Cu”).
- This represents a 21.8% increase to the M&I tonnage from the historical 2019 MRE with a 20.36% Zn equivalent grade (“ZnEq”).
- Inferred: 833,700 tons grading 7.63% Zn, 5.72 opt Ag, 0.041 opt Au, 0.97% Pb and 0.81% Cu.
- This represents a 129.5% increase in the Inferred tonnage from the historical 2019 MRE with an 18.10% ZnEq.

*Note: See Table 1 and 2 footnotes section 4 for details of the Zn equivalent grade calculation*

In two phases of underground drilling completed during 2019 and 2020 a combined total of approximately 16,000 feet of underground core drilling was completed at South Mountain. During these drilling campaigns, our site team also widened and advanced the existing Sonneman level eastwards by 170 feet to establish a new drill station closer to the Texas Zone. All the results of this drilling have now been incorporated into the updated MRE for the South Mountain deposit.

Tables 1 & 2 below provide the Mineral Resource Statement for the Project in U.S. and Metric units respectively with details of the modelling methodology and cut-off grades applied to the mineral resource. Figure 1 illustrates the principal areas where the South Mountain deposit has been expanded from the historical MRE that was completed in 2019. The historical Technical Report for the Mineral Resource Estimate for the South Mountain Project Owyhee County, Idaho USA Report Date: Dated: April 1, 2019 is filed on SEDAR.

**Table 1. South Mountain Mineral Resource Statement (U.S. Units)**

		Grades and Contained Metal											
Ore Type	Classification	Mass	Zinc	Zinc	Silver	Silver	Gold	Gold	Lead	Lead	Copper	Copper	ZnEq
		thousand sh. ton	%	thousand lb	t. oz/sh. ton	thousand t. oz	t. oz/sh. ton	thousand t. oz	%	thousand lb	%	thousand lb	%
Massive Sulfide	Measured	53.8	11.45	12,300	3.67	197	0.069	3.7	0.79	900	0.46	500	20.21
	Indicated	118.9	11.36	27,000	4.77	568	0.077	9.1	1.36	3,200	0.53	1,300	22.14
	<b>Measured + Indicated</b>	<b>172.8</b>	<b>11.39</b>	<b>39,300</b>	<b>4.43</b>	<b>765</b>	<b>0.074</b>	<b>12.9</b>	<b>1.18</b>	<b>4,100</b>	<b>0.51</b>	<b>1,800</b>	<b>21.54</b>
	Inferred	777.2	8.09	125,700	5.90	4,586	0.043	33.7	1.04	16,100	0.74	11,500	18.34
Skarn	Measured	10.6	1.25	300	5.46	58	0.023	0.2	0.30	100	1.26	300	18.23
	Indicated	23.5	0.49	200	3.78	89	0.005	0.1	0.07	0	1.20	600	12.63
	<b>Measured + Indicated</b>	<b>34.1</b>	<b>0.72</b>	<b>500</b>	<b>4.30</b>	<b>147</b>	<b>0.011</b>	<b>0.4</b>	<b>0.14</b>	<b>100</b>	<b>1.21</b>	<b>800</b>	<b>14.38</b>

	Inferred	56.5	1.34	1,500	3.19	181	0.006	0.3	0.04	100	1.66	1,900	14.92
Total	Measured	64.5	9.77	12,600	3.96	255	0.062	4.0	0.71	900	0.59	800	19.88
	Indicated	142.4	9.57	27,200	4.61	656	0.065	9.2	1.15	3,300	0.64	1,800	20.57
	<b>Measured + Indicated</b>	<b>206.9</b>	<b>9.63</b>	<b>39,800</b>	<b>4.41</b>	<b>912</b>	<b>0.064</b>	<b>13.2</b>	<b>1.01</b>	<b>4,200</b>	<b>0.63</b>	<b>2,600</b>	<b>20.36</b>
	Inferred	833.7	7.63	127,300	5.72	4,766	0.041	34.0	0.97	16,200	0.81	13,400	18.10

- 1.) The effective date of the mineral resource estimate is April 20th, 2021. The QP for the estimate is Mr. Richard A. Schwering, P.G., SME-RM, of Hard Rock Consulting, LLC. and is independent of BeMetals Corp., Thunder Mountain Gold Inc., and South Mountain Mines Inc.
- 2.) Mineral resources are not mineral reserves and do not have demonstrated economic viability such as diluting materials and allowances for losses that may occur when material is mined or extracted; or modifying factors including but not restricted to mining, processing, metallurgical, infrastructure, economic, marketing, legal, environmental, social and governmental factors. Inferred mineral resources may not be converted to mineral reserves. It is reasonably expected, though not guaranteed, that the majority of Inferred mineral resources could be upgraded to Indicated mineral resources with continued exploration.
- 3.) The mineral resource is reported at an underground mining cutoff of \$102.5 U.S. Net Smelter Return ("NSR") within coherent wireframe models. The NSR calculation and cut-off is based on the following assumptions: an Au price of \$1,750/oz, Ag price of \$23.00/oz, Pb price of \$1.02/lb., Zn price of \$1.20/lb. and Cu price of \$3.40/lb.; Massive Sulfide ore type metallurgical recoveries and payables of 52.25% for Au, 71.25% for Ag, 71.40% for Zn, 66.50% for Pb, and 49.00% for Cu and a total smelter cost of \$33.29; Skarn ore type metallurgical recoveries and payables of 71.25% for Au, 80.75% for Ag, 51.00% for Zn, 47.50% for Pb, and 87.70% for Cu and a smelter cost of \$7.24; assumed mining cost of \$70/ton, process costs of \$25/ton, and general and administrative costs of \$7.5/ton. Based on the stated prices and recoveries the NSR formula is calculated as follows;  $NSR = (Ag\ grade * Ag\ price * Ag\ Recovery\ and\ Payable) + (Au\ grade * Au\ price * Au\ Recovery\ and\ Payable) + (Pb\ grade * 20 * Pb\ Price * Pb\ Recovery\ and\ Payable) + (Cu\ grade * 20 * Cu\ Price * Cu\ Recovery\ and\ Payable) + (Zn\ grade * 20 * Zn\ Price * Zn\ Recovery\ and\ Payable)$  for each ore type.
- 4.) The zinc equivalent grades were calculated as  $Zn\ Grade + (((Pb\ Price * Pb\ Recovery\ and\ Payable) / (Zn\ Price * Zn\ Recovery\ and\ Payable)) * Pb\ Grade) + (((Cu\ Price * Cu\ Recovery\ and\ Payable) / (Zn\ Price * Zn\ Recovery\ and\ Payable)) * Cu\ Grade) + (((Ag\ Price * Ag\ Recovery\ and\ Payable) / (Zn\ Price * 20 * Zn\ Recovery\ and\ Payable)) * Ag\ Grade) + (((Au\ Price * Au\ Recovery\ and\ Payable) / (Zn\ Price * 20 * Zn\ Recovery\ and\ Payable)) * Au\ Grade)$
- 5.) Rounding may result in apparent differences when summing tons, grade and contained metal content. Tonnage and grade measurements are in U.S. units.

**Table 2. South Mountain Mineral Resource Statement (Metric Units)**

Ore Type	Classification	Grades and Contained Metal											ZnEq
		Mass	Zinc	Zinc	Silver	Silver	Gold	Gold	Lead	Lead	Copper	Copper	
		kt	%	t	ppm	kg	ppm	g	%	t	%	T	%
Massive Sulfide	Measured	48.85	11.45	5,600	126	6,100	2.38	116,200	0.79	400.00	0.46	200	20.21
	Indicated	107.90	11.36	12,300.0	164	17,700	2.63	283,500	1.36	1,500	0.53	600	22.14
	<b>Measured + Indicated</b>	<b>156.75</b>	<b>11.39</b>	<b>17,800.0</b>	<b>152</b>	<b>23,800</b>	<b>2.55</b>	<b>399,700</b>	<b>1.18</b>	<b>1,900</b>	<b>0.51</b>	<b>800</b>	<b>21.54</b>
	Inferred	705.03	8.09	57,000.0	202	142,600	1.49	1,049,000	1.04	7,300	0.74	5,200	18.34
Skarn	Measured	9.62	1.25	100.0	187	1,800	0.78	7,500	0.30	0	1.26	100	18.23
	Indicated	21.28	0.49	100.0	130	2,800	0.17	3,700	0.07	0	1.20	300	12.63
	<b>Measured + Indicated</b>	<b>30.90</b>	<b>0.72</b>	<b>200.0</b>	<b>148</b>	<b>4,600</b>	<b>0.36</b>	<b>11,200</b>	<b>0.14</b>	<b>0</b>	<b>1.21</b>	<b>400</b>	<b>14.38</b>
	Inferred	51.26	1.34	700.0	110	5,600	0.19	9,900	0.04	0	1.66	900	14.92
Total	Measured	58.47	9.77	5,700.0	136	7,900	2.12	123,700	0.71	400	0.59	300	19.88
	Indicated	129.18	9.57	12,400.0	158	20,400	2.22	287,300	1.15	1,500	0.64	800	20.57

<b>Measured + Indicated</b>	<b>187.65</b>	<b>9.63</b>	<b>18,100.0</b>	<b>151</b>	<b>28,400</b>	<b>2.19</b>	<b>411,000</b>	<b>1.01</b>	<b>1,900</b>	<b>0.63</b>	<b>1,200</b>	<b>20.36</b>
Inferred	756.30	7.63	57,700.0	196	148,200	1.40	1,058,900	0.97	7,300	0.81	6,100	18.10

- 1) The effective date of the mineral resource estimate is April 20th, 2021. The QP for the estimate is Mr. Richard A. Schwering, P.G., SME-RM, of Hard Rock Consulting, LLC. and is independent of BeMetals, Corp., Thunder Mountain Gold Inc., and South Mountain Mines Inc.
- 2) Mineral resources are not mineral reserves and do not have demonstrated economic viability such as diluting materials and allowances for losses that may occur when material is mined or extracted; or modifying factors including but not restricted to mining, processing, metallurgical, infrastructure, economic, marketing, legal, environmental, social and governmental factors. Inferred mineral resources may not be converted to mineral reserves. It is reasonably expected, though not guaranteed, that the majority of Inferred mineral resources could be upgraded to Indicated mineral resources with continued exploration.
- 3) The mineral resource is reported at an underground mining cutoff of \$102.5 U.S. Net Smelter Return ("NSR") within coherent wireframe models. The NSR calculation and cut-off is based on the following assumptions: an Au price of \$1,750/oz, Ag price of \$23.00/oz, Pb price of \$1.02/lb., Zn price of \$1.20/lb. and Cu price of \$3.40/lb.; Massive sulfide ore type metallurgical recoveries and payables of 52.25% for Au, 71.25% for Ag, 71.40% for Zn, 66.50% for Pb, and 49.00% for Cu and a total smelter cost of \$33.29; Skarn ore type metallurgical recoveries and payables of 71.25% for Au, 80.75% for Ag, 51.00% for Zn, 47.50% for Pb, and 87.70% for Cu and a smelter cost of \$7.24; assumed mining cost of \$70/ton, process costs of \$25/ton, and general and administrative costs of \$7.5/ton. Based on the stated prices and recoveries the NSR formula is calculated as follows;  $NSR = (Ag\ grade * Ag\ price * Ag\ Recovery\ and\ Payable) + (Au\ grade * Au\ price * Au\ Recovery\ and\ Payable) + (Pb\ grade * 20 * Pb\ Price * Pb\ Recovery\ and\ Payable) + (Cu\ grade * 20 * Cu\ Price * Cu\ Recovery\ and\ Payable) + (Zn\ grade * 20 * Zn\ Price * Zn\ Recovery\ and\ Payable)$  for each ore type.
- 4) The zinc equivalent grades were calculated as  $Zn\ Grade + (((Pb\ Price * Pb\ Recovery\ and\ Payable) / (Zn\ Price * Zn\ Recovery\ and\ Payable)) * Pb\ Grade) + (((Cu\ Price * Cu\ Recovery\ and\ Payable) / (Zn\ Price * Zn\ Recovery\ and\ Payable)) * Cu\ Grade) + (((Ag\ Price * Ag\ Recovery\ and\ Payable) / (Zn\ Price * 20 * Zn\ Recovery\ and\ Payable)) * Ag\ Grade) + (((Au\ Price * Au\ Recovery\ and\ Payable) / (Zn\ Price * 20 * Zn\ Recovery\ and\ Payable)) * Au\ Grade)$
- 5) Rounding may result in apparent differences when summing tons, grade and contained metal content. Tonnage and grade measurements are in U.S. units and converted to metric.

## PHASE 2 TEXAS ZONE DRILLING - SOUTH MOUNTAIN PROJECT

A total of 8,904 feet (2,714 meters) of underground core drilling was completed during Phase 2, with 30 holes in both the Texas and DMEA zones. During this drilling campaign, our site team widened and advanced the existing Sonneman level eastwards by 170 feet (52 meters) to establish a new drill station closer to the Texas Zone (*See Figure 1*). With better access to drill the Texas Zone, a total of 24 holes were completed to test this zone of mineralization. Geological logging of the core supported by sampling results indicate that two styles of high-grade mineralization have developed in this area and are now identified as the Texas West and Texas East zones.

Table 1 below illustrates the drilling results received to date from the Texas West Zone. This zone is characterized by skarn-hosted, dominantly copper and silver mineralization. This is demonstrated, for example, in the drilled intercepts:

- 3.81% Cu with 7.82 opt (244.3 g/t) Ag over 15.7 feet (4.79 meters) in hole SM20-043 (Interval 1),
- 2.56% Cu with 8.32 opt (260.1 g/t) Ag over 35.6 feet (10.85 meters) in SM20-028, and
- 2.23% Cu with 10.81 opt (337.9 g/t) Ag over 16.96 feet (5.17 meters) in hole SM20-038.

Geological logs of the core demonstrate that the higher copper grades over significant drilled widths in Texas West appear to be controlled by the increased abundance of chalcopyrite, which is a common copper sulphide mineral, often extractable through conventional flotation methods. Representative sample material of this and other zones of the deposit have been identified and are being collected for metallurgical test work at the SGS Mineral Services site in Lakefield, Canada. Results from this study will be included with historical test work and incorporated into the planned PEA study later this year.

Table 2 below displays the drill hole intersections from the Texas East Zone where this mineralization is represented by predominantly massive sulphide hosted zinc, silver, and gold mineralization. Examples of this style of mineralization are intercepts:

- 8.65% Zn, 6.98 opt (218.1 g/t) Ag and 0.078 opt (2.44 g/t) Au over 11 feet (3.37 meters) in hole SM20-043 (Interval 2), and
- 4.17% Zn, 6.23 opt (194.8 g/t) Ag and 0.130 opt (4.05 g/t) Au over 27.39 feet (8.35 meters) in hole SM20-050.

The gold grades of 0.130 opt (4.05 g/t) over 27.39 feet (8.35 meters); 0.066 opt (2.07 g/t) over 15.45 feet (4.71 meters) and 0.122 opt. (3.82 g/t) over 4.39 feet (1.34 meters) in holes SM20-050, SM20-043, and SM20-029, respectively, are of specific interest from a value potential for the Texas East Zone. These Texas East intersections represent the successful targeting and interpreted extension of mineralization below historical high-grade rib sampling in the Sonneman level from the 1980s (*See Figure 1*). (*See Thunder Mountain Gold news release, dated; January 27, 2020*).

The 2020 drill program intersected mineralization extending the Texas Zone further down dip of historical drilling and the exposures in the underground development. Texas Zone mineralization is now interpreted to continue from the collar of the old Texas Shaft some 1,150 feet (350 meters) down dip to the SM20-050 intercept. Both the Texas West and East zones remain open to depth (*See Figure 1*). Table 3 further below provides drill hole azimuth, dip, end of hole length and collar coordinates for each of the reported drill holes.

**Table 1. Analytical and Assay Results from Texas West Zone**

Drill Hole ID, Zone & Interval	From (ft)	To (ft)	Core Interval (ft)	Cu %	Ag opt	Au opt	Pb %	Zn %
<b>TEXAS WEST ZONE</b>								
<b>SM20-028</b>	198.95	234.55	35.60	2.56	7.586	0.008	0.1	0.13
<b>SM20-030</b>	54.89	82.09	27.20	1.13	3.649	0.003	0.02	0.26
<b>SM20-031</b>	136.09	140.58	4.49	1.56	8.940	0.012	1.09	2.21
<b>SM20-033</b>	110.79	119.49	8.69	2.77	7.330	0.011	0.03	0.15
<b>SM20-036</b>	112.40	143.70	31.30	0.99	9.243	0.007	0.39	2.15
<b>SM20-038</b>	106.00	131.00	25.00	1.64	8.152	0.022	0.86	0.55
<i>INCLUDING:</i>	106.00	122.97	16.96	2.23	9.855	0.030	1.12	0.77
<b>SM20-041</b>								
INTERVAL 1:	63.71	73.88	10.17	1.29	5.177	0.003	0.07	0.04
INTERVAL 2:	104.20	109.19	4.99	0.44	4.947	0.069	0.91	1.99
<b>SM20-042</b>								

Drill Hole ID, Zone & Interval	From (ft)	To (ft)	Core Interval (ft)	Cu %	Ag opt	Au opt	Pb %	Zn %
INTERVAL 1:	58.99	65.19	6.20	1.92	3.004	0.002	0.01	0.03
INTERVAL 2:	78.08	83.99	5.91	1.06	3.325	0.002	0.03	0.1
<b>SM20-043</b>	(ft)	(ft)	Interval (ft)		opt	opt		
INTERVAL 1:	131.00	154.00	23.00	2.84	5.294	0.006	0.01	0.29
<i>INCLUDING:</i>	131.00	146.69	15.68	3.81	7.125	0.005	0.01	0.07
<b>SM20-049</b>								
INTERVAL 1:	106.89	120.64	13.75	1.82	2.608	0.002	0.01	0.18
INTERVAL 2:	147.31	151.25	3.94	2.42	4.025	0.004	0.01	0.07
Analytical and Assay results are pending for drill holes SM20-32, 34, 35, 37, 39, 40, 44-48 and 51								

*Note: Reported widths are drilled core lengths as true widths are unknown at this time. It is estimated based upon current data that true widths might range between 60-80% of the drilled intersection. A nominal cut-off grade of 0.5% Cu has been applied to determine the boundaries of the intersections for this skarn-hosted mineralization with no more than 1.22 meters of internal dilution. \*A nominal cut-off grade of 4.375 opt (150 g/t) Ag has been applied to this intersection. Table 3 below documents; Drill Hole Azimuth, Dip, end of hole length, and Collar Coordinates (Note: See details below in QA/QC section).*

**Table 2. Analytical and Assay Results from Texas East Zone**

Drill Hole ID, Zone & Interval	From (ft)	To (ft)	Core Interval (ft)	Zn %	Ag opt	Au opt	Pb %	Cu %
<b>TEXAS EAST ZONE</b>								
<b>SM20-029</b>	202.20	206.59	4.40	19.67	6.688	0.111	3.94	0.25
<b>SM20-043</b>								
INTERVAL 2:	185.47	200.89	15.42	6.19	4.918	0.060	0.71	0.39
<i>INCLUDING:</i>	185.47	196.49	11.02	8.65	6.361	0.071	0.9	0.52
<b>SM20-050</b>								
INTERVAL 1:	151.84	159.42	7.58	0.1	4.255	0.005	0.01	2.91
INTERVAL 2:	162.89	190.29	27.40	4.17	5.682	0.118	0.78	0.54
Analytical and Assay results are pending for drill holes SM20-32, 34, 35, 37, 39, 40, 44-48 and 51								

*Note: Reported widths are drilled core lengths as true widths are unknown at this time. It is estimated based upon current data that true widths might range between 60-80% of the drilled intersection. Intervals cut-offs are based upon visual contacts of massive sulphide units with no more than 0.80 meters of internal skarn. For hole SM20-050 Interval 1. a nominal cut-off grade of 0.5% Cu has been applied to determine the boundaries of the intersections for this skarn-hosted mineralization. Table 3 below documents; Drill Hole Azimuth, Dip, end of hole length, and Collar Coordinates (Note: See details below in QA/QC section).*

Figure 1: 3D Perspective view inclined 20° looking north-north-east, with hole locations for SM20-028 thru SM20-050

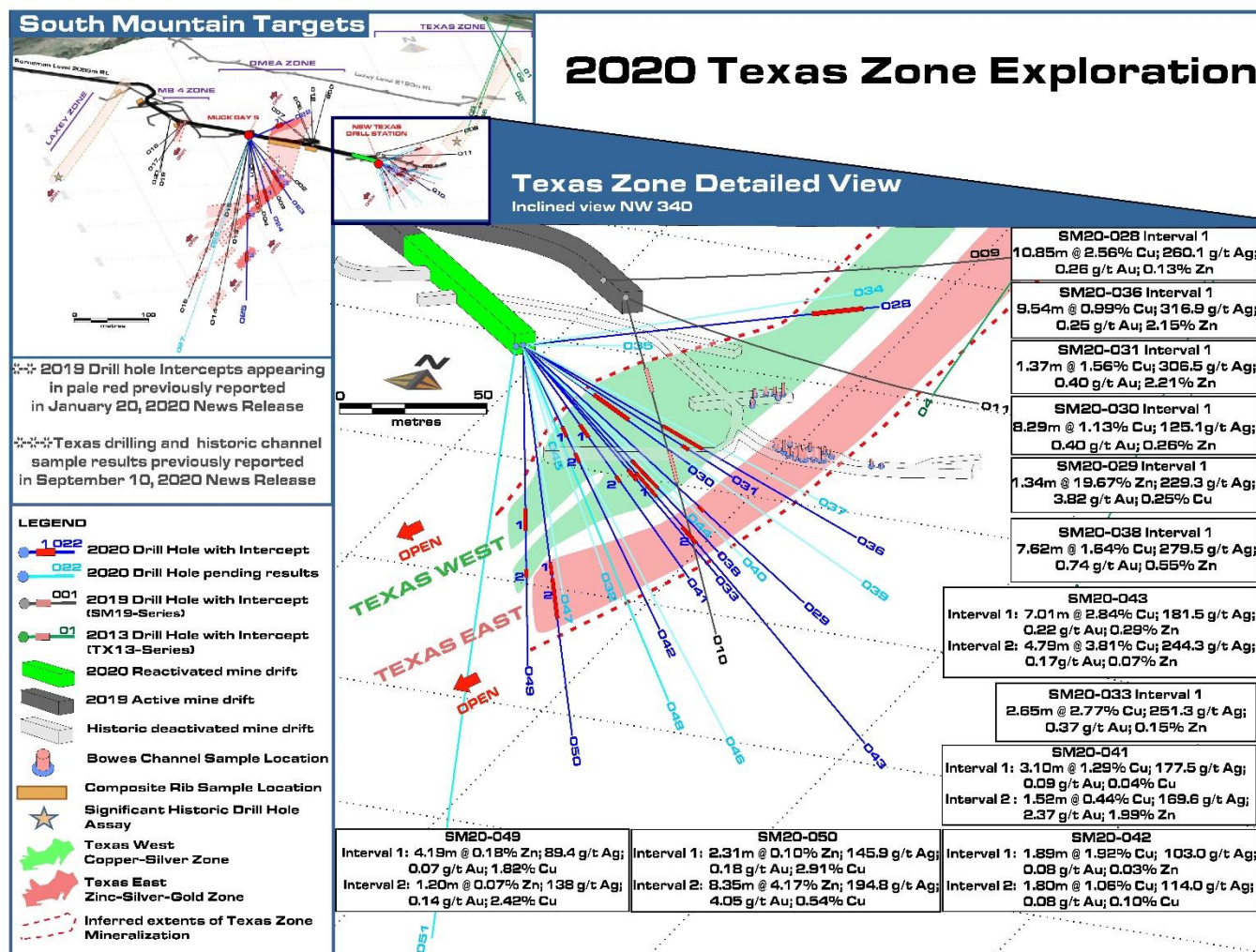


Table 3: Drill Hole Azimuth, Dip, End of hole length and Collar Coordinates

Hole ID	Azimuth Degree	Dip Degree	End of hole Length (ft)	East (ft.)	North (ft.)	Elev. (ft.)
SM20-028	90	15	246	2311764	393645	6866.77
SM20-029	126	-12	325	2311764	393645	6866.77
SM20-030	95	-30	125	2311764	393645	6866.77
SM20-031	110	-14	179	2311764	393645	6866.77
SM20-032*	105	-64	144	2311764	393645	6866.77
SM20-033	115	-30	205	2311764	393645	6866.77
SM20-034*	80	15	217	2311764	393645	6866.77
SM20-035*	105	14	78	2311764	393645	6866.77
SM20-036	105	-14	269	2311764	393645	6866.77



Hole ID	Azimuth Degree	Dip Degree	End of hole Length (ft)	East (ft.)	North (ft.)	Elev. (ft.)
SM20-037*	100	-14	225	2311764	393645	6866.77
SM20-038	110	-30	185	2311764	393645	6866.77
SM20-039*	122	-8	350	2311764	393645	6866.77
SM20-040*	105	-29	200	2311764	393645	6866.77
SM20-041	110	-40	185	2311764	393645	6866.77
SM20-042	87	-62	204	2311764	393645	6866.77
SM20-043	124	-20	399	2311764	393645	6866.77
SM20-044	124	-20	154	2311764	393645	6866.77
SM20-045*	0	-55	108	2311764	393645	6866.77
SM20-046*	127	-37	305	2311764	393645	6866.77
SM20-047*	60	-80	173	2311764	393645	6866.77
SM20-048*	135	-36	275	2311764	393645	6866.77
SM20-049	155	-60	205	2311764	393645	6866.77
SM20-050	150	-42	276	2311764	393645	6866.77
SM20-051*	170	-49	404	2311760	393643	6866.07

*\*The results pending for this drillhole.*

### Phase I Drilling at South Mountain under BeMetals Option Agreement

The principal objectives of the Phase 1 work plan at South Mountain were to test for potential extensions of the mineralized zones and confirm the grade distribution of the current polymetallic mineral resource estimate. The Company has now successfully completed the phase 1 program comprised of 20 underground drill holes for a total of approximately 2,290 meters. Geological logging and sampling of all drill holes have now been completed with all analytical results received. These results have been compiled into the Project's geological database and were used to design the phase 2 drilling program for 2020. Following the phase 2 drilling program, all new results were integrated into an updated mineral resource estimation for the Project and announced during the second quarter of 2021.

**Table 1. BeMetal's Analytical and Assay Results for the Phase 1 Drilling Program**

Drill Hole ID, Zone & Interval	From (m)	To (m)	Core Interval (m)	Zn %	Ag g/t	Au g/t	Pb %	Cu %
<b>DMEA Zone</b>								
<b>SM19-002</b>								
Interval 1	46.88	57.39	10.51	17.81	226	2.41	1.59	0.16
Interval 2	67.85	71.63	3.78	5.45	145	8.39	0.58	0.15
Interval 3	85.83	96.39	10.56	11.42	123	4.43	0.36	0.52
<b>SM19-003</b>								
Interval 1	51.18	75.35	24.17	11.12	267	3.44	3.75	0.29
Including	51.18	60.78	9.60	11.74	437	5.99	8.68	0.38
Including	62.09	75.35	13.26	11.77	169	1.88	0.54	0.25
Interval 2	77.60	81.24	3.64	9.74	331	1.94	1.11	0.34

<b>SM19-005</b>	75.13	86.37	<b>11.23</b>	<b>7.97</b>	<b>128</b>	<b>1.20</b>	<b>0.91</b>	<b>0.24</b>
<b>SM19-006</b>	28.01	43.71	<b>15.70</b>	<b>21.27</b>	<b>147</b>	<b>8.04</b>	<b>0.77</b>	<b>0.30</b>
<b>SM19-007</b>	26.97	39.17	<b>12.20</b>	<b>18.16</b>	<b>122.6</b>	<b>4.41</b>	<b>1.55</b>	<b>0.16</b>
<b>SM19-014</b>								
<b>Interval 1</b>	105.31	120.40	<b>15.09</b>	<b>9.59</b>	<b>127.1</b>	<b>1.50</b>	<b>0.69</b>	<b>0.28</b>
<b>Interval 2</b>	138.07	143.88	<b>5.81</b>	<b>4.88</b>	<b>76.9</b>	<b>2.55</b>	<b>0.21</b>	<b>0.12</b>
<b>Interval 3</b>	155.17	158.95	<b>3.78</b>	<b>14.49</b>	<b>145.5</b>	<b>0.37</b>	<b>0.25</b>	<b>0.48</b>
<b>Interval 4</b>	184.40	189.56	<b>5.15</b>	<b>0.28</b>	<b>79.9</b>	<b>2.08</b>	<b>0.15</b>	<b>0.06</b>
<b>Interval 5</b>	250.65	258.94	<b>8.29</b>	<b>8.11</b>	<b>178.7</b>	<b>0.48</b>	<b>0.57</b>	<b>1.73</b>
<b>Interval 6</b>	266.33	268.16	<b>1.83</b>	<b>1.32</b>	<b>158.9</b>	<b>2.56</b>	<b>0.56</b>	<b>0.11</b>
<b>Texas Zone</b>								
<b>SM19-010</b>								
<b>Interval 1</b>	24.41	31.62	<b>7.21</b>	<b>4.37</b>	<b>155.2</b>	<b>0.13</b>	<b>0.03</b>	<b>2.07</b>
<b>Interval 2</b>	53.11	63.15	<b>10.04</b>	<b>0.40</b>	<b>135.1</b>	<b>0.07</b>	<b>0.01</b>	<b>1.75</b>

\* Note: 1.00 meter (m) is equal to 3.28 feet (ft). One gram per tonne (g/t) is equal to 0.032 ounces per ton (oz/t, or o.p.t.)  
Table 2 below shows the latest results received from holes SM19-016, SM19-017 and SM19-018.

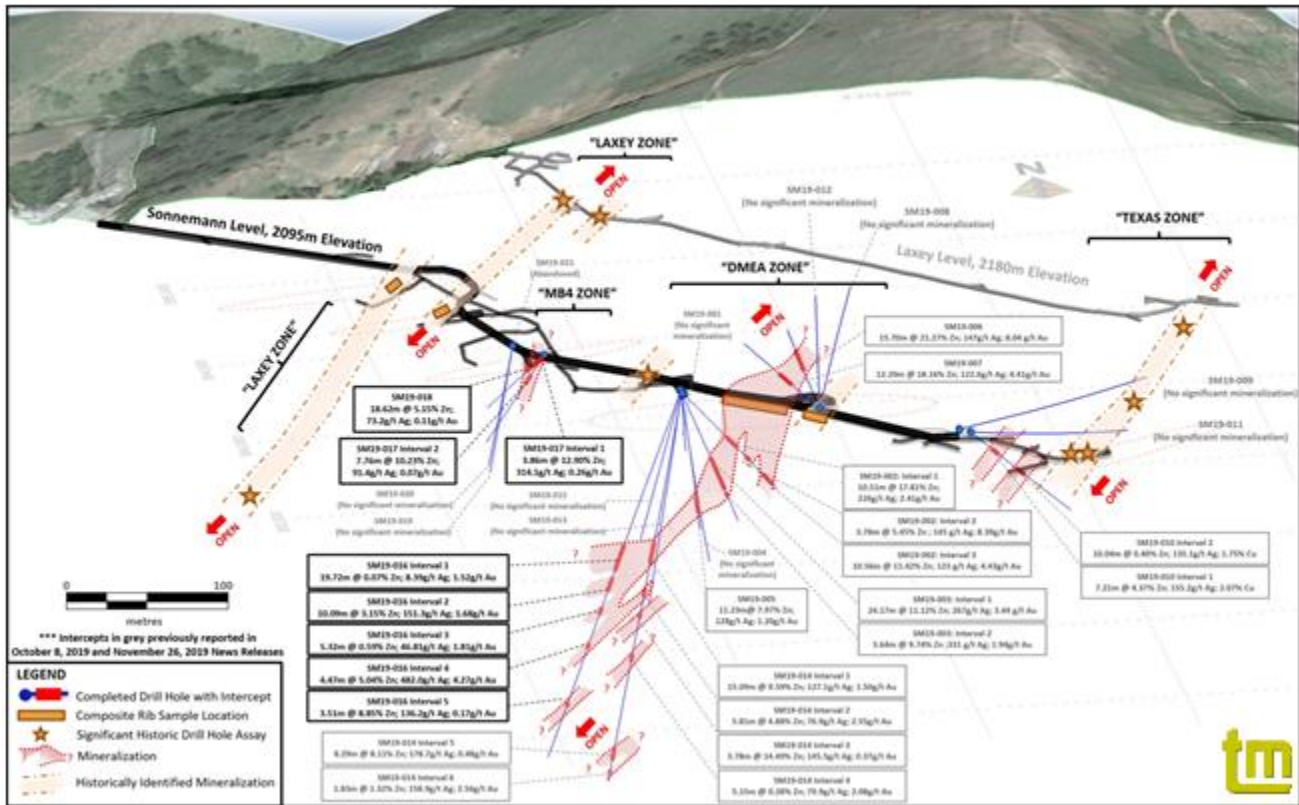
**Table 2. Drill Holes SM19-016, SM19-017 and SM19-018: Analytical and Assay Results**

<b>Drill Hole ID: Zone &amp; Interval</b>	<b>From (m)</b>	<b>To (m)</b>	<b>Core Interval (m)</b>	<b>Zn %</b>	<b>Ag g/t</b>	<b>Au g/t</b>	<b>Pb %</b>	<b>Cu %</b>
<b>DMEA Zone</b>								
<b>SM19-016</b>								
<b>Interval 1</b>	112.33	132.05	<b>19.72†</b>	<b>0.07</b>	<b>8.39</b>	<b>1.52</b>	<b>0.01</b>	<b>0.002</b>
<b>Interval 2</b>	136.55	146.64	<b>10.09</b>	<b>3.15</b>	<b>151.3</b>	<b>1.68</b>	<b>0.66</b>	<b>0.22</b>
<b>Interval 3</b>	158.27	163.59	<b>5.32†</b>	<b>0.59</b>	<b>46.8</b>	<b>1.81</b>	<b>0.11</b>	<b>0.04</b>
<b>Interval 4</b>	184.18	188.64	<b>4.47†</b>	<b>5.04</b>	<b>482.0</b>	<b>4.27</b>	<b>5.80</b>	<b>0.43</b>
<b>Interval 5</b>	227.32	230.83	<b>3.51</b>	<b>8.85</b>	<b>136.2</b>	<b>0.17</b>	<b>1.25</b>	<b>1.67</b>
<b>MB4 Target Zone</b>								
<b>SM19-017</b>								
<b>Interval 1</b>	1.37	5.23	<b>3.86*</b>	<b>12.90</b>	<b>314.1</b>	<b>0.26</b>	<b>0.88</b>	<b>1.08</b>
<b>Interval 2</b>	16.32	24.08	<b>7.76*</b>	<b>10.23</b>	<b>91.4</b>	<b>0.07</b>	<b>0.36</b>	<b>0.55</b>
<b>SM19-018</b>								
<b>Interval 1</b>	0.00	18.62	<b>18.62*</b>	<b>5.15</b>	<b>73.2</b>	<b>0.11</b>	<b>0.02</b>	<b>0.41</b>
<b>Including</b>	8.53	18.62	<b>10.09*</b>	<b>8.06</b>	<b>97.0</b>	<b>0.15</b>	<b>0.02</b>	<b>0.68</b>

*Note: Reported widths in tables 1 & 2 are drilled core lengths as true widths are unknown at this time. It is estimated based upon current data that true widths might range between 60-80% of the drilled intersection. For drill holes SM19-017\* and SM19-018\* true widths are unknown as these are the first drill intersections of the MD4 target. Intervals cut offs are based upon visual contacts of massive sulfide units with no more than 1.75 meters of internal skarn. For SM19-010 a nominal 0.5% copper cut off has been applied to determine the boundaries of the intersections for this skarn hosted mineralization with no more than 1.4m of internal dilution. For SM19-016† (intervals 1, 3 and 4) a nominal 0.46 g/t gold cut off has been applied to determine the boundaries of the intersections with no internal dilution. For SM19-017 & 018 a nominal 2.4% zinc cut off has been applied to determine the boundaries of the intersections for this skarn hosted mineralization with no more than 2m of internal dilution. (Note: See details below in QA/QC section). 1.00 meter (m) is equal to 3.28 feet (ft). One gram per tonne (g/t) is equal to 0.032 ounces per ton (oz/t, or o.p.t.).*

The above drill holes returned significant intersections of both massive sulfide and skarn styles of mineralization. Important sulfide minerals are pyrrhotite, sphalerite, galena, arsenopyrite and chalcopyrite. During the planned phase 3

campaign at South Mountain, the Company will carry out mineralogy and metallurgical test work studies to confirm historical other previous high-grade results, which will be included in the PEA.

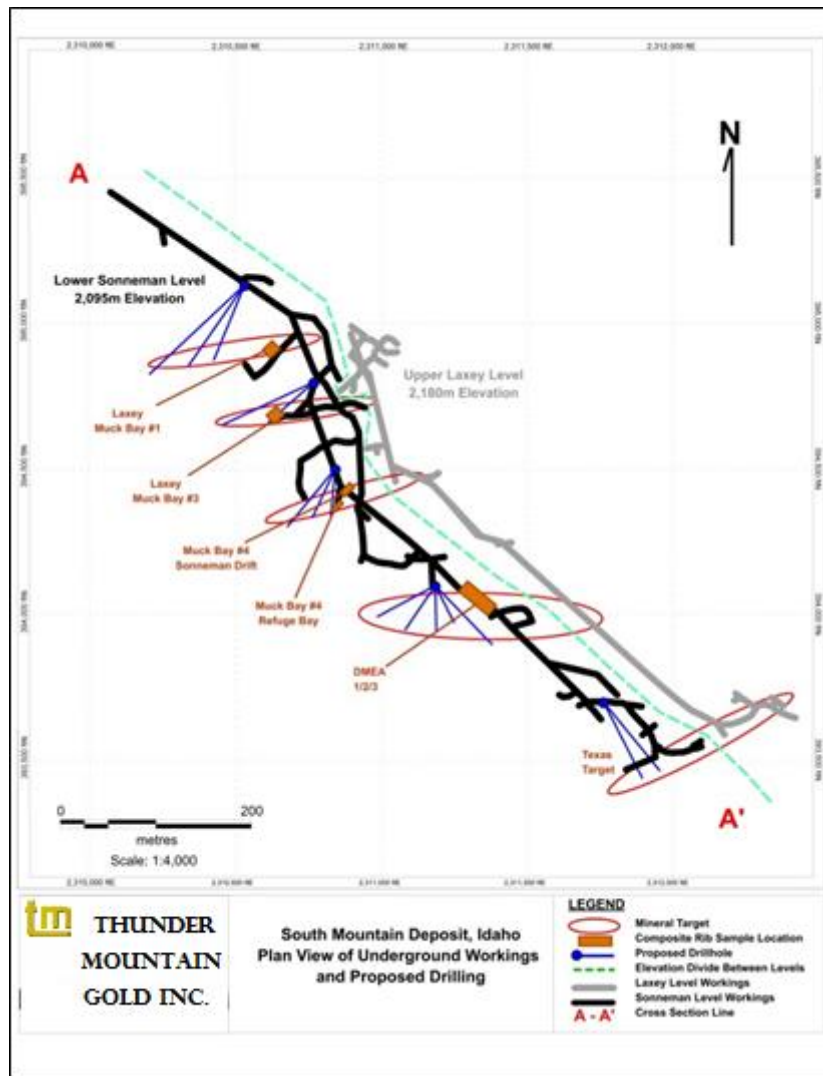


**Figure 1:** 3D Perspective View inclined at 20 degrees looking north-north-east, showing locations of rib-sampling, priority target zones, and the phase 1 drill holes and highlighted the recent SM19-016, SM19-017 and SM19-018

Underground core drilling was conducted to extend and upgrade the South Mountain resource - testing the continuity and down-dip extensions of the high-grade polymetallic massive sulfide zones. The Company and BeMetals completed additional core drilling in the DMEA and Laxey zones to complete the confirmation and extensional drilling in 2021. The Company also retrieved bulk samples for metallurgical test work.

More than 15,000 feet (4,500 meters) have been drilled at South Mountain and included in the model. The South Mountain historic ore zones remain open down-dip on the zones encountered. The successful drilling and development work prove that the South Mountain resource continues to grow with potential to increase the resource substantially.





*Figure 3: Plan View of Sonneman & Laxey Levels, showing locations of previously reported rib sampling*

## QUALITY ASSURANCE AND QUALITY CONTROL PROCEDURES

The project employs a rigorous QC/QA program that includes blanks, duplicates and appropriate certified standard reference material. All samples are introduced into the sample stream prior to sample handling/crushing to monitor analytical accuracy and precision. The insertion rate for the combined QA/QC samples is 10 percent or more depending upon batch sizes. ALS Global completed the analytical work with the core samples processed at their preparation facility in Reno, Nevada, U.S.A. All analytical and assay procedures are conducted in the ALS facility in North Vancouver, BC. The samples are processed by the following methods as appropriate to determine the grades; Au-AA23-Au 30g fire assay with AA finish, ME-ICP61-33 element four acid digest with ICP-AES finish, ME-OG62-ore grade elements, four acid with ICP-AES finish, Pb-OG62-ore grade Pb, four acid with ICP-AES finish, Zn-OG62-ore grade Zn, four acid digest with ICP-AES finish, Ag-GRA21-Ag 30g fire assay with gravimetric finish.

## **Gold Breccia Target**

In 2010, five holes were drilled by Thunder Mountain Gold in the Gold Breccia anomaly for a total footage of 3,530 feet, and 705 total samples taken every five feet of drill hole. Of the 705 samples taken, 686 samples contained anomalous gold, or 97% of the samples. The highest-grade intercept ran 0.038 ounce per ton. HRC reviewed the reports done on the breccia completed by both Kinross and Newmont; of note was Newmont's comparison of the geology to the Battle Mountain Complex in Nevada.

The Technical Report was authored by Ms. J.J. Brown, P.G., SME-RM, Mr. Jeffrey Choquette, P.E., and Mr. Randy Martin, SME-RM, all of Hard Rock Consulting, each of whom is an independent qualified person for the purposes of NI 43-101. The NI 43-101 Technical Report has an effective date of April 7, 2018, and has been filed in Canada on SEDAR in accordance with NI 43-101. The Report can be reviewed on the Company's website at [www.thundermountaingold.com](http://www.thundermountaingold.com).

## **Note to United States investors concerning estimates of measured, indicated and inferred resources.**

Information concerning our mining properties has been prepared in accordance with the requirements of subpart 1300 of Regulation SK, which first became applicable to us for the fiscal year ended December 31, 2021. These requirements differ significantly from the previously applicable disclosure requirements of SEC Industry Guide 7. Among other differences, subpart 1300 of Regulation S-K requires us to disclose our mineral resources, in addition to our mineral reserves, as of the end of our most recently completed fiscal year both in the aggregate and for each of our individually material mining properties. You are cautioned that mineral resources do not have demonstrated economic value. Mineral resources are subject to further exploration and development, are subject to additional risks, and no assurance can be given that they will eventually convert to future reserves. Inferred Resources, in particular, have a great amount of uncertainty as to their existence and their economic and legal feasibility. Investors are cautioned not to assume that any part or all of the Inferred Resource exists or is economically or legally mineable. See Item 1A, Risk Factors.

Disclosure of the NI-43-101 has been prepared in accordance with the requirements of Canadian securities laws, including Canadian National Instrument 43-101 ("NI 43-101"). The Highlights of South Mountain NI-43-101 section refers to "mineral resources," "measured mineral resources," "indicated mineral resources," and "inferred mineral resources."

**Qualified Person** – The technical information in this Form 10K has been reviewed and approved by Larry D. Kornze, (Retired) , Qualified Person, and Director of Thunder Mountain Gold Inc., and a "Qualified Person" as defined by National Instrument 43-101 standards.

This property is without known reserves and the proposed program is exploratory in nature according to Instruction 3 to paragraph (b)(5) of the SEC's Industry Guide 7. There are currently no permits required for conducting exploration in accordance with the Company's current board approved exploration plan.

## **Trout Creek Project, Lander County, Nevada**

The Trout Creek project is a highly prospective gold exploration target located along the western flank of the Shoshone Mountain Range in the Reese River Valley in Lander County, Nevada. The Project is located approximately 155 air miles northeast of Reno, Nevada, or approximately 20 miles south of Battle Mountain, Nevada, in Sections 10, 11, 14, 16, 21, 22, 27; T.29N.; R.44E. Mount Diablo Baseline & Meridian, Lander County, Nevada. Latitude: 40° 23' 36" North, Longitude: 117° 00' 58" West. The property is generally accessible year-round by traveling south from Battle Mountain Nevada on state highway 305, which is paved.

During the year ended December 31, 2021, the Company made the decision to retain 26 (approximately 520 acres) of the 87 unpatented lode mining claims in the Trout Creek area. The Company's 26 unpatented mining claims are staked along a recognizable structural zone in the Eureka-Battle Mountain mineralized gold trend. The Company paid annual fees to BLM of \$4,290 and Lander County \$324 fees.



The Trout Creek target is anchored by a regional gravity anomaly on a well-defined northwest-southeast trending break in the alluvial fill thickness and underlying bedrock. Previous geophysical work in the 1980s revealed an airborne magnetic anomaly associated with the same structure, and this was further verified and outlined in 2008 by Company personnel, with consultation from Jim Wright – Wright Geophysics using a ground magnetometer. The target is covered by alluvial fan deposits of generally unknown thickness, shed from the adjacent Shoshone Range, a fault block mountain range composed of Paleozoic sediments of both upper and lower plate rocks of the Roberts Mountains thrust.

Wright Geophysics also conducted a ground gravity survey and CSMAT over the pediment target area and this provided insight into the gravel-bedrock contact as well as defining the favorable structural setting within the buried bedrock. An untested drill target was identified under the gravel pediment along these structures, and the geophysics showed that the bedrock was within 500 feet of the surface, which is reasonable depth for exploration drilling and potential mining if a significant mineralization is encountered.

The Company does not plan to conduct any work on the Trout Creek Property in 2022, but instead will focus all of their efforts on their South Mountain Project.

There are currently no environmental permits required for the planned exploration work on the property. In the future, a notice of intent may be required with the Bureau of Land Management.

## **Competition**

We are an exploration stage company. We compete with other mineral resource exploration and development companies for financing and for the acquisition of new mineral properties. Many of the mineral resource exploration and development companies with whom we compete have greater financial and technical resources than us. Accordingly, these competitors may be able to spend greater amounts on acquisitions of mineral properties of merit, on exploration of their mineral properties and on development of their mineral properties. In addition, they may be able to afford greater geological expertise in the targeting and exploration of mineral properties. This competition could result in competitors having mineral properties of greater quality and interest to prospective investors who may finance additional exploration and development. This competition could adversely impact on our ability to finance further exploration and to achieve the financing necessary for us to develop our mineral properties.

## **Employees**

The Company employs three full-time officers. As part of the BeMetals agreement, the Company allowed these officers to work on the South Mountain Project on a consulting arrangement with BeMetals.

## **Results of Operations:**

For the three months ended June 30, 2022, the Company recorded a net loss of \$453,580, compared to net income of \$191,542, for the same time ending June 30, 2021. Net Loss for the six-month period ended June 30, 2022 was \$965,309 for the same period in 2021 the Net income was \$142,320. The decrease in net income for 2022 is primarily due to a reduction in the market value of the Company's investment in BeMetals stock. For the three and six month periods ended June 31, 2022 the Company recognized an unrealized loss on the investment in BeMetals of \$381,924 and \$620,988, respectively. The Company recognized a gain of \$163,507 and a loss of \$71,011 for the three- and six-month periods ended June 30, 2021.

### Three-month period comparisons

The Company recognized \$75,000 in management services income for the three-month periods ended June 30, 2022, and 2021, respectively.

Operating expenses for the three months ending June 30, 2022, of \$146,656 decreased from the same respective time period in 2021 by \$1,520 or 1%. Exploration expenses for the three months ended June 30, 2021 decreased by \$1,617 when compared to same period in 2021. Legal and accounting costs decreased in three-month period ended June 30, 2022 compared to 2021 by \$18,152 for a total of \$14,454. The decrease in Legal and accounting was associated to the

early closing of the 10-K expenses for the year ended December 31, 2022 compared to 2021. Management and administrative expense increased by \$18,536 or 17%. This increase in Management and administration cost was due to the Board of Directors compensation of \$13,650 for the three months ended June 30, 2022. There were no stock options issued for the three months ended June 30, 2022 and 2021, respectively.

#### Six-month period comparisons

The Company recognized \$150,000 in total revenue for the six-month period ended on June 30, 2022 compared with total revenue of \$400,000 for the same period ended June 30, 2021, a decrease of \$250,000 or 63%. Management services revenue from BeMetals remained the same at \$75,000 in both quarters; however, for the quarter ended June 30, 2021 the Company recognized a \$250,000 gain on the sale of mineral properties under the terms of the BeMetals Option Agreement. No gain was recognized for the same period in 2022. The final cash payment under the BeMetals Option Agreement was received in third quarter of 2021.

Operating expenses for the six months ending June 30, 2022, of \$494,419 increased from the same respective time period in 2021 by \$206,245 or 72%. Exploration expenses decreased by \$5,462 or 71% when compared to same period in 2021. Legal and accounting costs increased by \$30,585 or 56% for a total of \$85,092. Management and administrative expense increased by \$181,846 or 81% principally due to stock compensation of \$158,341 for stock options issued to our officers and directors on March 21, 2022. There were no stock options issued during the six months ended June 31, 2021.

The consolidated financial statements for the six-months ended June 30, 2022 have been prepared under the assumption that we will continue as a going concern. Such assumption contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. As shown in the consolidated financial statements as of June 30, 2022, we have sufficient cash reserves to cover normal operating expenditures for the following 12 months.

#### **Liquidity and Capital Resources:**

The consolidated financial statements for the year ended June 30, 2022 have been prepared under the assumption that we will continue as a going concern. Such assumption contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. As shown in the consolidated financial statements for the three-month period ended June 30, 2022, we have sufficient cash reserves to cover normal operating expenditures for the following 12 months.

The liquidity of the Company was enhanced on February 27, 2019 when the Company entered the BeMetals Option Agreement with BeMetals Corp., and 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. The term of the agreement is for two years with BeMetals completing a preliminary economic assessment ("PEA") completed by a mutually agreed third-party engineering firm. Over its term, this agreement requires 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. Through June 30, 2022, cash proceeds of \$1,100,000 and \$250,000 in exchange for shares of the Company's common stock have been received. BeMetals also agreed to pay the Company \$25,000 per month for management services. In the event that BeMetals decides not to proceed with the South Mountain Project, BeMetals will not be obligated to make any additional payments.

The Company has historically incurred losses, however, under the BeMetals Option Agreement, 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, the Company believes it has the ability to raise capital in order to fund its future exploration and working capital requirements if necessary.

Potential additional sources of cash, include additional external debt, the sale of shares of our stock, or alternative methods such as mergers or sale of 8,000,000 BeMetals common stock shares held by the company. (See South Mountain Project above), No assurances can be given, however, that we will be able to obtain any of these potential sources of cash.

Our plans for the long-term continuation as a going concern include financing our future operations through sales of our common stock and/or debt and the potential exploitation of our mining properties. Our plans may also, at some future point, include the formation of mining joint ventures with senior mining company partners on specific mineral properties



whereby the joint venture partner would provide the necessary financing in return for equity in the property. In addition to the BeMetals Corp. Option Agreement, we believe that the Company will be able to meet its financial obligations because of the following:

- On July 27, 2022, we had \$896,360 cash in our bank accounts.
- We do not include in this consideration any option payments mentioned below.
- Management is committed to manage expenses of all types to not exceed the on-hand cash resources of the Company at any point in time, now or in the future.
- The Company will also consider other sources of funding, including potential mergers, the sale of all or part of the Company's BeMetals Corp. (TSX-V: BMET) common shares beneficially held, and/or additional farm-out of its other exploration property.

For the six-month period ended June 30, 2022 the Company reported a net cash decrease of \$270,455, compared to a net cash increase of \$756,245 for the same period in 2021. The Company reported net cash used by operating activities of \$232,455 compared to cash used by operating activities of \$103,504 for the same period in 2021. The Company did not have any cash provided or used by investing for the period ended June 30, 2022 compared to cash provided by investing activities of \$899,557 for the same period in 2021. In 2021 the Company received cash from investing activities of \$250,000 from the sale of mineral interests for the Tranche 5 payment, pursuant to the BeMetals Option Agreement, and \$649,557 proceeds from sale of 2,000,000 shares of BeMetals common shares. The Company reported cash used in financing activities of \$38,000 and \$39,808 for the period ended June 30, 2022 and 2021, respectively, related to the repayment of related party notes payable to officer and directors of the Company.

Our future liquidity and capital requirements will depend on many factors, including timing, cost and progress of our exploration efforts, our evaluation of, and decisions with respect to, our strategic alternatives, and costs associated with the regulatory approvals. If it turns out that we do not have enough cash to complete our exploration programs, we will attempt to raise additional funds from a public offering, a private placement, mergers, farm-outs or loans.

Additional financing may be required in the future to fund our planned operations. We do not know whether additional financing will be available when needed or on acceptable terms, if at all. If we are unable to raise additional financing, when necessary, we may have to delay our exploration efforts or any property acquisitions or be forced to cease operations. Collaborative arrangements may require us to relinquish our rights to certain of our mining claims.

## Contractual Obligations

During 2008 and 2009, three lease arrangements were made with landowners that own land parcels adjacent to the Company's South Mountain patented and unpatented mining claims. The leases were for a seven-year period, with options to renew, with annual payments (based on \$20 per acre) listed in the following table. The leases have no work requirements.

Contractual obligations	Payments due by period				
	Total*	Less than 1 year	2-3 years	4-5 years	More than 5 years
Acree Lease (yearly, June)(1)	\$3,390	\$3,390	-	-	\$ -
Lowry Lease (yearly, October)(1)(2)	\$22,560	\$11,280	\$11,280	-	\$ -
OGT LLC <sup>(3)</sup>	\$25,000	\$5,000	\$10,000	\$10,000	\$ -
<b>Total</b>	<b>\$50,950</b>	<b>\$19,670</b>	<b>\$21,280</b>	<b>\$10,000</b>	<b>\$ -</b>

- (1) Amounts shown are for the lease periods years 15 through 16, a total of 2 years that remains after 2021, the lease was extended an additional 10 years at \$30/acre after 2014.
- (2) The Lowry lease has an early buy-out provision for 50% of the remaining amounts owed in the event the Company desires to drop the lease prior to the end of the first seven-year period.
- (3) OGT LLC, managed by the Company's wholly owned subsidiary SMMI, receives a \$5,000 per year payment for up to 10 years, or until a \$5 million capped NPI Royalty is paid.

## **Critical Accounting Policies**

We have identified our critical accounting policies, the application of which may materially affect the financial statements, either because of the significance of the financial statement item to which they relate, or because they require management's judgment in making estimates and assumptions in measuring, at a specific point in time, events which will be settled in the future. The critical accounting policies, judgments and estimates which management believes have the most significant effect on the financial statements are set forth below:

- a) **Estimates.** Our management routinely makes judgments and estimates about the effect of matters that are inherently uncertain. As the number of variables and assumptions affecting the future resolution of the uncertainties increase, these judgments become even more subjective and complex. Although we believe that our estimates and assumptions are reasonable, actual results may differ significantly from these estimates. Changes in estimates and assumptions based upon actual results may have a material impact on our results of operation and/or financial condition.
- b) **Stock-based Compensation.** The Company records stock-based compensation in accordance with ASC 718, "Compensation – Stock Compensation" using the fair value method. All transactions in which goods or services are the consideration received for the issuance of equity instruments are accounted for based on the fair value of the consideration received or the fair value of the equity instrument issued, whichever is more reliably measurable.
- c) **Income Taxes.** We have current income tax assets recorded in our financial statements that are based on our estimates relating to federal and state income tax benefits. Our judgments regarding federal and state income tax rates, items that may or may not be deductible for income tax purposes and income tax regulations themselves are critical to the Company's financial statement income tax items.
- d) **Investments.** In a joint venture where the Company holds more than 50% of the voting interest and has significant influence, the joint venture is consolidated with the presentation of non-controlling interest. In determining whether significant influences exist, the Company considers its participation in policy-making decisions and its representation on the venture's management committee.

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

Not required for smaller reporting companies.

## **Item 4. Controls and Procedures**

### **Evaluation of Disclosure Controls and Procedures**

At the end of the period covered by this report, an evaluation was carried out under the supervision of, and with the participation of, the Company's Management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rule 13a – 15(e) and Rule 15d – 15(e) of the Securities and Exchange Act of 1934, as amended). Based on that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that as of the end of the period covered by this report, the Company's disclosure controls and procedures were adequately designed and effective in ensuring that information required to be disclosed by the Company in its reports that it files or submits to the SEC under the Exchange Act, is recorded, processed, summarized and reported within the time period specified in applicable rules and forms.

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

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

## **PART II – OTHER INFORMATION**

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

None.

### **Item 1A. Risk Factors.**

The effects of the continued outbreak of COVID-19 and related government responses could have disruptions to the Company's Option Agreement with BeMetals Corp. 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 the Company. The term of the agreement is for two years starting June 10, 2019, with an option to extend an additional year, with BeMetals conducting a preliminary economic assessment ("PEA") completed by a mutually agreed third-party engineering firm. Over its term, this agreement requires 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. 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 Operation Agreement. Thunder Mountain Gold evaluated these impairment considerations and determined that no such impairments occurred as of June 30, 2022.

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

None

### **Item 3. Defaults Upon Senior Securities.**

None.

### **Item 4. Mine Safety Disclosures**

Pursuant to Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Dodd-Frank Act"), issuers that are operators, or that have a subsidiary that is an operator, of a coal or other mine in the United States are required to disclose in their periodic reports filed with the SEC information regarding specified health and safety violations, orders and citations, related assessments and legal actions, and mining-related fatalities.

During the six-month period ended June 30, 2022, the Company did not have any operating mines and therefore had no such specified health and safety violations, orders or citations, related assessments or legal actions, mining-related fatalities, or similar events in relation to the Company's United States operations requiring disclosure pursuant to Section 1503(a) of the Dodd-Frank Act.

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

None.

## Item 6. Exhibits

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

### Exhibits:

31.1	<a href="#"><u>Certification Required by Rule 13a-14(a) or Rule 15d-14(a). Jones</u></a>
31.2	<a href="#"><u>Certification Required by Rule 13a-14(a) or Rule 15d-14(a). Thackery</u></a>
32.1	<a href="#"><u>Certification required by Rule 13a-14(a) or Rule 15d-14(b) and section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350. Jones</u></a>
32.2	<a href="#"><u>Certification required by Rule 13a-14(a) or Rule 15d-14(b) and section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350. Thackery</u></a>
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document

## **SIGNATURES**

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

### **THUNDER MOUNTAIN GOLD, INC.**

/s/ Eric T. Jones

By \_\_\_\_\_

Eric T. Jones

President and Chief Executive Officer

Date: August 2, 2022

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/ Larry Thackery

By \_\_\_\_\_

Larry Thackery

Chief Financial Officer

Date: August 2, 2022