

SCHNITZER STEEL INDUSTRIES INC
Form 8-K
October 05, 2005

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 8-K

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

Date of report (Date of earliest event
reported) September 30, 2005

Schnitzer Steel Industries, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Oregon

0-22496

93-0341923

(State or Other
Jurisdiction of
Incorporation)

(Commission
File Number)

(IRS Employer
Identification No.)

3200 N.W. Yeon Ave.
P.O. Box 10047
Portland, OR

97296-0047

(Zip Code)

(Address of Principal Executive Offices)

(503) 224-9900

(Registrant's Telephone Number, Including Area Code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01. Entry into a Material Definitive Agreement

As previously reported on a Current Report on Form 8-K filed with the Securities and Exchange Commission (the “SEC”) on August 11, 2005, two wholly-owned subsidiaries of Schnitzer Steel Industries, Inc. (“SSI”), Pick-N-Pull Auto Dismantlers, a California general partnership (“PNP”), and PNP Commercial Acquisition, LLC, a Delaware limited liability company (“PNP Commercial”), entered into a Unit Purchase Agreement (the “Greenleaf Purchase Agreement”) with Tree Acquisition, L.P., a Delaware limited partnership (“Tree”), pursuant to which PNP Commercial agreed to acquire from Tree (the “Greenleaf Transaction”) all of the issued and outstanding units of membership interests of Greenleaf Auto Recyclers, LLC, a Delaware limited liability company (“Greenleaf”). On September 30, 2005, in connection with the closing of the Greenleaf Transaction, Tree, PNP and PNP Commercial amended the Greenleaf Purchase Agreement pursuant to a First Amendment to the Unit Purchase Agreement (the “First Amendment”) to, among other things: (i) reduce the amount of the purchase price delivered into escrow at closing; (ii) provide for an additional escrow deposit to satisfy certain claims to be retained by Tree after the closing; (iii) reduce the target working capital amount for purposes of the post-closing working capital adjustment; (iv) revise certain indemnification matters for which Tree will indemnify PNP and PNP Commercial; and (v) reduce the cash consideration paid to Tree at closing. In connection with these modifications, the total purchase price was reduced from \$23,500,000 to \$22,500,000. The First Amendment also modifies certain closing deliverables of the parties in accordance with these revisions. There are no material relationships between the parties other than the Greenleaf Purchase Agreement.

Item 7.01 Regulation FD Disclosure

On October 3, 2005, the Company announced that it had closed the Greenleaf Transaction, as well as the related acquisition of certain Greenleaf debt and five business locations leased by Greenleaf. A copy of the press release announcing the closing is furnished as Exhibit 99.1 hereto.

Item 9.01. Financial Statements and Exhibits

(c) Exhibits.

2.1 Unit Purchase Agreement dated August 5, 2005 between Pick-N-Pull Auto Dismantlers, PNP Commercial Acquisition, LLC, and Tree Acquisition, L.P.

The following exhibits and schedules to the Unit Purchase Agreement have been omitted and will be provided to the Securities and Exchange Commission upon request:

Exhibit A	Closing Date Payments
Exhibit B	Opinion of Counsel for Tree
Exhibit C	Form of Creditor Release
Exhibit D	Escrow Agreement
Exhibit E-1	Form of Tranche B Term Note
Exhibit E-2	Form of Assignment Agreement
Exhibit E-3	Form of Credit Agreement Amendment
Schedule 3.3.1	Preparation of Closing Financial Statements
Schedule 4.2	Ownership of Membership Interests

Schedule 4.4	Financial Statements
Schedule 4.5	Liabilities
Schedule 4.6	Tax Matters
Schedule 4.7	Leasehold Premises
Schedule 4.8	Title to and Condition of Assets
Schedule 4.9	Receivables
Schedule 4.10	Licenses and Permits
Schedule 4.11	Proprietary Rights
Schedule 4.12	Customers, Suppliers and Competitors
Schedule 4.13	Certain Documents and Information
Schedule 4.14	Insurance
Schedule 4.15	Litigation
Schedule 4.18	Absence of Certain Acts or Events
Schedule 4.19	Compliance with Laws
Schedule 4.20.3	Environmental Matters
Schedule 4.20.4	Environmental Matters
Schedule 4.20.5	Environmental Matters
Schedule 4.20.8	Environmental Matters
Schedule 4.20.9	Environmental Matters
Schedule 4.20.10	Environmental Matters
Schedule 4.20.11	Environmental Matters
Schedule 4.20.12	Environmental Matters
Schedule 4.20.13	Environmental Matters
Schedule 4.21	Labor Relations
Schedule 4.22	Employee Benefits
Schedule 4.22.1	Employee Benefits
Schedule 4.22.3	Employee Benefits
Schedule 4.22.6	Employee Benefits
Schedule 4.22.7	COBRA Beneficiaries
Schedule 4.23	Employment Agreements
Schedule 4.24	Warranties
Schedule 4.27	Required Consents
Schedule 6.23	Severance Matters
Schedule 7.15	Employment Agreements
Schedule 10.3.1(i)	Knowledge of Tree
Schedule 10.3.1(ii)	Knowledge of the Company
Schedule 10.3.1(iii)	Knowledge of PNP

2.2 Agreement of Purchase and Sale dated August 5, 2005 between PNP Commercial Acquisition, LLC, and Ford Motor Company.

The following exhibits and schedules to the Agreement of Purchase and Sale have been omitted and will be provided to the Securities and Exchange Commission upon request:

Exhibit A	Allocation of Purchase Price
Exhibit B	Form of Note Modification Agreement
Exhibit 3.3(a)(vi)	Form of Seller Certificate

Exhibit 3.3(b)(ii) Form of Buyer Certificate

3

Schedule 4.1(b) Authorized, Issued and Outstanding Interests of GLARE
Schedule 4.1(c) Leases and Agreements
Schedule 4.1(d) Financial Statements
Schedule 4.1(f)(i) List of Real Property
Schedule 4.1(f)(iii) Legal Proceedings
Schedule 8.20 Knowledge of Seller and GLARE

2.3 First Amendment dated September 30, 2005 to Unit Purchase Agreement dated August 5, 2005 between Pick-N-Pull Auto Dismantlers, PNP Commercial Acquisition, LLC, and Tree Acquisition, L.P.

The following schedules to the First Amendment have been omitted and will be provided to the Securities and Exchange Commission upon request:

Schedule II Form of Amended and Restated Escrow Agreement
Schedule III Form of Retained Claims Escrow Agreement

99.1 Press Release dated October 3, 2005 titled "Schnitzer Steel Subsidiary Pick-n-Pull Acquires GreenLeaf Auto Recyclers"

SIGNATURES

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

Schnitzer Steel Industries, Inc.

Date: October 5, 2005

By: /s/ Gregory J. Witherspoon

Name: Gregory J. Witherspoon
Title: Interim Chief Financial Officer

from a trace to 0.31 ppm Gold. Surface mapping indicates that the intrusive breccia covers an area of approximately 5,000 feet x 1,500 feet.

The 2010 drilling focused primarily the breccia gold zone. Centra Consulting completed the storm water plan needed for the exploration road construction on private land, and it was accepted by the Environmental Protection Agency. Road construction started on August 1, 2010 by Warner Construction and a total of 3.2 miles of access and drill site roads were completed through the end of September.

A campaign of road cut sampling was undertaken on the new roads as they were completed. Three sets of samples were obtained along the cut bank of the road. Channel samples were taken on 25-foot, 50-foot or 100-foot intervals, depending upon the nature of the material cut by the road with the shorter spaced intervals being taken in areas of bedrock. A total of 197 samples were collected and sent to ALS Chemex labs in Elko, Nevada. A majority of the samples contained anomalous gold values and in addition to confirming the three anomalies identified by soils sampling, the road cuts added a fourth target that yielded a 350-foot long zone that averaged 378 parts per billion gold (0.011 ounce per ton). Follow up sampling on a road immediately adjacent to this zone yielded a 100-foot sample interval that ran 5.91 parts per million gold (0.173 ounce per ton).

Drilling on the intrusive breccia target commenced on October 1, 2010 with a Schramm reverse circulation rig contracted through Drill Tech of Winnemucca, Nevada. Five widely-spaced holes on the four significant gold anomalies in the intrusive breccia target were completed with the following results:

Intrusive Breccia 2010 Drill Results

Hole Number	Depth (ft)	Average Gold Value (opt) Entire Hole	Highest Grade 5 ft Interval (opt)	Comments
LO-1	625	0.0034	0.015	All 5 foot intervals had detectable gold. Discovery outcrop area highly altered intrusive breccia with sulfides.
LO-2	845	0.001	0.016	95% of the intervals had detectable gold. Highly altered intrusive breccia with sulfides.
LO-3	940	0.0033	0.038	95% of the intervals had detectable gold. Mixed altered intrusive breccia and skarn; abundant sulfides (15 to 20% locally). West end of anomaly.
LO-4	500	0.002	0.0086	Entire hole had detectable gold. Altered intrusive breccia with sulfides. East end of anomaly.
LO-5	620	0.0037	0.036	Entire hole had detectable gold. Altered intrusive breccia with sulfides. East end of anomaly.

Management believes that the first-pass drill results from the intrusive breccia target proves the existence of a significant gold system in an intrusive package that is related to the polymetallic mineralization in the carbonate in the historic mine area. Additional work is planned for 2011, including a draped aeromagnetic, resistivity and IP surveys to isolate potential feeder structures and to evaluate the contact between the metasediments and the gold-bearing intrusive.

In addition to the drilling completed in on the Intrusive Breccia target, two reverse circulation drill holes were completed targeting the down dip extension of the polymetallic zones in an effort to confirm continuity of the ore zones to a greater depth. Vertical drill hole LO 6 was placed to intercept the down dip extension of the DMEA 2 ore shoot exposed on both the Laxey and Sonneman levels of the underground workings, as well as the 2008 core hole drilled by the Company that extended the zone 300 feet down dip of the Sonneman level. Drillhole LO 6 cut a thick

zone of skarn alteration and polymetallic mineralization at 760 feet to 790 feet. The intercept contained 30 feet of 3.55% zinc, 1.87 ounce per ton silver, and 0.271% copper. Internal to this zone was 15 feet of 0.060 OPT gold and 20

Table of Contents

feet of 0.21% lead. Importantly, this intercept proves the continuity of the ore zone an additional 115 feet down dip of the 2008 drill hole, or 415 feet below the Sonneman level. It remains open at depth.

Drill hole LO-7 was placed to test the down dip extension of the Laxey ore zone, the zone that produced a majority of the silver, zinc, copper, lead and gold during the World War II period. A portion of the ore zone was intercepted approximately 180 feet below the bottom of the Laxey Shaft which mined the zone over an 800-foot length. This hole intercepted 25 feet (600-625 feet) of 8.56% zinc and 1.15 ounce per ton (opt) silver. This intercept proves the extension of the Laxey ore zone approximately 120 feet below the maximum depth previously mined when over 51,000 tons of sulfide ore were mined and direct shipped to the Anaconda smelter in Utah. The grade of this ore mined over the 800 feet of shaft and stope mining was 15% zinc, 10 opt silver, 0.06 opt gold, 2.3% lead and 0.7% copper.

Management is encouraged by both of these intercepts as they prove the continuation of the replacement sulfide mineralized ore shoots at depth. Detailed follow-up core drilling will be needed to better define the potential of the ore shoots at depth .. The ongoing exploration field work is financed by the Company through sales of unregistered common stock . Future work will be funded in the same manner, or through a strategic partnership with another mining company.

T his property is without known reserves and the proposed program is exploratory in nature according to Instruction 3 to paragraph (b)(5) of 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 Claim Group, Lander County, Nevada

The Trout Creek pediment exploration target is located in Lander County, Nevada in T.29N. R44E. The property consists of 60 unpatented mining claims totaling approximately 1,200 acres that are located along the western flank of the Shoshone Range in the Eureka-Battle Mountain mineral trend.

All those certain unpatented lode claims situated in Lander County, Nevada, more particularly described as follows below:

<u>Name of Claim</u>	<u>Lander Co. Doc. No.</u>	<u>BLM NMC No.</u>
TC-1	0248677	965652
TC-2	0248678	965653
TC-3	0248679	965654
TC-4	0248680	965655
TC-5	0248681	965656

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TC-6	0248682	965657
TC-7	0248683	965658
TC-8	0248684	965659
TC-9	0248685	965660
TC-10	0248686	965661
TC-11	0248687	965662
TC-12	0248688	965663
TC-31	0248707	965682
TC-32	0248708	965683
TC-51	0248727	965702
TC-52	0248728	965703
TC-53	0248729	965704
TC-54	0248730	965705
TC-55	0248731	965706

Table of Contents

<u>Name of Claim</u>	<u>Lander Co. Doc. No.</u>	<u>BLM NMC No.</u>
TC-56	0248732	965707
TC-57	0248733	965708
TC-58	0248734	965709
TC-59	0251576	988946
TC-60	0251577	988947
TC-61	0251578	988948
TC-62	0251579	988949
TC-63	0251580	988950
TC-64	0251581	988951
TC-65	0251582	988952
TC-66	0251583	988953
TC-67	0251584	988954
TC-68	0251585	988955
TC-69	0251586	988956
TC-70	0251587	988957
TC-71	0251588	988958
TC-72	0251589	988959
TC-73	0251590	988960
TC-74	0251591	988961
TC-75	0251592	988962
TC-76	0251593	988963
TC-77	0251594	988964
TC-78	0251595	988965
TC-79	0251596	988966
TC-80	0251597	988967
TC-81	0251598	988968
TC-82	0251599	988969
TC-83	0251600	988970
TC-84	0251601	988971
TC-85	0251602	988972
TC-86	0251603	988973
TC-87	0251604	988974
TC-88	0251605	988975
TC-89	0251606	988976
TC-90	0251607	988977
TC-91	0251608	988978
TC-92	0251609	988979
TC-93	0251610	988980
TC-94	0251611	988981
TC-95	0251612	988982
TC-96	0251613	988983

The property is located approximately 155 air miles northeast of Reno, Nevada, or approximately 20 miles SW 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 accessible by traveling south from Battle Mountain Nevada on state highway 305, which is paved. After traveling approximately 20 miles, turn east off the highway on an unimproved public dirt road, and travel approximately 2 miles to the claims. The property is generally accessible year round. There is no power, no water other than seasonal surface precipitation, and there are no improvements on the property.

Table of Contents

The 60 unpatented claims are 100% owned by Thunder Mountain Gold, and located along a northwest structural trend which projects into the Battle Mountain mining district to the northwest and into the Goat Ridge window and the Gold Acres, Pipeline, and Cortez area to the southeast. Northwest trending mineralized structures in the Battle Mountain mining district are characterized by elongated plutons, granodiorite porphyry dikes, magnetic lineaments, and regional alignment of mineralized areas. The Trout Creek target is located at the intersection of this northwest trending mineral belt and north-south trending extensional structures.

The Trout Creek target is based on 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 using a ground magnetometer. The target is covered by alluvial fan deposits of 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. The geophysical anomaly could define a prospective and unexplored target within a well mineralized region.

The ongoing exploration field work, including claim maintenance and assessment, is financed by the Company through sales of unregistered common stock funded by the Company through private placements with accredited investors. Future work will be funded in the same manner, or through a strategic partnership with another mining company. The Company is attempting to consolidate the land package to cover a larger area of the positive geophysical target in the pediment by acquiring and/or joint venturing adjoining mineral property. 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. This property is without known reserves and the proposed program is exploratory in nature according to Instruction 3 to paragraph (b)(5) of Industry Guide 7.

Clover Mountain Claim Group, Owyhee County, Idaho

The Company's Clover Mountain property is located approximately 60 air miles SW of Boise, Idaho and approximately 30 miles SW of Grandview, Idaho in Sections 24, 25; T.8S.; R.1W. , and Sections 19, 30; T.8S.; R.1E. Boise Meridian, Owyhee County, Idaho. Latitude: 42 42 34 North Longitude: 116 24 10 West

Access to the property is by traveling one mile southeast on paved state highway 78. Take the Mud Flat road to the south, and travel approximately 25 miles on improved dirt road to the property. The property is on the west next to the Mud Flat Road. The landscape is high desert, with sagebrush and no trees. There is no power, no water other than

seasonal surface precipitation, and there are no improvements on the property.

LIST of UNPATENTED MINING CLAIMS

CLAIM	OWYHEE COUNTY INSTRUMENT #	BLM# / (IMC)
PC-1	259673	190708
PC-2	259672	190709
PC-3	259671	190710
PC-4	259670	190711
PC-5	259669	190712
PC-6	259668	190713
PC-7	259667	190714
PC-8	259666	190715
PC-9	259665	190716
PC-10	259664	190717
PC-11	259663	190718
PC-12	259662	190719
PC-13	259661	190720

Table of Contents

CLAIM	OWYHEE COUNTY INSTRUMENT #	BLM# / (IMC)
PC-14	259660	190721
PC-15	259659	190722
PC-16	259658	190723
PC-17	259657	190724
PC-18	259656	190725
PC-19	259655	190726
PC-20	259654	190727
PC-21	259653	190728
PC-22	259652	190729
PC-23	259651	190730
PC-24	259650	190731
PC-25	259649	190732
PC-26	259648	190733
PC-27	259647	190734
PC-28	259646	190735
PC-29	259645	190736
PC-30	259644	190737
PC-31	259643	190738
PC-32	259642	190739
PC-33	259641	190740
PC-34	259640	190741
PC-35	259639	190742
PC-36	259638	190743
PC-37	259637	190744
PC-38	259636	190745
PC-39	259635	190746
PC-40	259634	190747

These Claims are 100% owned by Thunder Mountain Gold Inc.

A geologic reconnaissance program in the fall of 2006 identified anomalous gold, silver, and other base metals in rock chips and soils at Clover Mountain. In February 2007 the Company located the Clover Mountain claim group consisting of 40 unpatented lode mining claims totaling approximately 800 acres. Mineralization appears to be associated with stockwork veining in a granitic stock which has been intruded by northeast and northwest-trending rhyolitic dikes. The property is overlain by locally silicified rhyolitic tuff.

Follow-up rock chip sampling within the area of the anomaly has identified quartz veining with gold values ranging from 3.6 part per million (ppm) to 16.5 ppm. A soil sample program consisting of 215 samples was conducted on 200 x 200 grid spacing which defined two northeast trending soil anomalies with gold values ranging from 0.020 ppm to 0.873 ppm Au. The gold anomalies are approximately 1,000 in length and approximately 300 in width. The gold anomalies are associated with northeast trending structures with accompanying quartz stockwork veining in an exposure of Cretaceous/Tertiary granite. A 2,500 base metal soil anomaly is observed trending northwest proximal to rhyolite and rhyodacitic dikes which intrude the granitic stock. No significant work was completed on the claim group in 2010, but additional field work is warranted in the future that may include backhoe trenching and sampling in the significantly anomalous area followed by exploration drilling.

During brief field work in 2010, the presence of visible free gold was noted by panning in the area of the strong soil anomaly. The ongoing exploration field work, including claim maintenance and assessment fees, is funded by the Company through private placements with accredited investors. Future work will be funded in the same manner, or through a strategic partnership with another mining company.

Table of Contents

There are currently no environmental permits required for the planned exploration work on the property. In the future, a notice of intent or plan of operations may be required with the Bureau of Land Management. This property is without known reserves and the proposed program is exploratory in nature according to Instruction 3 to paragraph (b)(5) of Industry Guide 7.

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 had three employees during the year ended December 31, 2010; Jim Collard, President; Eric Jones, Chief Financial Officer and Investor Relations; Pete Parsley, Vice President and Exploration Manager.

ITEM 3 - LEGAL PROCEEDINGS

The Company has no legal actions pending against it and it is not a party to any suits in any court of law, nor are the directors aware of any claims which could give rise to or investigations pending by the Securities and Exchange Commission or any other governmental agency. There are no pending legal proceedings to which any director, officer or affiliate of the Company, any owner of record or beneficiary of more than 5% of the common stock of the Company, or any security holder of the Company is a party adverse to the Company or has a material interest adverse to the Company.

ITEM 4 - RESERVED

Table of Contents**PART II****ITEM 5 - MARKET FOR REGISTRANT'S COMMON STOCK, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES****Market Information:**

Our common stock is traded on the over-the-counter bulletin board (OTCBB) market operated by the Financial Industry Regulatory Authority (FINRA) under the symbol THMG.OB. The OTCBB quotations do not reflect inter-dealer prices, retail mark-ups, commissions or actual transactions.

On September 24, 2010, the Company's common stock also began trading on the TSX Venture Exchange (TSX-V) in Canada and is quoted under the trading symbol THM

The following table illustrates the average high/low price of our common stock for both the OTCBB and TSX-V for the last two (2) fiscal years 2010 and 2009:

PERIOD⁽²⁾	OTCBB (US\$)		TSX-V(Cdn\$)⁽¹⁾	
	HIGH	LOW	HIGH	LOW
2010				
First Quarter	\$ 0.22	\$ 0.17	-	-
Second Quarter	\$ 0.39	\$ 0.16	-	-
Third Quarter	\$ 0.30	\$ 0.20	\$ 0.33	\$ 0.33
Fourth Quarter	\$ 0.43	\$ 0.21	\$ 0.40	\$ 0.29
2009				
First Quarter	\$ 0.24	\$ 0.24	-	-
Second Quarter	\$ 0.18	\$ 0.18	-	-
Third Quarter	\$ 0.28	\$ 0.28	-	-

Fourth Quarter	\$ 0.22	\$ 0.22	-	-
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At March 15, 2011, the price per share quoted on the OTCBB was \$0.29 and Cdn\$0.30 on the TSX-V.

(1) Our common stock began trading on the TSX-V on September 24, 2010.

(2) Quarters indicate calendar year quarters.

Holders:

As of March 1, 2011 there were 2,018 shareholders of record of the Company's common stock with an unknown number of additional shareholders who hold shares through brokerage firms.

Transfer Agent:

Our independent stock transfer agent in the United States is Computershare Shareholder Services, located at 350 Indiana Street Suite 750 Golden, CO 80401. In Canada, our Agent is Computershare, TORU - Toronto, University Ave, 100 University Ave, 8th Floor, Toronto, ON M5J 2Y1, CANADA

Dividends:

No dividends were paid by the Registrant in 2010 or 2009, and the Company has no plans to pay a dividend in the foreseeable future. Dividends undertaken by the Company are solely at the discretion of the Board of Directors.

Table of Contents

Securities Authorized For Issuance under Equity Compensation Plans:

On May 25, 2010, the Board of Directors, subject to shareholder ratification, approved a Stock Incentive Plan (the SIP). The SIP will be administered by the Compensation Committee or Board of Directors and 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.

The SIP has a fixed maximum percentage of 10% of the Company's outstanding shares that are eligible for the plan pool, whereby the number of Shares under the SIP increase automatically with increases in the total number of shares. This Evergreen provision permits the reloading of shares that make up the available pool for the SIP, once the options granted have been exercised. The number of shares available for issuance under the SIP automatically increases as the total number of shares outstanding increase, including those shares issued upon exercise of options granted under the SIP, which become re-available for grant subsequent to exercise of option grants. The number of shares subject to the SIP and any outstanding awards under the SIP will be adjusted appropriately by the Board of Directors if the Company's common stock is affected through a reorganization, merger, consolidation, recapitalization, restructuring, reclassification, dividend (other than quarterly cash dividends) or other distribution, stock split, spin-off or sale of substantially all of the Company's assets.

The SIP also has terms and limitations, including without limitation that the exercise price for stock options and stock appreciation rights granted under the SIP must equal the stock's fair market value, based on the closing price per share of common stock, at the time the stock option or stock appreciation right is granted. The SIP is also subject to other limitation including; a limited exception for certain stock options assumed in corporate transactions; stock options and stock appreciation rights granted under the SIP may not be re-priced without shareholder approval; stock-based awards under the SIP are subject to either three-year or one-year minimum vesting requirements, subject to exceptions for death, disability or termination of employment of an employee or upon a change of control; and shareholder approval is required for certain types of amendments to the SIP.

Subject to Shareholder ratification of the SIP, on August 24, 2010 the Board approved a grant of 2.0 million options under the SIP to Directors, Executive Officers and other non-employees consultants. The options have a strike price of \$0.27, which approximates the fair market value of the Company's common equity on the date of grant, based on the average of the bid/ask prices as quoted by the National Quotation Bureau on the day of grant. The option certificates will reflect the actual date of the grant upon approval of the SIP by shareholders. The Company has not recognized any compensation expense related to these options as of September 30, 2010.

Recent Sales of Unregistered Securities; Use of Proceeds from Registered Securities:

2010

On September 24, 2010, we closed a private placement offering of 6,208,271 Units, with each unit consisting of one common share and one common share purchase warrant, for net proceeds CDN \$950,000. The warrants contain a ratchet provision where by the strike price increases each year over the term of the warrant. The warrants underlying the units are exercisable for a period of three years from the date of issuance at any time on or before the first anniversary of the issue date at a price of CDN\$0.20 per common share, at any time thereafter on or before the second anniversary of the issue date at a price of CDN\$0.25 per common share, and at any time thereafter on or before the third anniversary of the issue date at a price of CDN\$0.30 per common share. In the event that the trading price of the common stock of the Company on the TSXV or the OTCBB closes above CDN\$0.50 per share for 20 consecutive trading days in the period commencing on the date that is six months after the date of issue, the Company may accelerate the expiration date of the warrants to 4:00 p.m. (P.S.T.) on the date which is 30 days after notice is given to the holder via a press release of such accelerated expiration date. A finder's fee equal to 10% of the gross proceeds plus common share purchase warrants in an amount equal to 10% of the underlying units sold in the private placement was paid in respect of the sale of units attributable to finders.

Table of Contents

On May 11, 2010, we closed a private offering of 1.25 million units at a rate of \$0.20 per unit, for total proceeds of \$250,000. Each unit consisted of one share of common stock and one Series A warrant, which entitles the holder to purchase one share of common stock and one-half Series B warrant (a unit) at price of \$0.20 per unit. Each whole Series B warrant would be exercisable into one share of common stock at an exercise price of \$0.75 per share and have a term of 18 months from the date of initial registration. We have the option to call the Series A warrants in the event that our common stock trades at or above \$0.25 per share for five consecutive trading days. The Series B warrants are also callable by us in the event that our common equity trades at or above \$0.94 for five consecutive trading days. No Placement Agent was used, and no commissions were paid.

2009

On August 7, 2009, we closed a private offering of securities solely to accredited investors. The offering consisted of 380,000 Units priced at \$0.20 each; each Unit consisting of a share of common stock, \$0.001 par value, and a warrant to purchase common stock for \$0.30 per share. As a result of completion of the offering, a total of 380,000 shares of common stock, \$0.001 par value, and warrants to acquire 380,000 shares of common stock were issued. Included in the 380,000 units issued, were 5,000 units issued for services valued at \$1,000. There were no registration rights granted in connection with the offering. No Placement Agent was used, and no commissions were paid.

On August 10, 2009 the Board unanimously approved a resolution authorizing the re-pricing of warrants, including those issued in the August 7, 2009 private placement. The Warrants that were originally exercisable at \$0.30 or \$0.40 per share were reduced to an exercise price of \$0.15 per share, with such re-pricing valid until November 23, 2009. As a result of completion of the offering, a total of 3,020,000 warrants were exercised for 3,020,000 shares of common stock, \$0.001 par value. Commissions of \$23,250 were paid to a placement agent, resulting in net cash proceeds of \$429,750 to the Company. Additionally, 100,000 shares were issued for warrants with an exercise price of \$0.05 per share, for net cash proceeds of \$5,000. The net cash proceeds from the exercise of warrants were \$434,750. An officer of the Company was issued 30,000 shares of common stock for warrants exercised at \$0.15 per share in exchange for a loan reduction of \$4,500. There were no registration rights granted in connection with any of these shares. No other commissions were paid, and a total of \$450 in exemption fees was paid to the states of Idaho, California and Washington.

By the terms of a Consulting Agreement between the Company and R. Scott Barter, dated April 8, 2010, the Company was required to issue a stock option to R. Scott Barter, as Trustee of the R. Scott Barter 2005 Defined Contribution Plan, The option was for the acquisition of 250,000 shares of Common Stock, at an exercise price equal to the lesser of (x) \$0.20 per share, or (y) the price per share paid by investors for shares of the Company's common stock in the first equity raise by the Company after the Option Grant Date.. On January 5, 2011, Mr. Barter exercised the option. .

The Consulting Agreement between the Company and R. Scott Barter, dated April 8, 2010,, was subsequently amended by an agreement dated July 16, 2010. The consulting arrangement was not renewed and terminated on December 31, 2010.

The offering and the shares issued for services and option exercises are believed exempt from registration pursuant to the exemption for transactions by an issuer not involving any public offering under Section 4(2) the Securities Act of 1933, as amended. The securities offered, sold and issued in connection with the private placement have not been registered under the Securities Act of 1933, as amended, or any state securities laws and may not be offered or sold in the United States absent registration with the Securities and Exchange Commission or an applicable exemption from registration requirements.

Purchases of Equity Securities by the Company and Affiliated Purchasers

During the fourth quarter of our fiscal year ended December 31, 2010, neither the Company nor any affiliated purchaser (as defined in Rule 10b-18(a)(3) under the Exchange Act) purchased any shares of our common stock, the only class of our equity securities registered pursuant to section 12 of the Exchange Act.

Table of Contents

ITEM 6 - SELECTED FINANCIAL DATA

Not required for smaller reporting companies.

ITEM 7 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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.

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.

The Company maintains a corporate office in Boise, Idaho. This is the primary work area for the South Mountain Project and is utilized primarily by Pete Parsley and Eric Jones. Jim Collord has been working from a temporary residence in Boise Idaho at no additional charge to the Company. He will continue to work from his home office in Elko, Nevada as well as in the Boise office as the exploration program at South Mountain continues.

The financial condition of the Company was positive during 2010 and the metals commodity markets were favorable during most of the year. The Company underwent a reduced budget program during the first part of the year due while applying for a dual listing on the Toronto Stock Exchange Venture Exchange (TSX-V).

The Company received their listing on the TSX-V in September, and was successful in raising sufficient capital to conduct their Phase 1 drilling program on the South Mountain Project. Operational focus was on defining the extent and quality of the gold-bearing intrusive breccia zone through additional rock chip and soil sampling, and mapping. The work on South Mountain was enhanced through the field work conducted previously by Kinross Gold Corp., and through valuable field work conducted by Newmont Mining. The results of this work further defined the gold mineralogy, which will aid in the exploration drilling planned in 2011. In the wake of this field work, additional State land leases were applied for by the Company in 2010.

The Company's plan of operation for the next twelve months, subject to funding, and the availability of contractors, is as follows:

.

Continue the advanced exploration and pre-development program for the South Mountain Project. This work may include the following:

.

Initiate up to 10,000 feet of core drilling from the surface to better define the mineralization and to intercept the down-dip extensions of the Texas, DMEA-2, and Laxey ore zones.

.

Complete geophysical work on the Intrusive Breccia target. This will consist of an extensive helicopter draped aeromagnetic survey plus resistivity and IP work and will help define specific targets within and peripheral to the mineralized intrusive complex.

.

Conduct reverse circulation and core drilling on the Intrusive Breccia target once the geophysics have been completed and the targets have been defined.

.

Consider further rehabilitation of the Sonneman workings near the Texas ore zone will be initiated so that underground sampling and mapping can be completed.

Table of Contents

.

Continue the baseline environmental work.

.

Continue to work with potential joint venture or capital partners to advance the project into the next phase of exploration and pre-production goals.

Work on the other five properties controlled by the Company will continue in 2011, although South Mountain will still remain the focus of our efforts. At the Trout Creek Project, the following is planned:

.

Complete negotiations with additional mineral rights holders in the target area.

.

Continue geophysical interpretation of the valley area, and conduct additional ground gravity surveys to supplement currently available data.

.

Define potential drill targets and develop a program for late 2011 or the 2012 field season.

The CAS Prospect will be evaluated when field conditions allow and a decision to drop or move ahead with the project will be made by the end of July, 2011.

Reconnaissance of favorable areas and review of submittals will continue.

Potential joint venture partners will be solicited on some of the properties in Nevada and Arizona.

Results of Operations:

The Company had no revenues and no production for 2010 or 2009. Total expenses for 2010 more than doubled from the prior year to \$1.3 million, up 110% from 2009 total expenses of \$617,000. The increase in total expenses is primarily the result of exploration activities under taken during the year. Exploration expense for the year end 2010 was \$516,000 an increase of \$417,000 over 2009 exploration expense of \$99,000 as a result of the drilling program completed during the year at the Company's South Mountain Property. Legal and accounting fees for 2010 increased \$90,000 to \$194,000, a 90% increase over 2009 legal and accounting expenses of \$104,000, which was driven by the Company's listing application on the TSX-V in Canada. 2010 management and administrative increased \$171,000, or 46%, to \$545,000 compared to 2009 expense of \$374,000. The increase was a combination of expenses incurred related to the Company's capital raising efforts and the reinstatement of salaries for executive officers.

Liquidity and Capital Resources:

The audit opinion and Notes that accompany our consolidated financial statements for the year ended December 31, 2010, disclose a going concern qualification to our ability to continue in business. The consolidated financial statements for the period then ended 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 year ended December 31, 2009, we incurred losses and negative cash flows from operating activities for the year then ended, and at December 31, 2010, did not have sufficient cash reserves to cover normal operating expenditures for the following 12 months. These factors raise substantial doubt about our ability to continue as a going concern. The consolidated financial statements do not include any adjustments that might be necessary should we be unable to continue as a going concern.

Our continuation as a going concern is dependent upon our ability to generate sufficient cash flow to meet our obligations on a timely basis, to obtain additional financing as may be required, or ultimately to attain profitability. Potential sources of cash, or relief of demand for cash, include additional external debt, the sale of shares of our stock or alternative methods such as mergers or sale of our assets. No assurances can be given, however, that we will be able to obtain any of these potential sources of cash. We currently require additional cash funding from outside sources to sustain existing operations and to meet current obligations and ongoing capital requirements.

Table of Contents

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 eventual profitable 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.

While the Company does not currently have cash sufficient to support the currently planned aggressive exploration work at South Mountain, we believe that the survivability of Thunder Mountain Gold can be assured by the following:

At December 31, 2010, we had \$298,232 cash in our bank accounts.

Management and the Board have not undertaken plans or commitments that exceed the cash available to the Company. We do not include in this consideration any additional investment funds mentioned below. Management is committed to manage expenses of all types so as to not exceed the on-hand cash resources of the Company at any point in time, now or in the future.

We firmly believe we can outlast the current disruptions in the investment markets and continue to attract investment dollars in coming months and years. The Company will also consider other sources of funding, including potential mergers or farm-out of some of its exploration properties.

For the year ended December 31, 2010, net cash used for operating activities was \$1,127,142, consisting of our 2010 net operating loss reduced by non-cash expenses and net cash provided by changes in current assets and current liabilities. Cash used in investing activities for 2010 totaled \$10,900 used to purchase and maintain mining claims, compared to cash of \$29,530 used in 2009 to purchase and maintain mining claims and equipment.

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 money to complete our exploration programs, we will try to raise additional funds from a second public offering, a private placement, mergers, farm-outs or loans.

We know that additional financing will 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.

Private Placement

On September 24, 2010 (the Closing Date) the Company completed a private placement offering for the sale of 6,130,271 Units with proceeds of \$995,737, net of \$188,349 in deferred financing costs. The subscription agreements were denominated in Canadian dollars (Cdn\$) at a price of Cdn \$0.20 per Unit. Each Unit was comprised of one share of the Company's common stock (a Common Share) and one share purchase warrant (a Warrant). Each Warrant entitles the holder to purchase one additional share of the Company's common stock for a three year period at staggered prices as follows: CDN\$0.20 per share at any time until one year from the Closing Date; Cdn\$0.25 per share from one year until two years from the Closing Date; and Cdn\$0.30 per share from two years until three years from the Closing Date. If the Company's common stock trades at a closing price greater than Cdn\$0.50 per share for 20 consecutive trading days after six months from the Closing Date, the Company can accelerate the expiration of the Warrants by giving notice to the holders and in such case the Warrants will expire on the 30th day after the Company provides notice to the holders of the Warrants

On May 10, 2010, the Company issued 1.25 million Units at \$0.20 per Unit in a private placement for net proceeds of \$250,000. Each Unit consisted of one share of common stock and one Series A common stock purchase warrant. Each Series A warrant is exercisable at \$0.20 for one-half Series B common stock purchase warrant. Each whole Series B warrant would be exercisable into one share of common stock at an exercise price of \$0.75 per share. The warrants are callable by the Company in the event that the Company's stock trades above \$0.25 in the case of the Series A warrants, and above \$0.94 for the Series B warrants.

Table of Contents

On August 7, 2009, the Company closed a private offering of securities solely to accredited investors. The offering consisted of 380,000 Units priced at \$0.20 each. Each Unit consisted of a share of common stock, \$0.001 par value, and a warrant to purchase common stock for \$0.30 per share. As a result of completion of the offering, a total of 380,000 shares of common stock, \$0.001 par value, and warrants to acquire 380,000 shares of common stock were issued. Included in the 380,000 units issued, were 5,000 units issued for services valued at \$1,000. There were no registration rights granted in connection with the offering. No Placement Agent was used, and no commissions were paid.

On August 10, 2009 the Board unanimously approved a resolution authorizing the re-pricing of warrants, including those issued in the August 7, 2009 private placement, originally exercisable at \$0.30 or \$0.40 per share, to an exercise price of \$0.13 per share which was subsequently raised to \$0.15 per share, with such re-pricing valid until November 23, 2009. As a result of completion of the offering, a total of 3,020,000 warrants were exercised for a like number of shares of common stock, \$0.001 par value. Commissions of \$23,250 were paid to a placement agent, resulting in net cash proceeds of \$429,750 to the Company. Additionally, 100,000 shares were issued for warrants with an exercise price of \$0.05 per share, for net cash proceeds of \$5,000. The net cash proceeds from the exercise of warrants were \$434,750. Finally, 30,000 shares were issued to an officer of the Company for warrants exercised at \$0.15 in exchange for a reduction of \$4,500 in a loan that the officer had previously extended to the Company. There were no registration rights granted in connection with any of these shares. No other commissions were paid, and a total of \$450 in Blue Sky fees was paid to the states of Idaho, California and Washington.

The offering and the shares issued for services and option exercises are believed exempt from registration pursuant to the exemption for transactions by an issuer not involving any public offering under Section 4(2) the Securities Act of 1933, as amended. The securities offered, and to be sold and issued in connection with the private placement have not been registered under the Securities Act of 1933, as amended, or any state securities laws and may not be offered or sold in the United States absent registration with the Securities and Exchange Commission or an applicable exemption from registration requirements.

Subsequent Events

None.

Off Balance-Sheet Arrangements:

During the 12 months ended December 31, 2010 and 2009, the Company had no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on the Company's financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors.

Contractual Obligations

During 2008, two lease arrangements were made with land owners that own land parcels adjacent to the Company's South Mountain patented and unpatented mining claims. The leases both 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	Total*	Payments due by period			More than 5 years
		Less than 1 year	2-3 years	3-5 years	
Acree Lease (yearly, June)(1)	\$9,040	\$2,260	\$4,520	\$2,260	-
Lowry Lease (yearly, October)(1)(2)	\$30,160	\$7,540	\$15,080	\$7,540	-
Herman Lease (yearly, April)	\$ 5,600	\$1,120	\$2,240	\$2,240	-
Total	\$44,800	\$10,920	\$21,840	\$12,040	-

*

Amounts shown are for the lease periods years 3 through 7, a total of 4 years that remain after 2010, the second year of the lease period.

**

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.

Table of Contents

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.

Adopted Accounting Pronouncements

In January 2010, the ASC guidance for fair value measurements was updated to require additional disclosures related to movements of assets among Levels 1 and 2 of the three-tier fair value hierarchy. Also, a reconciliation of purchases, sales, issuance, and settlements of anything valued with a Level 3 method is required. Disclosure regarding fair value

measurements for each class of assets and liabilities will be required. The updated guidance was adopted by the Company in its quarter ended March 31, 2010, except for disclosures about the activity in Level 3 fair value measurements which are effective for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years. Adoption of this updated guidance did not have a material impact on the Company's consolidated financial statements.

ITEM 7A - QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not required for smaller reporting companies.

Table of Contents

ITEM 8 - FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

TABLE OF CONTENTS

	Page
Report of Independent Registered Public Accounting Firm	27
Consolidated Balance Sheets at December 31, 2010 and 2009	28
Consolidated Statements of Operations and Comprehensive Income (loss) for the years ended December 31, 2010 and 2009, and for the period of exploration stage from 1991 through December 31, 2010 (unaudited)	29
Consolidated Statements of Cash Flows for the years ended December 31, 2010 and 2009, and for the period of exploration stage from 1991 through December 31, 2010 (unaudited)	30-31
Consolidated Statements of Changes in Stockholders' Equity (Deficit) for the years ended December 31, 2010 and 2009, and for the period of exploration stage from 1991 through December 31, 2010 (unaudited)	32-36
Notes to Consolidated Financial Statements	37-47

Table of Contents

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and

Stockholders of Thunder Mountain Gold, Inc.

(An Exploration Stage Company)

We have audited the accompanying consolidated balance sheets of Thunder Mountain Gold, Inc. (An Exploration Stage Company) (the Company) as of December 31, 2010 and 2009, and the related consolidated statements of operations and comprehensive income (loss), changes in stockholders' equity (deficit) and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Thunder Mountain Gold, Inc. as of December 31, 2010 and 2009, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company has incurred substantial losses, has no recurring source of revenue, and has an accumulated deficit. These factors raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

DeCoria, Maichel & Teague P.S.

Spokane, Washington

March 22, 2011

Table of Contents

Thunder Mountain Gold, Inc.
(An Exploration Stage Company)
Consolidated Balance Sheets
December 31, 2010 and 2009

	2010	2009
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 298,232	\$ 266,207
Prepaid expenses and other assets	23,118	61,067
Total current assets	321,350	327,274
Property, plant, equipment and mining claims:		
South Mountain Mines property	357,497	357,497
Plant and equipment, net	23,109	35,536
Mining properties and claims	59,930	49,030
Total property, plant, equipment and mining claims	440,536	442,063
Other assets:		
Deferred financing costs	172,653	-
Total assets	\$ 934,539	\$ 769,337
LIABILITIES AND STOCKHOLDERS EQUITY (DEFECIT)		
Current liabilities:		
Accounts payable and other accrued liabilities	\$ 52,617	\$ 53,895
Accounts payable and interest related party	-	13,408
Deferred salaries	-	21,000
Convertible related party note payable, net	-	32,300
Note payable	-	50,000
Total current liabilities	52,617	170,603
Long-term liabilities:		
Warrant liabilities (Note 5)	1,589,171	-
Total liabilities	1,641,788	170,603
Commitments and Contingency (Note 6)		
Stockholders' equity (deficit):		
Preferred stock; \$0.0001 par value, 5,000,000 shares authorized; no shares issued or outstanding	-	-

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Common stock; \$0.001 par value, 200,000,000 shares
authorized; 27,001,740 and 18,583,469 shares issued

and outstanding, respectively	27,002	18,584
Additional paid-in capital	2,452,644	2,115,523
Less: 11,700 shares of treasury stock, at cost	(24,200)	(24,200)
Deficit accumulated prior to 1991	(212,793)	(212,793)
Accumulated deficit during the exploration stage	(2,949,902)	(1,298,380)
Total stockholders' equity (deficit)	(707,249)	598,734
Total liabilities and stockholders' equity (deficit)	\$ 934,539	\$ 769,337

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

Table of Contents**Thunder Mountain Gold, Inc.***(An Exploration Stage Company)***Consolidated Statements of Operations and Comprehensive Income (Loss)***For the years ended December 31, 2010 and 2009 and**for the period of Exploration Stage 1991 through December 31, 2010*

	Years Ended,		During Exploration Stage 1991 Through December 31,
	2010	December 31, 2009	2010 (unaudited)
Revenue:			
Royalties, net	\$ -	\$ -	\$ 328,500
Gain on sale of property and mining claims	-	-	2,576,112
Total revenue	-	-	2,904,612
Expenses:			
Exploration expense	516,241	98,640	1,742,820
Legal and accounting	194,351	103,599	762,216
Management and administrative	544,932	374,424	2,132,271
Directors' fees	76,500	17,550	725,741
Depreciation	12,427	22,315	124,734
Total expenses	1,344,451	616,528	5,487,782
Other income (expense):			
Interest and dividend income	177	74	283,926
Interest expense	(64,420)	(4,331)	(96,457)
Gain on change in fair value of warrant liability (Note 5)	7,789	-	7,789
Loss on common stock and warrants (Note 5)	(250,617)	-	(250,617)
Gain on sale of securities	-	-	166,116
Impairment loss on securities	-	-	(52,299)
Total other income (expense)	(307,071)	(4,257)	58,458
Net loss before income taxes	(1,651,522)	(620,785)	(2,524,712)

(Provision) benefit for income taxes	-	59,841	(151,496)
Net loss	(1,651,522)	(560,944)	(2,676,208)
Treasury stock cancelled	-	-	(273,694)
Comprehensive loss	\$ (1,651,522)	\$ (560,944)	\$ (2,949,902)
Net loss per common share - basic	\$ (0.08)	\$ (0.04)	\$ (0.21)
Weighted average common			
shares outstanding-basic	21,735,690	15,455,139	13,762,119

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

Table of Contents**Thunder Mountain Gold, Inc.***(An Exploration Stage Company)***Consolidated Statements of Cash Flows***For the years ended December 31, 2010 and 2009 and for the period of Exploration Stage 1991 through December 31, 2010*

	2010	2009	During Exploration Stage 1991 Through December 31, 2010 (unaudited)
Cash flows from operating activities:			
Net loss	\$ (1,651,522)	\$ (560,944)	\$ (2,676,208)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and depletion	12,427	22,315	124,734
Adjustment for anti dilution provisions Common stock, warrants, and options issued	-	25,550	86,084
for services	111,000	2,500	192,320
Amortization of directors fees prepaid with common stock	-	-	53,400
Common stock issued to directors	76,500	-	76,500
Amortization of discount on notes and deferred financing costs	58,362	-	58,362
Gain on sale of mining claims	-	-	(2,736,553)
Impairment loss on securities	-	36	52,335
Gain on change in fair value of warrant liability	(7,789)	-	(7,789)
Loss on issuance of common stock and warrants	250,617	-	250,617
Change in:			
Prepaid expenses	37,949	(24,112)	(23,118)
Accounts payable and other accrued liabilities	(1,278)	(19,249)	38,049
Accounts and interest payable related party	(13,408)	13,408	-
Deferred salaries	-	21,000	21,000
Receivables	-	-	124,955
Net cash used by operating activities	(1,127,142)	(519,496)	(4,365,312)
Cash flows from investing activities:			

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Proceeds from sale of property and mining claims	-	-	5,500,000
Purchase of Dewey Mining Co. mining claims	-	-	(2,923,888)
Purchase of investments	-	-	(354,530)
Purchase of South Mountain Mines	-	-	(357,497)
Purchase of mining claims	(10,900)	(29,530)	(59,930)
Purchase of equipment	-	-	(168,577)
Proceeds from disposition of investments	-	-	642,645
Proceeds from disposition of equipment	-	-	49,310
Net cash provided (used) by investing activities	(10,900)	(29,530)	2,327,533
Cash flows from financing activities:			
Proceeds from sale of common stock and warrants	1,251,867	75,000	2,033,867
Proceeds from exercise of stock options and warrants	500	450,300	508,600
Acquisition of treasury stock	-	-	(376,755)
Borrowing on related party note payable	90,000	90,000	421,500
Payments on related party note payable	(122,300)	(53,200)	(417,000)
Borrowing on notes payable	-	50,000	50,000
Payments on notes payable	(50,000)	-	(50,000)
Net cash provided by financing activities	1,170,067	612,100	2,170,212

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

Table of Contents**Thunder Mountain Gold, Inc.***(An Exploration Stage Company)***Consolidated Statements of Cash Flows***For the years ended December 31, 2010 and 2009 and for the period of Exploration Stage 1991 through December 31, 2010*

	2010	2009	During Exploration Stage 1991 Through December 31, 2010 (unaudited)
Net increase in cash and cash equivalents	32,025	63,074	132,433
Cash and cash equivalents, beginning of period	266,207	203,133	165,799
Cash and cash equivalents, end of period	\$ 298,232	\$ 266,207	\$ 298,232
Supplemental disclosures of cash flow information:			
Cash paid for interest	\$ 6,058	\$ 3,354	\$ 9,412
Cash paid for income taxes	\$ -	\$ -	\$ 503,514
Noncash investing and financing activities:			
Stock issued to acquire equipment from related party	\$ -	\$ -	\$ 11,850
Stock issued for mining contract	\$ -	\$ -	\$ 50,000
Stock issued for payments related party note payable	\$ -	\$ 4,500	\$ 4,500
Stock issued for payment of accounts payable	\$ -	\$ -	\$ 29,250
Fair value of warrants issued in private placement	\$ 1,596,960	\$ -	\$ 1,596,960
Stock issued for deferred compensation	\$ 21,000	\$ -	\$ 21,000

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

Table of Contents**Under Mountain Gold, Inc.***(Exploration Stage Company)***Condensed Statements of Changes in Stockholders' Equity (Deficit)***For the years ended December 31, 2010 and 2009,**and**for the period of Exploration Stage 1991 through December 31, 2010*

Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Retained Earnings (Deficit)	Retained Earnings Accumulated During Exploration Stage (1991 Through Dec. 31, 2009)	Total
Shares	Amount						
7,776,587	\$ 388,829	\$ 254,285	\$ -	\$ (24,150)	\$ 20,002	\$ -	\$ 638,000
1,265	63	(63)	-	-	-	-	-
Issued (50,000)	(2,500)	(10,000)	-	-	-	-	(12,000)
-	-	-	-	-	-	(82,358)	(82,358)
7,727,852	386,392	244,222	-	(24,150)	20,002	(82,358)	544,000
Issued 1,000,000	50,000	-	-	-	-	-	50,000
-	-	-	-	-	-	(14,718)	(14,718)

ces								
number								
8,727,852	436,392	244,222	-	(24,150)	20,002	(97,076)	579	
ns								
ized,000,000	50,000	10,000	-	-	-	-	60	
-	-	-	-	-	-	(42,942)	(42	
ces								
number								
9,727,852	486,392	254,222	-	(24,150)	20,002	(140,018)	596	
alized								
etable								
ities	-	-	-	215,803	-	-	215	
ulative								
t								
ge								
ounting								
inciple	-	-	-	(910)	-	910	-	
-	-	-	-	-	-	(27,471)	(27	
ces								
number								
9,727,852	486,392	254,222	214,893	(24,150)	20,912	(167,489)	784	
alized								
etable								
ities	-	-	-	141,801	-	-	14	
-	-	-	-	-	-	26,367	26	
ne								

ces								
nber								
9,727,852	486,392	254,222	356,694	(24,150)	20,912	(141,122)	952	
alized								
etable								
ities	-	-	-	12,360	-	-	12	
ne								
-	-	-	-	-	-	83,029	83	
ces								
nber								
9,727,852	486,392	254,222	369,054	(24,150)	20,912	(58,093)	1,048	
quisition								
-	-	-	-	(50)	-	-		
alized								
etable								
ities	-	-	-	(168,521)	-	-	(168	
classification								
tment								
s								
cluded								
me	-	-	-	27,389	-	-	27	
-	-	-	-	-	-	(10,139)	(10	
ces								
nber								
9,727,852	486,392	254,222	227,922	(24,200)	20,912	(68,232)	897	
alized								
etable								
ities	-	-	-	(26,895)	-	-	(26	

firmment									
ing is	-	-	-	-	-	(233,705)	-	(233,705)	
prehensive) ces	-	-	-	-	-	-	(125,684)	(125,684)	(386,389)
nber	9,727,852	486,392	254,222	201,027	(24,200)	(212,793)	(193,916)		510,436

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

Table of Contents**Under Mountain Gold, Inc.***(Exploration Stage Company)***Consolidated Statements of Changes in Stockholders' Equity (Deficit)***for the years ended December 31, 2010 and 2009,**and**for the period of Exploration Stage 1991 through December 31, 2010*

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Retained Earnings (Deficit)	Retained Earnings Accumulated During Exploration Stage (1991 Through Dec. 31, 2009)	Total
	Shares	Amount						
December 31, 2008	9,727,852	486,392	254,222	201,027	(24,200)	(212,793)	(193,916)	510,742
Realized gains	-	-	-	(24,030)	-	-	-	(24,030)
Net income	-	-	-	-	-	-	37,050	37,050
Comprehensive income	-	-	-	-	-	-	37,050	13,020
December 31, 2009	9,727,852	486,392	254,222	176,997	(24,200)	(212,793)	(156,866)	523,752
Realized gains	-	-	-	(60,186)	-	-	-	(60,186)
Marketability classification adjustment	-	-	-	(60,186)	-	-	-	(60,186)

ns cluded								
t ome classification ustment	-	-	-	(47,100)	-	-	-	(47,100)
curities d th ins eviously cluded								
er mprehensive ome	-	-	-	(89,587)	-	-	-	(89,587)
0 mprehensive s) nces	-	-	-	-	-	-	(102,602)	(102,602)
ember								
0 realized ding	9,727,852	486,392	254,222	(19,876)	(24,200)	(212,793)	(259,468)	224,200
marketable curities classification ustment	-	-	-	(17,108)	-	-	-	(17,108)
es cluded								
t ome classification ustment	-	-	-	45,455	-	-	-	45,455
curities d th ins								

Previously included								
Other Comprehensive Income	-	-	-	(26,778)	-	-	-	(26,778)
Other Comprehensive Income (Losses)	-	-	-	-	-	-	(145,648)	(145,648)
Other Comprehensive Income (Losses)	-	-	-	-	-	-	-	(144,000)
Member								
1	9,727,852	486,392	254,222	(18,307)	(24,200)	(212,793)	(405,116)	80,100

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

Table of Contents**Under Mountain Gold, Inc.***(Exploration Stage Company)***Consolidated Statements of Changes in Stockholders' Equity (Deficit)***for the years ended December 31, 2010 and 2009,**and**for the period of Exploration Stage 1991 through December 31, 2010*

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Retained Earnings (Deficit)	Retained Earnings Accumulated During Exploration Stage (1991 Through Dec. 31, 2009)	Total
	Shares	Amount						
Number of Shares	9,727,852	486,392	254,222	(18,307)	(24,200)	(212,793)	(405,116)	80,100
Realized Gain	-	-	-	(2,994)	-	-	-	(2,994)
Classification Adjustment	-	-	-	13,298	-	-	-	13,298
Other	-	-	-	(14,294)	-	-	-	(14,294)

2	-	-	-	-	-	-	(95,651)	(95,651)
Comprehensive								
(Losses)								(99,651)
Expenses								
Number								
9,727,852	486,392	254,222	(22,297)	(24,200)	(212,793)	(500,767)	(19,473)	(19,473)
Classification								
Investment								
Assets								
Included								
Income	-	-	-	34,335	-	-	-	34,335
Classification								
Investment								
Securities								
Not								
Previously								
Included								
Number								
Comprehensive								
Income	-	-	-	(12,948)	-	-	-	(12,948)
Realized								
Losses								
Marketable								
Securities	-	-	-	4,830	-	-	-	4,830
Number								
3	-	-	-	-	-	-	(95,473)	(95,473)
Comprehensive								
(Losses)								(69,240)
Expenses								
Number								
9,727,852	486,392	254,222	3,920	(24,200)	(212,793)	(596,240)	(88,651)	(88,651)
Realized	-	-	-	14,187	-	-	-	14,187

marketable securities								
4	-	-	-	-	-	-	(111,424)	(111,424)
comprehensive income								(97,200)
ences								
number								
9,727,852	486,392	254,222	18,107	(24,200)	(212,793)	(707,664)	(185,900)	
change								
3,525								
ences								
surety								
check	-	-	-	-	(376,705)	-	-	(376,705)
check								
amounts								
owed								
incurred								
10,000								
(res)	-	-	16,380	-	-	-	-	16,380
classification								
statement								
securities								
and								
which								
are								
previously								
included								
number								
comprehensive income								
change	-	-	-	(17,622)	-	-	-	(17,622)
ences								
number								
5	-	-	-	-	-	-	1,856,493	1,856,493
ences								
number								
9,727,852	486,392	270,602	485	(400,905)	(212,793)	1,148,829	1,292,000	

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

Table of Contents**Southern Mountain Gold, Inc.***(an Exploration Stage Company)***Consolidated Statements of Changes in Stockholders' Equity (Deficit)***for the years ended December 31, 2010 and 2009,**and**for the period of Exploration Stage 1991 through December 31, 2010*

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Retained Earnings (Deficit)	Retained Earnings Accumulated During Exploration Stage (1991 Through Dec. 31, 2009)	Total
Shares	Amount							
9,727,852	486,392	270,602	485	(400,905)	(212,793)	1,148,829	1,292,291	
225,000	11,250	18,000	-	-	-	-	29,250	
(1,883,525)	(94,176)	(8,835)	-	376,705	-	(273,694)	(1,883,525)	
-	-	39,240	-	-	-	-	39,240	
-	-	-	-	-	-	(171,879)	(171,879)	
8,069,327	403,466	319,007	485	(24,200)	(212,793)	703,256	1,189,256	

te m n	500,000	125,000	-	-	-	-	-	125,000
tors'	500,000	25,000	20,000	-	-	-	-	45,000
aid ulting ices	60,000	3,000	5,400	-	-	-	-	8,400
ns ised dilation nse	800,253	40,013	17,787	-	-	-	-	57,800
ns ised	-	-	60,534	-	-	-	-	60,534
ces	-	-	-	-	-	-	(392,709)	(392,709)
umber	11,929,580	596,479	422,728	485	(24,200)	(212,793)	310,547	1,093,797
assification stment								
nge								
e								
mon k k d	-	(584,549)	584,549	-	-	-	-	-
te m n	2,775,000	2,775	519,225	-	-	-	-	522,000

ire oment n ted y 60,000 ants d	60	11,790	-	-	-	-	11
ulting ces assification	-	23,200	-	-	-	-	23,
prehensive me							
manent airment							
vestment	-	-	(485)	-	-	-	(
ces	-	-	-	-	-	(1,047,983)	(1,047,
nber							
14,764,580	14,765	1,561,492	-	(24,200)	(212,793)	(737,436)	601,

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

Table of Contents**Under Mountain Gold, Inc.***(an Exploration Stage Company)***Consolidated Statements of Changes in Stockholders' Equity (Deficit)***for the years ended December 31, 2010 and 2009,**and for**the period of Exploration Stage 1991 through December 31, 2010*

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Retained Earnings (Deficit)	Retained Earnings Accumulated During Exploration Stage (1991 Through Dec. 31, 2009)	Total
	Shares	Amount						
December 31, 2008	14,764,580	\$ 14,765	\$ 1,561,492	\$ -	\$ (24,200)	\$ (212,793)	\$ (737,436)	\$ 601,822
Stock issued for private placements	375	\$ 75,000	74,625	-	-	-	-	75,000
Stock issued for warrants exercised	3,120	\$ 431,630	431,630	-	-	-	-	434,750
Stock issued for payment in note payable to related party	30,000	\$ 30	4,470	-	-	-	-	4,500
Stock issued for services	5,000	\$ 5	1,495	-	-	-	-	1,500
	5,000	\$ 5	995	-	-	-	-	1,000

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stock issued for services					-			
stock options exercised	283,889	284	15,266	-	-	-	-	15,550
anti-dilution expense								
stock options exercised	-	-	25,550	-	-	-	-	25,550
net	-	-	-	-	-	-	(560,944)	(560,944)
loss								
2009 balance	18,583,469	18,584	2,115,523	-	(24,200)	(212,793)	(1,298,380)	598,734
December , 2009								
stock and warrants issued for private placement location	6,130,271	6,130	995,737	-	-	-	-	1,001,800
warrant liability note	-	-	(995,737)	-	-	-	-	(995,737)
stock and warrants issued for private placement location	125,000	1,250	248,750	-	-	-	-	250,000
warrant liability note	-	-	(145,316)	-	-	-	-	(145,316)
stock issued for	500,000	500	110,500	-	-	-	-	111,000

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Services									
Stock									
Issued									
Directors	450,000	450	76,050	-	-	-	-	-	76,5
Stock									
Issued									
Deferred									
Compensation	78,000	78	20,922	-	-	-	-	-	21,0
Warrants									
Issued									
Deferred									
Compensation	-	-	(16,941)	-	-	-	-	-	(16,94
Stock									
Issued									
Warrants									
Exercise	10,000	10	490	-	-	-	-	-	5
Beneficial									
Conversion									
Feature									
Related									
Party									
Rate									
Payable	-	-	42,666	-	-	-	-	-	42,6
Net									
Loss									
10									
Balances								(1,651,522)	(1,651,52
December									
, \$	\$	\$	\$	\$	\$	\$	\$	\$	\$
107,001,740	27,002	2,452,644	(24,200)	(212,793)	(2,949,902)	(707,24			

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

Table of Contents

Thunder Mountain Gold, Inc.

(An Exploration Stage Company)

Notes to Consolidated Financial Statements

1.

Summary of Significant Accounting Policies and Business Operations

Business Operations

Thunder Mountain Gold, Inc. (Thunder Mountain or the Company) was originally incorporated under the laws of the State of Idaho on November 9, 1935, under the name of Montgomery Mines, Inc. In April 1978, the Montgomery Mines Corporation was obtained by a group of the Thunder Mountain property holders and changed its name to Thunder Mountain Gold, Inc., with the primary goal to further develop their holdings in the Thunder Mountain Mining District, located in Valley County, Idaho. Thunder Mountain Gold, Inc. takes its name from the Thunder Mountain Mining District, where its principal lode mining claims were located. For several years, the Company's activities were restricted to maintaining its property position and exploration activities. During 2005, the Company sold its holdings in the Thunder Mountain Mining District. During 2007, the Company acquired the South Mountain Mines property in southwest Idaho and initiated exploration activities on that property, which continue today.

Going Concern

The accompanying consolidated financial statements have been prepared under the assumption that the Company will continue as a going concern. The Company is an exploration stage company and has incurred losses since its inception and does not have sufficient cash at December 31, 2010 to fund normal operations for the next 12 months. The Company has no recurring source of revenue and its ability to continue as a going concern is dependent on the Company's ability to raise capital to fund its future exploration and working capital requirements. The Company's plans for the long-term return to and continuation as a going concern include financing the Company's future operations through sales of its common stock and/or debt and the eventual profitable exploitation of its mining properties. Additionally, the current capital markets and general economic conditions in the United States are significant obstacles to raising the required funds. These factors raise substantial doubt about the Company's ability to continue as

a going concern. The Company is currently investigating a number of alternatives for raising additional capital with potential investors, lessees and joint venture partners.

The consolidated financial statements do not include any adjustments that might be necessary should the Company be unable to continue as a going concern. If the going concern basis was not appropriate for these financial statements, adjustments would be necessary in the carrying value of assets and liabilities, the reported expenses and the balance sheet classifications used.

Deferred Financing Costs

Costs associated with financing are deferred and charged to expense over the life of the related financing agreements. Remaining costs and the future period over which they would be charged to expense are reassessed when amendments to the related financing agreements or prepayments occur.

Exploration Stage Enterprise

The Company's financial statements are prepared using the accrual method of accounting and according to, Accounting for Development Stage Enterprises, as it devotes substantially all of its efforts to acquiring and exploring mining interests that will eventually provide sufficient net profits to sustain the Company's existence. Until such interests are engaged in commercial production, the Company will continue to prepare its financial statements and related disclosures in accordance with entities in the exploration stage.

Table of Contents

Thunder Mountain Gold, Inc.

(An Exploration Stage Company)

Notes to Consolidated Financial Statements

1.

Summary of Significant Accounting Policies and Business Operations, continued

Principles of Consolidation

The Consolidated Financial Statements include the accounts of the Company and its wholly owned subsidiary, Thunder Mountain Resources, Inc. All significant intercompany accounts and transactions have been eliminated and any significant related party transactions have been disclosed.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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 exploration properties and mineral claims, environmental remediation liabilities, deferred tax assets and the fair value and accounting treatment of financial and derivative instruments. 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.

Reclassifications

Certain reclassifications have been made to conform prior year's data to the current presentation. These reclassifications have no effect on the results of reported operations or stockholders' equity.

Cash and Cash Equivalents

The Company considers cash in banks and highly liquid short term investments with original maturities when acquired of three months or less to be cash and cash equivalents. The Company's cash was held in a Merrill Lynch money market fund on December 31, 2010, and is not covered by insurance of the Federal Deposit Insurance Corporation (FDIC).

Fair Value Measures

ASC 820 requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. ASC establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. ASC prioritizes the inputs into three levels that may be used to measure fair value:

Level 1: Level 1 applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

Level 2: Level 2 applies to assets or liabilities for which there are inputs other than quoted prices that are observable for the asset or liability such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in markets with insufficient volume or

infrequent transactions (less active markets); or model-derived valuations in which significant inputs are observable or can be derived principally from, or corroborated by, observable market data.

Level 3: Level 3 applies to assets or liabilities for which there are unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of the assets or liabilities.

Table of Contents**Thunder Mountain Gold, Inc.***(An Exploration Stage Company)***Notes to Consolidated Financial Statements****1.****Summary of Significant Accounting Policies and Business Operations, continued**Fair Value Measures, continued

Our financial instruments consist principally of cash and warrant liabilities. The table below sets forth our assets and liabilities measured at fair value on a recurring basis and the fair value calculation input hierarchy level that we have determined applies to each asset and liability category.

	Balance	Balance	Input
	December 31, 2010	December 31, 2009	Hierarchy level
Cash	\$ 298,232	\$ 266,207	Level 1
Warrants	\$ (1,589,171)	-	Level 2

There was no transfer of assets or liabilities between fair value levels during the year ended December 31, 2010 or 2009. Level 2 financial instruments are valued using the Black-Scholes option pricing model which uses the current market price, exercise price, term, risk free interest rate and the historical volatility of the Company's common stock to estimate the fair value of the warrants at the balance sheet date.

Property and Equipment

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

Mining Properties and Claims

Exploration costs are expensed in the period in which they occur. The Company capitalizes costs for acquiring and leasing mineral properties and expenses costs to maintain mineral rights as incurred. Should a property reach the production stage, these capitalized costs would be amortized using the units-of-production method on the basis of periodic estimates of ore reserves. Mineral properties are periodically assessed for impairment of value, and any subsequent losses are charged to operations at the time of impairment. If a property is abandoned or sold, its capitalized costs are charged to operations.

Reclamation and Remediation

The Company's operations have been, and are subject to, standards for mine reclamation that have been established by various governmental agencies. The Company would record the fair value of an asset retirement obligation as a liability in the period in which the Company incurred a legal obligation for the retirement of tangible long-lived assets. A corresponding asset would also be recorded and depreciated over the life of the asset. After the initial measurement of the asset retirement obligation, the liability was

adjusted at the end of each reporting period to reflect changes in the estimated future cash flows underlying the obligation.

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

Table of Contents

Thunder Mountain Gold, Inc.

(An Exploration Stage Company)

Notes to Consolidated Financial Statements

1.

Summary of Significant Accounting Policies and Business Operations, continued

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.

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. The Company has evaluated all tax positions for open years and has concluded that it has no material unrecognized tax benefits.

Share-Based Compensation

The Company requires all share-based payments to employees and directors, including grants of employee stock options, be measured at fair value and expensed in the statement of operations over the service period.

Net Loss Per Share

The Company is required to have dual presentation of basic earnings per share (EPS) and diluted EPS on the face of all income statements issued after December 15, 1997, for all entities with complex capital structures. Basic EPS is computed as net income divided by the weighted average number of common shares outstanding for the period. Diluted EPS reflects the potential dilution that could occur from common shares issuable through stock options, warrants, and other convertible securities. The dilutive effect of convertible and exercisable securities would be:

For years ended	December 31, 2010	December 31, 2009
Warrants	7,313,271	15,000
Total possible dilution	7,313,271	15,000

For the periods ended December 31, 2010 and 2009, the effect of the Company s outstanding options and common stock equivalents would have been anti-dilutive. Accordingly, only basic EPS is presented.

Adopted Accounting Pronouncements

In January 2010, the ASC guidance for fair value measurements was updated to require additional disclosures related to movements of assets among Levels 1 and 2 of the three-tier fair value hierarchy. Also, a reconciliation of purchases, sales, issuance, and settlements of anything valued with a Level 3 method is required. Disclosure regarding fair value measurements for each class of assets and liabilities will be required. The updated guidance was adopted by the Company in its quarter ended March 31, 2010, except for disclosures about the activity in Level 3 fair value measurements which are effective for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years. Adoption of this updated guidance did not have a material impact on the Company s consolidated financial statements.

Table of Contents**Thunder Mountain Gold, Inc.***(An Exploration Stage Company)***Notes to Consolidated Financial Statements****2.****Property, plant, equipment and mining claims**

The following is a summary of equipment and accumulated depreciation as December 31, 2010 and 2009:

	Expected		
	Useful Lives		
	(years)	2010	2009
South Mountain Mines property	-	\$ 357,497	\$ 357,497
Plant and equipment	5	94,185	94,185
Office equipment and furniture	5	17,389	17,389
Mining claims	-	59,930	49,030
Total vehicles and equipment		529,001	111,574
Less accumulated depreciation		(88,465)	(76,038)
Property, equipment and vehicles, net		\$ 440,536	- \$ 442,063

Depreciation expense for the years ended December 31, 2010 and 2009 was \$12,427 and \$22,315, respectively

3.**Share-Based Compensation**

The Company does not have an approved stock option plan, but its Board of Directors has ratified a Stock Option Plan to be approved by a vote of the shareholders during 2011.

A summary of the status of outstanding and exercisable stock options as of the years ended December 31, 2010 and 2009 are as follows:

	Shares	Weighted- Average Exercise Price (per share)	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Options outstanding and exercisable at				
January 1, 2008	155,000	\$ 0.104.3		\$31,000
Forfeited or Exercised	(155,000)	\$ 0.101.7		\$18,000
Options outstanding and exercisable				
at December 31, 2009	-	--		-
Options outstanding and exercisable at				
December 31, 2010	-	--		-

The Company granted 2 million stock options in August 2010 to certain officers, directors and outside consultants contingent upon approval of the Stock Options Plan by shareholders. No share-based compensation was recognized related to the grants given that the stock options plan has not received shareholder approval. If the plan is approved by shareholders, the Company will recognize stock compensation expense equal to the fair market value of the options granted on the date the plan is approved.

Table of Contents**Thunder Mountain Gold, Inc.***(An Exploration Stage Company)***Notes to Consolidated Financial Statements**

There were no options granted during 2009 and there were no options outstanding at December 31, 2010. The options granted in prior periods contained an anti-dilution clause whereby, upon written request the holders of the options, an adjustment to the number of shares could be required to increase the number of shares issued in connection with the exercise of options. The holders requested such a dilution adjustment in 2009. The Company issued 283,889 shares of its common stock for 155,000 options exercised. Accordingly, the Company recognized share-based compensation for an officer and nonemployee director of \$8,000 and \$17,550, respectively in 2009, in management and administration expense. The expense recognized represented the fair value of stock calculated by comparing the fair value of the options pre and post modification to determine the incremental value resulting from the anti-dilution provision. The income tax effect of the anti-dilution compensation is immaterial. The Company received \$15,550 in cash from the options exercised in 2009. There were no options outstanding at December 31, 2009.

4.**Income Taxes**

At December 31, 2010 and 2009, the Company had deferred tax assets which were fully reserved by valuation allowances due to the likelihood of expiration of these deferred tax benefits prior to the Company generating future taxable income sufficient to utilize the deferred tax benefits to reduce tax expense from those future periods. The deferred tax assets were calculated based on an expected future tax rate of 34%. Following are the components of such assets and allowances at December 31, 2010 and 2009:

	2010	2009
Deferred tax assets arising from:		
Charitable contribution	\$ -	\$2,682,000
Non-deductible share based compensation	81,000	34,000
Net operating loss carryforwards	990,000	475,000
	1,071,000	3,191,000

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Less valuation allowance	(1,071,000)	(3,191,000)
Net deferred tax assets	\$ -	\$ -

The Company has approximately \$3.1 million of federal and state net operating loss carryforwards that expire through 2029 and 2030. The Company had approximately \$7.9 million of charitable contribution carryforwards that expired in 2010 resulting in a decrease of \$2.7 million in deferred tax assets and related valuation allowance.

The income tax benefit shown in the financial statements for the year ended December 31, 2010 and 2009, differs from the federal statutory rate as follows:

	2010		2009	
	Amount	Rate	Amount	Rate
Benefit at federal statutory rate	\$ 562,000	34%	\$ 182,000	34%
Increase in valuation allowance	(562,000)	34%	(122,159)	34%
Total	\$ -	-	\$ 59,841	34%

The Company has analyzed its filing positions in all jurisdictions where it is required to file income tax returns and found no positions that would require a liability for unrecognized income tax benefits to be recognized. The Company is subject to possible tax examinations for the years 2008 through 2010. The Company will deduct interest and penalties as interest expense on the financial statements.

Table of Contents

Thunder Mountain Gold, Inc.

(An Exploration Stage Company)

Notes to Consolidated Financial Statements

5.

Stockholders Equity

The Company's common stock is at \$0.001 par value with 200,000,000 shares authorized. The Company also has 5,000,000 authorized shares of preferred stock with a par value of \$0.001. No preferred shares have been issued.

On September 24, 2010 (the Closing Date) the Company completed a private placement offering for the sale of 6,130,271 Units with proceeds of \$1,001,867, which are net of \$188,349 in deferred financing costs. The subscription agreements were denominated in Canadian dollars (Cdn\$) at a prices of Cdn \$0.20 per Unit. Each Unit was comprised of one share of the Company's common stock (a Common Share) and one share purchase warrant (a Warrant). Each Warrant entitles the holder to purchase one additional share of Company's common stock for a three year period at staggered prices as follows: CDN\$0.20 per share at any time until one year from the Closing Date; Cdn\$0.25 per share from one year until two years from the Closing Date; and Cdn\$0.30 per share from two years until three years from the Closing Date. If the Company's common stock trades at a closing price greater than Cdn\$0.50 per share for 20 consecutive trading days after six months from the Closing Date, the Company can accelerate the expiration of the

Warrants by giving notice to the holders and in such case the Warrants will expire on the 30th day after the Company provides notice to the holders of the Warrants. The Company concluded that the warrants issued in the private placement and to Haywood Securities Inc., a Canadian broker dealer, meet the definition of a derivative instrument as defined in ASC 815 Derivative and Hedging which requires that the derivative instrument be separated and accounted for separately from the common equity issued in the offering unit.

Based on the guidance of ASC 815, management concluded that the warrants should be classified as a liability and recorded at fair value. The Company determined the fair value of the 6,130,271 warrants issued in the offering using the Black-Scholes option pricing model. The Company determined the fair value of the warrants to be \$1,434,702 along with the \$6,130 par value of the common stock on the date the offering which exceeded the gross offering proceeds of \$1,190,216 by \$250,617. The amount by which the par value of the common stock and fair value of the warrants exceeded the offering proceed issued in the placement represents an additional offering expense incurred in

the placement and is recorded as a loss on issuance of common stock and warrants in the statement of operations. The Company recognized a \$38,054 gain on the change in the fair value of warrants as of December 31, 2010, the difference between the fair value on the placement date and year end.

The Company recorded a long term asset for the deferred financing costs related to the offering of \$188,349. The deferred financing costs include listing and legal fees along with a finder's fee paid to Haywood Securities Inc. and Bolder Investment Partners, Ltd, both Canadian broker dealers, equal to 10% of the funds received as part of the second and third tranches. The deferred financing costs are being amortized to the statement of operations over the life of the warrants using the straight-line method, which approximates the effective interest rate method. For the year ended December 31, 2010 the Company recognized \$15,696 in amortization of deferred financings costs.

In conjunction with the private placement, the Board approved the issuance of 78,000 units under the placement in full satisfaction of \$21,000 in deferred compensation owed to the Company's Vice President and Chief Financial Officer, Eric T. Jones. Using the Black-Scholes option pricing model the Company recorded a liability related to the 78,000 warrants of \$16,941. The Company recognized a \$448 gain on the change in the fair value of the warrants as of December 31, 2010, the difference between the fair value on the placement date and year end.

Table of Contents

Thunder Mountain Gold, Inc.

(An Exploration Stage Company)

Notes to Consolidated Financial Statements

5.

Stockholders Equity, continued

On July 30, 2010 we entered in to an agreement with Cameron & Associates to provide investor relation services to the Company. As part of the consideration for the agreement the Company issued Cameron 200,000 shares of stock on August 11, 2010, that were valued at \$0.25 per share, the market price on the date of issuance. We recognized \$50,000 in management & administrative cost related to the stock issuance. In addition to the shares issued to Cameron the Company will pay a monthly fee of \$5,000 to Cameron for services provided under the proposal plus all expenses incurred by Cameron.

On May 10, 2010, the Company issued 1.25 million Units at \$0.20 per Unit in a private placement for net proceeds of \$250,000. Each Unit consisted of one share of common stock and one Series A common stock purchase warrant. Each Series A warrant is exercisable at \$0.20 for one-half Series B common stock purchase warrant. Each whole Series B warrant would be exercisable into one share of common stock at an exercise price of \$0.75 per share. The warrants are callable by the Company in the event that the Company's stock trades above \$0.25 in the case of the Series A warrants, and above \$0.94 for the Series B warrants. The Company has accounted for the warrants as a derivative liability based the full ratchet and anti dilution provisions contained in the Series B warrants. The Company has allocated \$145,316 of the proceeds from the private placement as a long term warrant liability and has recognized \$30,715 loss on the warrants at December 31, 2010, as a result of an increase in fair value between the placement date and the end of the quarter.

As consideration for a sponsorship agreement, Haywood Securities, Inc. was issued 200,000 shares of stock on January 6, 2010, that were valued at \$0.22 per share, the market price on the issue date for a total cost of \$44,000. This amount was expensed in management and administrative costs for Haywood Securities' sponsorship of the Company on the TSX-V Exchange.

As authorized by Board Resolution on March 30, 2010, a total of 450,000 shares of common stock were issued to the Company's executive officers and directors. The issuance was for Board service in 2008 and 2009. The stock was valued based on the fair market value of the Company's common stock on the day of the awards and expense of \$76,500 was recognized for the year ended December 31, 2010. The Company also issued 100,000 shares of common stock to outside consultants for services rendered and recorded \$17,000 in expense for the grant.

On August 10, 2009 the Board unanimously approved a resolution authorizing the re-pricing of warrants, originally exercisable at \$0.30 or \$0.40 per share, to an exercise price of \$0.15 per share, with such re-pricing valid until November 23, 2009. As a result of completion of the offering, a total of 3,020,000 warrants were exercised at \$0.15 for a like number of shares of common stock. Commissions of \$23,250 were paid to a placement agent, resulting in net cash proceeds of \$429,750 to the Company. Additionally, 100,000 shares were issued for warrants with an exercise price of \$0.05 per share, for net cash proceeds of

\$5,000. The net cash proceeds from the exercise of warrants were \$434,750. Finally, 30,000 shares were issued to an officer of the Company for warrants exercised at \$0.15 in exchange for a reduction of \$4,500

in a loan that the officer had previously extended to the Company. There were no registration rights granted in connection with any of these shares, and no other commissions were paid. Holders of 100,000 warrants priced returned their warrants to the Company unexercised.

On August 7, 2009, the Company closed a private offering of securities solely to accredited investors. The offering consisted of 380,000 Units priced at \$0.20 each; each Unit consisting of a share of common stock, \$0.001 par value, and a warrant to purchase common stock for \$0.30 per share. As a result of completion of the offering, a total of 380,000 shares of common stock, \$0.001 par value, and warrants to acquire 380,000 shares of common stock were issued. Included in the 380,000 units issued, were 5,000 units issued for

Table of Contents**Thunder Mountain Gold, Inc.***(An Exploration Stage Company)***Notes to Consolidated Financial Statements****5.****Stockholders Equity, continued**

services valued at \$1,000. There were no registration rights granted in connection with the offering. No Placement Agent was used, and no commissions were paid.

For the years ended December 31, 2010 and 2009, the fair value of warrants was estimated at the date of grant using the Black-Scholes option pricing model, which requires the use of highly subjective assumptions, including the expected volatility of the stock price, which may be difficult to estimate for small reporting companies traded on micro-cap stock exchanges. The fair value of each warrant grant was estimated on the grant date using the following weighted average assumptions:

	2010	2009
Risk-free interest rate	0.29% to 1.02%	--
Expected dividend		
yield	--	--
Expected term	1 to 3 years	--
Expected volatility	209.1% to 279.5%	--

The risk-free interest rates are based on the U.S. Treasury yield curve for maturities with similar terms at the time of the grant. The expected term of warrants granted is from the date of the grant. The expected volatility is based on historical volatility.

The following is a summary of warrants as of December 31, 2010 and 2009.

	Share Equivalent Warrants	Exercise Price	Expiration Date
Warrants:			
Outstanding and exercisable at December 31, 2008	2,885,000		
Warrants issued	380,000	0.30	
Warrants exercised	(3,150,000)	0.15	
Warrants forfeited	(100,000)	0.40	
Outstanding and exercisable at December 31, 2009	15,000	\$ 0.05	August 20, 2011
		\$	
Warrants exercised	(10,000)	0.05	August 20, 2011
			Three years from exercise of
Warrants issued May 10, 2010	625,000	0.20	Series A Warrant (1)
Warrants issued September 24, 2010	6,683,271	0.19	September 30, 2013
Total warrants outstanding at December 31, 2010	7,313,271	\$ 0.19	

(1) The Company has 1,250,000 Series A Warrants outstanding as of December 31, 2010. Each Series A Warrant is exercisable at \$0.20 for one half of a Series B Warrant, which is exercisable into one share of common stock..

Table of Contents

Thunder Mountain Gold, Inc.

(An Exploration Stage Company)

Notes to Consolidated Financial Statements

6.

Commitments and Contingency

The Company's management believes that the Company is currently in substantial compliance with environmental regulatory requirements. Remediation requirements for the Company are limited to minor activities related to drill pad reclamation and the like, and that no material environmental remediation costs exist as of December 31, 2010. Such costs are accrued at the time the expenditure becomes probable and

the costs can reasonably be estimated. The Company recognizes, however, that in some cases future environmental expenditures cannot be reliably determined due to the uncertainty of specific remediation methods, conflicts between regulating agencies relating to remediation methods and environmental law interpretations, and changes in environmental laws and regulations. Any changes to the Company's remediation plans as a result of these factors could have an adverse affect on the Company's operations. The range of possible losses in excess of the amounts accrued cannot be reasonably estimated at this time. 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.

7.

Related Party Transactions

Of the 6,130,271 Units issued in connection with the private placement that closed on September 24, 2010, 104,000 shares were issued to related parties.

In addition 78,000 units were issued to Eric T. Jones in full satisfaction of \$21,000 in deferred compensation owed to Mr. Jones by the Company, see note 5 Shareholder's Equity for further discussion on the offering.

On March 31, 2010 the Board unanimously approved a resolution authorizing a bridge loan from E. James Collord, the Company's CEO and a director, and his wife Leta Mae Collord, Mr. Collord's wife, in the amount of \$50,000 at an interest rate of 1% per month with the first payment due in thirty days. On May 12, 2010 the Board unanimously approved to increase the loan amount to \$65,000. On August 13, 2010, the Collord's advanced the Company an additional \$25,000 under the bridge loan. The purpose of the bridge loan was to provide the Company operational capital to meet its day-to-day operational needs. These funds were repaid during the year with proceeds received from the September 2010 private placement.

The Collord's had the option that any portion or the amount loaned could be converted to shares of Company common stock at the lower of the market price on the date of conversion, or \$0.15 per share. The price for the Company's common stock exceeded the \$0.15 conversion price stated in the loan on the days funds were advanced under the loan. Management determined that the favorable exercise price represents a beneficial conversion feature. Using the intrinsic value method at the loan dates, a total discount of \$42,666 was recognized on the loan. The discount was amortized over the loan term using the straight-line method, which approximated the effective interest method. The Company recorded \$42,666 in interest expense related to the amortization of the discount for the year ended December 31, 2010. The outstanding loan balance and accrued interest there on was zero at year end.

On March 30, 2010 the Board of Directors granted 450,000 shares of common stock to certain Executive Officers, Directors and outside consultants for services rendered in 2008 and 2009, see note 5 Stockholder's Equity for further discussion of the awards.

Table of Contents

Thunder Mountain Gold, Inc.

(An Exploration Stage Company)

Notes to Consolidated Financial Statements

7.

Related Party Transactions, continued

On June 26, 2009 the Board unanimously approved a resolution authorizing a bridge loan from E. James Collord, the Company's CEO and a director, and his wife Leta Mae Collord in the amount of \$40,000 for operational capital to meet the Company's day to day operational needs. The entire balance of the loan including interest at 12% is due in full no later than February 28, 2010. As of December 31, 2009 the Company had borrowed \$40,000 against the bridge loan and repaid \$3,200 in cash and \$4,500 in stock, resulting in a balance owing of \$32,300 with interest payments paid through December 2009.

On August 10, 2009 the Board unanimously approved a resolution authorizing a second bridge loan from E. James Collord, the Company's CEO and a director, and his wife Leta Mae Collord in the amount of \$50,000 for operational capital to meet the Company's day to day operational needs. The entire balance of the loan including interest at 12% was due upon receipt of the IRS refund. As of December 31, 2009 the loan, together with all interest, had been paid in full.

On June 1, 2009 the Board unanimously approved a resolution authorizing a voluntary temporary reduction in salary for Eric Jones, the Company's CFO and a director, from \$75,000 to \$12,000 per year in order to facilitate this season's exploration goals and growth of the Company. As of December 31, 2009 the Company had recorded \$21,000 in deferred salaries in relation to the temporary reduction in salary for Eric Jones.

Of the 380,000 shares of stock issued in connection with the August 7, 2009 placement, 310,000 shares were issued to related parties.

On October 9, 2009 Jim Collord converted 30,000 warrants purchased in the private placement which closed August 7, 2009 to 30,000 shares of common stock at the re-priced rate of \$0.15 per share for a total cost of \$4,500 which was used to reduce the amount of his and Leta Mae's \$50,000 bridge loan.

On October 27, 2009 Jerritt Collord, the son of the Company's President Jim Collord, performed consulting services for data compilation and manipulation for the South Mountain Breccia Target for fees of \$1,000.

Table of Contents

ITEM 9 CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

During the year ended December 31, 2010, there were no changes in independent audit firms or consulting firms who provide accounting assistance.

During the fiscal year ended December 31, 2010, there were no disagreements between the Company and its independent certified public accountants concerning accounting and financial disclosure.

ITEM 9A - 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.

Our Chief Executive Officer and Chief Financial Officer have also determined that the disclosure controls and procedures are effective to ensure that material information required to be disclosed in our reports filed under the Exchange Act is accumulated and communicated to our management, including the Company's Chief Executive Officer and Chief Financial Officer, to allow for accurate required disclosure to be made on a timely basis.

Management's Report on Internal Control over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting. The Company's internal control over financial reporting is a process designed under the supervision of its Chief Executive Officer and Chief Financial Officer to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's financial statements for external reporting in accordance with accounting principles generally accepted in the United States of America.* Management evaluates the effectiveness of the Company's internal control over financial reporting using the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control - Integrated Framework. Management, under the supervision and with the participation of the Company's Chief Executive Officer and Chief Financial Officer, assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2010 and concluded that it is ineffective in assuring that the financial reports of the Company are free from material errors or misstatements.

*This annual report does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by our registered public accounting firm pursuant to rules of the Securities and Exchange Commission that permit us to provide only management's report in this annual report.

Management has identified two material weaknesses and is taking action to remedy and remove the weakness in its internal controls over financial reporting:

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Lack of an independent board of directors, including an independent financial expert. In June 2008, the Company added one independent director, and subsequent to December 31, 2009, added another independent director, the latter of which has been designated the Company's independent financial expert. The current board of directors is evaluating expanding the board of directors to include additional independent directors. The current board is composed of seven members and may be expanded to as many as nine members as permitted under the Company's Articles of Incorporation and By-Laws.

Table of Contents

Inappropriate Segregation of Duties, as the same Officer and Director was responsible for initiating and recording transactions, thereby creating segregation of duties weakness.

Management's Remediation Initiatives.

Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision making can be faulty and that breakdowns can occur because of simple error or mistake. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Projections of any evaluation of controls effectiveness to future periods are subject to risks.

The Company clearly recognizes, and continues to recognize, the importance of implementing and maintaining disclosure controls and procedures and internal controls over financial reporting and is working to implement an effective system of controls. Management is currently evaluating avenues for mitigating our internal controls weaknesses, but mitigating controls that are practical and cost effective may not be found based on the size, structure, and future existence of our organization. Since the Company has not generated any significant revenues, the Company is limited in its options for remediation efforts. Management, within the confines of its budgetary resources, will engage its outside accounting firm to assist with an assessment of the Company's internal controls over financial reporting as of December 31, 2011.

Changes in internal controls over financial reporting

During the quarter ended December 31, 2010, 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. Subsequent to the close of the quarter an additional independent director was added to help alleviate the material weakness identified above.

ITEM 9B - OTHER INFORMATION

None.

Table of Contents**PART III****ITEM 10 - DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE**

This section sets forth certain information with respect to the Company's current directors and executive officers, as well as information about appointments subsequent to the fiscal year ended December 31, 2010.

Directors and Executive Officers:

Name	Age	Office with the Company	Appointed to Office
E. James Collord	63	President, Chief Executive Officer, Director	Since 1978
Pete Parsley	49	Vice President, Director Exploration Manager	Since 1999
Eric T. Jones	48	Chief Financial Officer, Investor Relations	Since March 2006
Dr. Robin S. McRae	69	Director	Since 1978
Edward D. Fields	72	Director	Since March 2006
Douglas J. Glaspey	57	Director	Since June 2008
R. Llee Chapman	53	Director, Chairman of Audit Committee	Since January 2010

Background and experience:

E. James Collord has a MS degree in exploration geology from the Mackay School of Mines, University of Nevada, Reno (1980). He has been a mining professional for 37 years, employed in a variety of capacities, including mill construction superintendent, exploration geologist, mine construction and reclamation manager, and in environmental and lands management. During the period 1975 through 1997, Jim worked for Freeport Exploration where he worked with a successful exploration team that discovered several Nevada mines. Later in his Freeport career, he managed mining operations and lead permitting efforts. For the period 1997 through 2005, Jim was Environmental and Lands Superintendent at Cortez Gold Mines, a large Nevada mine that was a joint venture between Placer Dome and Kennecott Minerals. After retirement from Cortez, and until his employment by Thunder Mountain Gold, Inc. in April 2007, he managed the Elko offices for environmental and hydrogeologic consulting groups. He is the grandson of Daniel C. McRae, the original locator of the gold prospects in the Thunder Mountain Gold Mining District in the early 1900s.

G. Peter Parsley has a Masters in Science degree in geology from the University of Idaho. He has been a mining professional since 1985 and has experience in gold exploration, mine development, construction, reclamation, and environmental compliance and permitting. He was associated with the Thunder Mountain Project starting in 1985 when he was project manager for the exploration program by USMX/Dakota Mining that defined the Dewey mineralization. After that, he served as President and Exploration Manager for Triumph Gold Corporation that had interests in the United States, China and South America. Mr. Parsley was appointed Vice President and Exploration Manager for Thunder Mountain Gold, Inc. on April 1, 2006, and was appointed as President of Thunder Mountain Resources in early 2007.

Table of Contents

Eric T. Jones has over 18 years of varied mining, financial and entrepreneurial experience. He has held project management positions for Hecla Mining at their Yellow Pine Mine, Stibnite, Idaho, and Environmental Manager at their Rosebud Mine, Lovelock, Nevada. For Dakota Mining, Mr. Jones was General Mine Manager for the Stibnite, Idaho gold heap leach operation in central Idaho. He was also engaged as a manager of a successful Boise, Idaho-based private investment fund during the period 1997-2002. Due to Eric's varied business experience, in 2006 the Board appointed him to the position of Secretary/Treasurer and Chief Financial Officer. In February 2008 Eric went to work for Thunder Mountain Gold, Inc. as Vice President of Investor Relations and Business Development, as well as Chief Financial Officer.

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

Edward D. Fields is a professional mineral resource geologist with over 40 years of experience. He was Manager of Mineral Resources for Boise Cascade Corporation (1983-1999), and was responsible for the discovery of a significant underground gold resource in Washington State. He also worked for Kennecott Copper Company at their Ok Tedi Mine in Papua New Guinea and as Chief Geologist for the Duval Corporation at the Battle Mountain, Nevada copper-gold mine. Mr. Fields has a MS degree in geology from the University of Wyoming.

Douglas J. Glaspey is currently Chief Operating Officer of U.S. Geothermal, Inc. Mr. Glaspey has 29 years of operating and management experience with experience in production management, planning and directing resource exploration programs, preparing feasibility studies and environmental permitting. He formed and served as an executive officer of several private resources companies in the U.S., including Drumlummon Gold Mines Corporation and Black Diamond Corporation. He holds a BS degree in Mineral Processing and an Associate of Science in Engineering Science.

R. Llee Chapman was appointed as Director and Chairman of the Audit Committee on January 28, 2010, subsequent to the close of 2009. He is the former Regional Vice President for Newmont Mining Corporation - North America. His many years of mining experience also includes public company CFO level management in positions with Barrick Goldstrike Mines, Apollo Gold Inc., Knight Piesold & Co., Idaho General Mines (now General Moly). Mr. Chapman holds a Bachelor of Science degree in Accounting from Idaho State University, and is a licensed CPA in Idaho and Montana.

Directorships in reporting companies:

Doug Glaspey is the only director of the Registrant that is a director of another corporation subject to the requirements of Section 12 or Section 15(d) of the Exchange Act of 1934.

Significant Employees:

Peter Parsley remained a full-time employee for the Company during 2010. Jim Collord commenced working for the Company in April 2007 when work on evaluation of South Mountain intensified. In order to preserve assets to advance exploration, in June 2008, Mr. Collord voluntarily reduced his salary to \$1,000 per month. Eric Jones became an employee in February 2008 (as discussed above). Mr. Jones is also a part-time employee. In June through September 2009, Mr. Jones voluntarily reduced his salary to \$1,000 per month, which was then increased to a full annual salary of \$100,000 on October 1, 2009.

Family Relationships:

Dr. Robin S. McRae is the cousin of E. James Collord, the President of the Registrant. Both are grandsons of the original locator of the Thunder Mountain Mining District, Valley County, Idaho.

Table of Contents

Involvement in Certain Legal Proceedings:

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

Section 16(a) Beneficial Ownership Reporting Compliance:

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's directors and executive officers and persons who beneficially owns more than ten percent of a registered class of the Company's equity securities to file with the SEC initial reports of ownership and reports of change in ownership of common stock and other equity securities of the Company. Officers, directors and greater than ten percent shareholders are required by SEC regulations to furnish the Company with copies of all Section 16(a) forms they file. To our knowledge, no persons failed to file on a timely basis, the identified reports required by Section 16(a) of the Exchange Act during fiscal year ended December 31, 2010.

Audit Committee:

The Company's Board of Directors is responsible for the oversight and management of the Company. On January 28, 2010, an Audit Committee was designated from members of the Board and consists of R. Llee Chapman as Chairman, with Douglas Glaspey and Edward Fields as independent members of the committee. The Board of Directors has specified Mr. Chapman as its "financial expert".

Compensation Committee:

There is currently no Compensation Committee of the Board of Directors. Compensation of employees is reviewed and approved by the Board.

Code of Ethics:

The Board of Directors has formally adopted a Code of Ethics in 2010. This Code of Ethics is published on the Company's website.

Indemnification of Directors and Officers:

The Company's By-Laws address indemnification of Directors and Officers. Nevada law provides that Nevada corporations may include within their articles of incorporation provisions eliminating or limiting the personal liability of their directors and officers in shareholder actions brought to obtain damages for alleged breaches of fiduciary duties, as long as the alleged acts or omissions did not involve intentional misconduct, fraud, a knowing violation of law or payment of dividends in violation of the Nevada statutes. Nevada law also allows Nevada corporations to include in their Articles of Incorporation or Bylaws provisions to the effect that expenses of officers and directors incurred in defending a civil or criminal action must be paid by the corporation as they are incurred, subject to an undertaking on behalf of the officer or director that he or she will repay such expenses if it is ultimately determined by a court of competent jurisdiction that such officer or director is not entitled to be indemnified by the corporation because such officer or director did not act in good faith and in a manner reasonably believed to be in or not opposed to the best interests of the corporation.

The Company's Articles of Incorporation provide that a director or officer is not personally liable to the Company or its shareholders for damages for any breach of fiduciary duty as a director or officer, except for liability for: (i) acts or omissions which involve intentional misconduct, fraud or a knowing violation of law, or (ii) the payment of distributions in violation of Nevada Revised Statutes, §78.300. In addition, Nevada Revised Statutes §78.751 and

Table of Contents

Article VII of the Company's Bylaws, under certain circumstances, provide for the indemnification of the officers and directors of the Company against liabilities which they may incur in such capacities.

ITEM 11 - EXECUTIVE COMPENSATION

Pete Parsley continued his full-time position as Vice President and Exploration Manager during 2010 at a salary of \$105,000 per year from January to August 2010. In September his annual salary was increased to \$113,000 per year.

Jim Collord voluntarily reduced his salary to \$12,000 per year commencing in June 2008 which continued throughout 2009 to maximize financial resources available for exploration efforts. His salary was reinstated at rate of 60,000 per year from January to August 2010. In September 2010 his salary was increased to \$110,000 per year.

Eric Jones commenced working for the Company in February 2008 at a 75% of a full-time rate of \$100,000 per year, or \$75,000 per year which was further reduced to a temporary rate of \$12,000 per year starting June 1, 2009 through September 30, 2009. His salary was returned to the 100% full-time rate of \$100,000 starting in October 2009. In September 2010 his salary was increased to \$110,000 per year.

As authorized by Board Resolution on March 30, 2010, a total of 550,000 shares of common stock were issued, of which 450,000 were issued to the Company's Executive Officers and Directors. The stock was valued based on the fair market value of the Company's common stock on the day of the awards. See Note 5 Stockholder's Equity for further discussion of the award.

On August 24, 2010 the Board approved, subject to Shareholder approval of its SIP, a grant of 2.0 million options under the SIP to Directors, Executive Officers and other non-employees consultants. The options have a strike price of \$0.27, which approximates the fair market value of the Company's common equity on the date of grant, based on the average of the bid/ask prices as quoted by the National Quotation Bureau on the day of grant. The option certificates will reflect the actual date of the grant upon approval of the SIP by shareholders.

Summary Compensation Table

Compensation to directors also included reimbursement of out-of-pocket expenses that are incurred in connection with the Directors' duties associated with the Company's business. There is currently no other compensation arrangements for the Company's Directors. The following table provides certain summary information for the fiscal year ended December 31, 2010 concerning compensation awarded to, earned by or paid to our Chief Executive Officer, Chief Financial Officer and three other highest paid executive officers, including the Directors of the Company:

Name & Position	Year	Salary (US\$)	Bonus (US\$)	Awards (US\$)	Awards (US\$)	Compen- sation (US\$)	Change in Pension Value & Non-Equity Incentive Plan			Total (US\$)
							Non-Qualified Compensation Earnings (US\$)	Deferred Compensation (US\$)	All Other Compensation/ Directors Fee (US\$)	
Jim Collord, President & CEO	2010	\$76,668	-	\$17,000	-	-	-	-	-	\$93,668
Eric T. Jones, CFO, Sec/Treasurer	2009	\$12,000	-	-	-	-	-	-	-	\$12,000
Eric T. Jones, CFO, Sec/Treasurer	2010	\$103,335	-	\$17,000	-	-	-	-	-	\$120,335
Pete Parsley, V.P. & Director	2009	\$60,270	-	-	-	-	-	-	-	\$60,270
Pete Parsley, V.P. & Director	2010	\$107,668	-	\$17,000	-	-	-	-	-	\$124,668
Doug Glaspey Director	2009	\$103,000	-	-	-	-	-	-	-	\$103,000
Doug Glaspey Director	2010	-	-	\$8,500	-	-	-	-	-	\$8,500
Robin S. McRae, Director	2009	-	-	-	-	-	-	-	-	-
Robin S. McRae, Director	2010	-	-	\$8,500	-	-	-	-	-	\$8,500
R. Llee Chapman Director	2009	-	-	-	-	-	-	-	-	-
R. Llee Chapman Director	2010	-	-	-	-	-	-	-	-	-
Director	2009	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Table of Contents

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

Exercise of Options:

There were no stock options exercised in 2010.

Long-term Incentives:

On May 25, 2010, the Board of Directors, subject to shareholder ratification, approved a Stock Incentive Plan (the SIP). The SIP will be administered by the Compensation Committee or Board of Directors and 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.

The SIP has a fixed maximum percentage of 10% of the Company's outstanding shares that are eligible for the plan pool, whereby the number of Shares under the SIP increase automatically with increases in the total number of shares. This Evergreen provision permits the reloading of shares that make up the available pool for the SIP, once the options granted have been exercised. The number of shares available for issuance under the SIP automatically increases as the total number of shares outstanding increase, including those shares issued upon exercise of options granted under the SIP, which become re-available for grant subsequent to exercise of option grants. The number of shares subject to the SIP and any outstanding awards under the SIP will be adjusted appropriately by the Board of Directors if the Company's common stock is affected through a reorganization, merger, consolidation, recapitalization, restructuring, reclassification, dividend (other than quarterly cash dividends) or other distribution, stock split, spin-off or sale of substantially all of the Company's assets.

The SIP also has terms and limitations, including that the exercise price for stock options and stock appreciation rights granted under the SIP must equal the stock's fair market value, based on the closing price per share of common stock, at the time the stock option or stock appreciation right is granted. The SIP is also subject to other limitation including; a limited exception for certain stock options assumed in corporate transactions; stock options and stock appreciation rights granted under the SIP may not be re-priced without shareholder approval; stock-based awards under the SIP are

subject to either three-year or one-year minimum vesting requirements, subject to exceptions for death, disability or termination of employment of an employee or upon a change of control; and shareholder approval is required for certain types of amendments to the SIP.

Employment Contracts:

At the end of 2010, there were three paid Company employees, Pete Parsley, Eric Jones and Jim Collord. They were employed per resolution of the Board and other than a monthly salary, plus normal burden, there are no other contractual understandings in the resolutions. Each is reimbursed for the use of personal office equipment and phones, and Jim and Eric are reimbursed for health insurance and related costs up to a set maximum amount. A salary service located in Elko, Nevada was used to pay employee s salary and ensuring all appropriate taxes and employment-related state insurance was collected and paid.

2010 Share-Based Payments:

The Board of Directors granted 2 million options to officers, directors and outside consultants in August 2010 subject to approval of the SIP by shareholders. Since the options are subject to shareholder approval the Company did not recognize any stock compensation related to the grant by the Board. If and when the shareholders approve the SIP the Company will recognize stock compensation expense equal to the fair value of the options granted on the date of approval. No retirement benefit, bonus, stock option or other remuneration plans are in effect with respect to the Company s officers and directors.

Table of Contents

Employment Contracts and Termination of Employment or Change of Control

We have no plans or arrangements in respect of remuneration received or that may be received by our executive officers to compensate such officers in the event of termination of employment (as a result of resignation or retirement) or change of control transaction.

ITEM 12 - SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table sets forth certain information regarding the beneficial ownership of shares of the Company's common stock as of December 31, 2010 by:

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the Company's named executive officers;

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the Company's directors at December 31, 2010;

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all of the Company's executive officers and directors as a group; and each person who is known to beneficially own more than 5% of the Company's issued and outstanding shares of common stock.

Name of Shareholder	Amount and Nature of Beneficial Ownership	Percent of Class(1)
Directors and Executive Officers		
E. James Collord	1,703,200(2)(3)	6.3%
Eric T. Jones	1,978,577(2)	7.3%
G. Peter Parsley	581,962(2)	2.2%

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Robin S. McRae	439,307(2)	1.6%
Edward Fields	142,393(2)	0.5%
Doug Glaspey	150,000(2)	0.6%
R. Lee Chapman	161,800(2)	0.6%
All current executive officers and directors as a group	5,157,239	19.1%
5% or greater shareholders		
None	-	-

(1) Based on 27,001,740 shares of common stock issued and outstanding as of December 31, 2010.

(2) Sole voting and investment power.

(3) Includes 50,000 shares held in trust for Mr. Collord's son, Jerritt Collord.

As of December 31, 2010, the number of shares of common stock that can be sold by officers, directors, principal shareholders, and others pursuant to Rule 144 was 887,247. However, as a condition to our listing on the TSX-V, our officers and directors were required to deposit their common stock totaling 4,799,239 shares, into an escrow account with Computershare Investor Services, Inc. Those escrowed shares are subject to the TSX-V's Tier 1 escrow requirement. Those requirements provide for an 18 month escrow release mechanism with 25% of the escrowed securities being released on September 24, 2010 (the date our common shares commenced trading on the TSX-V), and 25% of the escrowed securities to be released every 6 months thereafter. No officer or director has requested release of any of their escrowed shares, and no current officer or director has ever sold any of their shares.

Changes in Control:

The Board of Directors is aware of no circumstances which may result in a change of control of the Company.

Table of Contents**ITEM 13 - CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE**Transactions with Management and Others:

During the year ended December 31, 2010, we had the following transactions with related parties:

As authorized by Board Resolution on March 30, 2010, a total of 550,000 shares of common stock were issued, of which 450,000 shares were issued to the Company's Executive Officers and Directors. The stock was valued based on the fair market value of the Company's common stock on the date of the awards. The Company recognized \$76,500 in stock compensation expense for the year ended December 31, 2010.

The following table summarized the awards to Executive Officers & Directors:

Name and Relation	Shares Awarded Price\$/		Percent of Class(1)
		Share	
E. James Collord, - President and Director	100,000	\$.17	\$17,000
Eric T. Jones - CFO, Sec/Treasurer and Director	100,000	\$.17	\$17,000
G. Peter Parsley, Vice-President and Directors	100,000	\$.17	\$17,000
Robin S. McRae, Director	50,000	\$.17	\$ 8,500
Edward Fields, Director	50,000	\$.17	\$ 8,500
Doug Glaspey, Director	50,000	\$.17	\$ 8,500
Total	450,000	\$.17	\$76,500

On August 24, 2010 the Board approved a grant of 2.0 million options under the SIP to Directors, Executive Officers and other non-employees consultants. The options have a strike price of \$0.27, which approximates the fair market value of the Company's common equity on the date of grant, based on the average of the bid/ask prices as quoted by the National Quotation Bureau on the day of grant. The option certificates will reflect the actual date of the grant upon approval of the SIP by shareholders. The Company did not recognize any stock compensation expense related to the option grant as the awards are contingent upon approval of the SIP by shareholders.

Certain Business Relationships:

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

Indebtedness of Management:

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

Directors Stock Purchases

Certain Directors of the Company purchased common stock in 2010. Mr. Jones participated in the private placement that closed on September 24, 2010, receiving a total of 130,000 units in the placement. Mr. Jones purchased 52,000 units at Cdn\$0.20 per unit, each unit consisting of one common share, and one warrant to purchase a share of common stock. Mr. Jones also received 78,000 units in full satisfaction of \$21,000 in deferred compensation owed by the Company to Mr. Jones at the date of the placement. Mr. Chapman also participated in the same private placement that closed on September 24, 2010, purchasing a total of 52,000 units at Cdn\$0.20 per unit, each unit consisting of one common share, and one warrant to purchase a share of common stock. Stock transactions for directors and officers were reported on Form 4 and are available on the SEC website.

Table of ContentsDirector Independence

Douglas Glaspey, Edward Fields, and R. Llee Chapman are independent non-employee members of the Board of Directors, as defined in FINRA Marketplace Rule 4200.

ITEM 14 - PRINCIPAL ACCOUNTING FEES AND SERVICESAudit and Non-Audit Fees

The following table presents fees billed to the Company relating to the audit of the Financial Statements at December 31, 2010, as provided by DeCoria, Maichel and Teague, P.S. We expect that DeCoria, Maichel and Teague, P.S. will serve as our auditors for fiscal year 2011.

Year Ended	December 31, 2010	December 31, 2009
Audit fees (1)	\$32,493	\$37,390
Audit-related fees (2)	-	-
Tax fees (3)	-	-
All other fees (4)	-	-
Total Fees	\$32,493	\$37,390

(1) Audit fees consist of fees billed for professional services provided in connection with the audit of the Company's financial statements, and assistance with reviews of documents filed with the SEC.

(2) Audit-related fees consist of assurance and related services that include, but

are not limited to, internal control reviews, attest services not required by statute or regulation and consultation concerning financial accounting and reporting standards.

(3) Tax fees consist of the aggregate fees billed for professional services for tax compliance, tax advice, and tax planning. These services include preparation of federal income tax returns.

(4) All other fees consist of fees billed for products and services other than the services reported above.

The Company's Board of Directors reviewed the audit services rendered by DeCoria, Maichel and Teague, P.S. and concluded that such services were compatible with maintaining the auditors' independence. All audit, non-audit, tax services, and other services performed by the independent accountants are pre-approved by the Board of Directors to assure that such services do not impair the auditors' independence from the Company. The Company does not use DeCoria, Maichel and Teague, P.S. for financial information system design and implementation. We do not engage DeCoria, Maichel and Teague, P.S. to provide compliance outsourcing services.

Table of Contents

PART IV

ITEM 15 EXHIBITS, FINANCIAL STATEMENT SCHEDULES

Documents filed as part of this report on Form 10-K or incorporated by reference:

(1)

Our financial statements can be found in Item 8 of this report.

(2)

Financial Statement Schedules (omitted because they are either not required, are not applicable, or the required information is disclosed in the notes to the financial statements or related notes).

(3)

The following exhibits are filed with this Annual Report on Form 10-K or incorporated by reference:

EXHIBITS

**Exhibit
Number**

Description of Exhibits

3.1*	Articles of Incorporation of Montgomery Mines Inc, October 30, 1935
3.2*	Articles of Amendment, Montgomery Mines Inc., April 12, 1948
3.3*	Articles of Amendment, Montgomery Mines Inc., February 6, 1970
3.4*	Articles of Amendment, Montgomery Mines Inc., April 10, 1978
3.5*	Articles of Amendment, Thunder Mountain Gold, August 26, 1985
3.6*	Articles of Amendment, Thunder Mountain Gold, October 17, 1985
3.7*	Articles of Incorporation, Thunder Mountain Gold Inc. (Nevada), December 11, 2007
3.8*	Bylaws, Montgomery Mines Inc.
3.9*	Bylaws, Thunder Mountain Gold Inc. (Nevada)
10.1*	Agreement and Plan of Merger, Thunder Mountain Gold (Nevada)
22.1**	Subsidiaries of the Registrant
31.1**	

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Certification of Chief Executive Officer of Periodic Report pursuant to Rule 13a-14(a) and Rule 15d-14(a)(Section 302 of the Sarbanes- Oxley Act of 2002).

31.2** Certification of Chief Financial Officer of Periodic Report pursuant to Rule 13a-14(a) and Rule 15d-14(a)(Section 302 of the Sarbanes- Oxley Act of 2002).

32.1** Certificate of Principal Executive Officer pursuant to 18 U.S.C. 1350 (Section 906 of the Sarbanes-Oxley Act of 2002).

32.2** Certificate of Principal Financial Officer pursuant to 18 U.S.C. 1350 (Section 906 of the Sarbanes-Oxley Act of 2002).

* Previously filed as an exhibit to Form 10-KSB, filed on April 16, 2008, SEC File No. 001-08429.

** Filed herewith.

DOCUMENTS INCORPORATED BY REFERENCE

None

Table of Contents

SIGNATURES

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

THUNDER MOUNTAIN GOLD, INC.

/s/ Eric T. Jones

By _____

Eric T. Jones

President and CEO

Date: December 19, 2011

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/ E. James Collord

By _____

E. James Collord

Vice President and COO

Date: December 19, 2011