



THUNDERMIN
RESOURCES INC.



ANNUAL REPORT 2010

Corporate Profile

THUNDERMIN RESOURCES INC. is a Canadian-based mineral exploration company focused on the exploration for and discovery of economically viable base metal and gold deposits in Canada. Thundermin's corporate objective is to become a profitable, producing mining company in the years ahead.

Thundermin currently has an interest in, or the right to acquire an interest in, 11 base metal and gold properties in Canada. Thundermin also has royalty interests in a further 28 base metal and gold properties located in Manitoba, Saskatchewan, Quebec and British Columbia. In total, these properties host three gold deposits and nine base metal deposits as well as other gold and base metal mineralization of significance. Thundermin also has various shareholdings in thirteen other junior resource companies that are actively exploring for base metals, gold, chrome, vanadium-titanium and diamonds deposits in Canada.

Thundermin's shares trade on the Toronto Stock Exchange ("TSX") under the symbol "THR".

Corporate Activities and Highlights

- **Indicated Resources of 1,150,500 tonnes at an average grade of 2.8% Cu and Inferred Resources of 2,335,500 tonnes at an average grade of 2.1% Cu estimated for the Little Deer Copper Deposit by Scott Wilson RPA (National Instrument 43-101 compliant).**
- **Completed 11,615 metres of diamond drilling in 18 holes on the Little Deer Copper Deposit. Successfully confirmed historical copper grades and widths and expanded the area of known high-grade copper mineralization over a strike length of 1,050 metres and to a vertical depth of 1,000 metres.**
- **Metallurgical test work completed by SGS Lakefield Research which indicated excellent results with the production of a clean, high-grade copper concentrate grading over 28% Cu with over 97% copper recovery.**
- **Maintained working capital of approximately \$1,251,500 at year end.**
- **Strengthened the balance sheet subsequent to year-end by raising approximately \$1,007,000 in flow-through funds to finance exploration programs in 2011.**
- **Received \$196,765 in grants from the Government of Newfoundland and Labrador under its Junior Exploration Assistance Program with respect to expenditures made on the Little Deer Copper Deposit during 2009 and 2010.**
- **Received \$101,425 from Alexis Minerals Corporation with respect to Thundermin's 2.5% NSR royalty on 3,443 ounces of gold recovered from an approximately 25,000 t bulk sample which was mined by Alexis from the Pelletier Lake gold deposit during Q4-2009, Q1-2010 and Q2-2010.**

Director's Report to Shareholders

Thundermin's exploration efforts during 2010 remained focused on the Little Deer Copper Deposit ("Deposit") which is located approximately 10 km north of Springdale in north-central Newfoundland. Diamond drilling programs undertaken during 2010 continued to return positive results which led to the expansion of the global copper resource within the Deposit. Initial metallurgical test work was also positive with over 97% copper recovery to a clean, high-grade concentrate grading over 28% copper. Thundermin is of the opinion that drilling in 2011 will be successful in outlining sufficient quantities of economic copper mineralization to justify a new copper mine at Little Deer.

Thundermin took advantage of high commodity prices and investor demand for junior resource stocks to strengthen its balance sheet in March 2011 by raising approximately \$1,007,000 in flow-through funds to finance on-going exploration programs in 2011.

Little Deer Property

On June 20, 2007, Thundermin and 50% joint venture partner, Cornerstone Resources Inc. ("Cornerstone"), signed an agreement with Weyburn Investments Ltd. ("Weyburn") under which Thundermin and Cornerstone have an option to acquire a 100% interest in Weyburn's past-producing Little Deer Copper Deposit and adjacent property which is located approximately 10 kilometres ("kms") north of Springdale in north-central Newfoundland. Thundermin, under its joint venture agreement with Cornerstone, has the right to increase its interest in the joint venture to 75% by completing a feasibility study and by arranging 100% of the necessary bank financing required to place the property into commercial production (visit Thundermin's website and SEDAR and see "Little Deer Copper Property" in the accompanying MD&A for details of this transaction and exploration results to date).

On July 12, 2010, Thundermin and Cornerstone maintained their option to earn a 100% interest in the Little Deer property by each paying \$100,000 to Weyburn in cash and/or shares. Thundermin issued 840,336 shares to Weyburn at a price of \$0.119 per share and Cornerstone issued 684,932 shares to Weyburn at a price of \$0.146 per share. These share issuances maintain the option on the property in good standing until July 12, 2011. In order to fully exercise the option and earn a 100% interest in the property, Thundermin and Cornerstone must each pay a further \$750,000 to Weyburn, in cash and/or shares at each company's election, on or before July 12, 2011.

To December 31, 2010, Thundermin and Cornerstone have spent approximately \$6.0 million on the Little Deer property. Exploration work has included approximately 36,000 metres ("m") of diamond drilling in 47 holes, borehole Pulse EM surveys, assaying of core samples,

lithogeochemical analysis on whole rock samples, a Differential GPS survey of all recent and historical drill holes to determine accurate collar locations and elevations, 227 line kms of VTEM airborne electromagnetic and magnetic surveys, the completion of an updated National Instrument 43-101 ("NI 43-101") compliant mineral resource estimate for the Deposit and scoping level metallurgical test work on copper mineralization from the Deposit.

In October 2010, Thundermin and Cornerstone announced that an updated NI 43-101 compliant mineral resource estimate had been completed by Scott Wilson Roscoe Postle Associates Inc. ("Scott Wilson RPA") under the supervision of Mr. Reno Pressacco, M.Sc. (A), P.Geo., Senior Geologist for Scott Wilson RPA and an independent Qualified Person ("Q.P.") in accordance with NI 43-101. Scott Wilson RPA estimated that the Deposit contains Indicated Resources of 1,150,500 tonnes ("t") at an average grade of 2.8% Cu and additional Inferred Resources of 2,335,500 t at an average grade of 2.1% Cu.

Scoping level metallurgical test work undertaken at SGS Lakefield Research Limited ("Lakefield") of Lakefield, Ontario, on core samples from the Deposit indicated that a clean, high-grade copper concentrate grading over 28% copper with over 97% recovery can be produced.

A \$1,600,000 diamond drilling program, comprising approximately 12,000 to 13,000 m of drilling in 18 to 20 holes and employing two drills, commenced on the Deposit on December 1, 2010. A total of 6,372 m of drilling in 13 holes was completed to March 25, 2011. The primary purpose of this drill program is to increase the mineral resources outlined to date in the Deposit to the 5-6 million tonne range. The potential increase of the current mineral resources is conceptual in nature and it is uncertain whether further exploration drilling will result in an expansion of the mineral resource outlined to date.

Optioned Properties

During the period 2005 to 2009, Thundermin optioned the Pelletier Lake gold property near Rouyn-Noranda, Quebec; the Scott Lake zinc-copper property near Chibougamau, Quebec; the Gold Hawk gold property near Val d'Or, Quebec; the Blue Quartz gold property in Ontario; the Obalski, Cossette and Ramsey gold properties near Chibougamau, Quebec and the Valdora gold property near Val d'Or, Quebec to Alexis Minerals Corporation ("Alexis"); Cogitore Resources Inc. ("Cogitore"); Niogold Mining Corporation ("Niogold"); Russet Lake Resources Inc. ("Russet Lake") (now Red Mile Minerals Corp. ("Red Mile")); a private individual ("Optionee"), and Alexandria Minerals Corporation ("Alexandria"), respectively. Thundermin has been advised by the respective optionees that exploration programs were carried out on these properties during 2010 (see "Optioned Properties").

The Pelletier Lake gold property and the Scott Lake zinc-copper properties are the most advanced of Thundermin's "Optioned Properties". At Pelletier Lake, Alexis estimates the Measured and Indicated Resources to be 279,442 t grading 8.61 grams/tonne ("g/t") Au (77,372 oz Au) at a cut-off grade of 5.5 g/t Au and Inferred Resources to be 419,514 t grading 8.37 g/t Au (112,899 oz Au) at a cut-off grade of 5.5 g/t Au. On June 28, 2010, Alexis released a positive feasibility study for Pelletier Lake. The study confirmed the profitability of Pelletier Lake and suggested that the project had long term potential through additional exploration. On September 8, 2010, Thundermin received a cash payment of \$101,425 from Alexis with respect to Thundermin's 2.5% NSR royalty on 3,443 ounces of gold produced from an approximately 25,000 t bulk sample which was mined from the Pelletier Lake gold deposit during Q4-2009, Q1-2010 and Q2-2010. On August 31, 2010, Thundermin received a letter from Alexis advising Thundermin that Alexis was exercising its Option to acquire the Pelletier Lake property by making a production commitment to Thundermin to place the deposit into commercial production. Thundermin, however, does not believe that Alexis is following the provisions in the Agreement with regard to placing the deposit into commercial production and, therefore, Thundermin notified Alexis on December 6, 2010 that it intends to arbitrate the dispute with the aim of regaining full ownership of the Pelletier Lake gold property.

At Scott Lake, Cogitore has been successful in discovering additional copper-zinc mineralization on the property. On November 23, 2009, Cogitore announced an NI 43-101 compliant mineral resource estimate for the West Zone of 3.6 million tonnes grading 1.1% Cu, 5.2% Zn, 0.3 g/t Au and 36.0 g/t Ag. Diamond drilling is continuing on the property with the aim of expanding the current resources during 2011. Upon reaching commercial production on any deposit discovered on the property, Cogitore is required to make a cash payment to Thundermin ranging from \$1.0 to \$4.0 million, depending on the size of the deposit discovered, and must also issue 1.0 million shares of Cogitore to Thundermin.

Financial Position

On the financial front, Thundermin remains debt free with cash and cash equivalents of \$410,666 and working capital of \$1,251,404 as at December 31, 2010. Thundermin had a net loss of \$49,600 in 2010 compared to a net loss of \$751,036 in 2009. Revenue in 2010 decreased to \$115,813 from \$145,130 in 2009. Royalty income from Thundermin's 2.5% net smelter returns royalty on gold production from a bulk sample from the Pelletier Lake gold deposit was \$101,425 compared to nil in 2009. Proceeds on the sale/transfer of mineral rights decreased to \$13,625 in 2010 compared to \$142,950 in 2009 and interest income decreased to \$763 in 2010 from \$2,180 in 2009 due to lower cash

balances and lower interest rates. Administration expenses for 2010 decreased slightly to \$385,340 from \$390,454 in 2009. During 2010, Thundermin incurred exploration expenditures of \$811,363 compared to \$823,650 in 2009. The majority of these funds were expended on continued diamond drilling of the Little Deer Copper Deposit, an updated NI 43-101 compliant mineral resource estimate for the Deposit and a scoping level metallurgical test program on copper mineralization from the Deposit.

During 2010, Thundermin received a total of \$190,765 in grants from the Government of Newfoundland and Labrador under its Junior Exploration Assistance Program with respect to expenditures made on the Little Deer Copper Deposit during 2009 and 2010. Thundermin also received total proceeds of \$181,914 from the sale during 2010 of 169,500 shares of Niogold Mining Corporation and 35,000 shares of Queenston Mining Inc. ("Queenston") from its marketable securities. On September 8, 2010, Thundermin received a payment of \$101,425 from Alexis with respect to Thundermin's 2.5% NSR royalty on 3,443 ounces of gold recovered from an approximately 25,000 tonne bulk sample which was mined by Alexis from the Pelletier Lake gold deposit during Q4-2009, Q1-2010 and Q2-2010. On September 9, 2010, Thundermin received a cash payment of \$10,000 and 25,000 shares from Red Mile as per the terms of a joint venture agreement on Thundermin's Blue Quartz gold property. Subsequent to year-end on March 4, 2011, Thundermin raised \$1,007,310 in flow-through funds to be spent on Canadian exploration programs during 2011.

Thundermin holds various shareholdings in thirteen, Canadian-based, junior resource companies that are actively exploring for gold, base metal, chrome, vanadium-titanium and diamond deposits in Canada (see "Marketable Securities"). The quoted market value of Thundermin's marketable securities as at December 31, 2010 was \$1,191,983 compared to \$1,333,561 as at December 31, 2009. Of significance, Thundermin holds 137,700 shares of Queenston which is exploring its large land position in the Kirkland Lake gold camp of northern Ontario. Thundermin holds 300,000 shares of Cogitore, which has recently discovered high grade copper-zinc mineralization on the Scott Lake property which was acquired from Thundermin; 367,155 shares of KWG Resources Inc., which is exploring for copper-zinc, nickel-copper-platinum-palladium and chrome deposits in the "Ring-of-Fire" in the James Bay Lowlands; and 66,666 shares of Goldstone Resources Inc. which, along with Premier Gold Mines Ltd., is exploring for gold in the Geraldton gold camp of north-western Ontario. Thundermin will continue to monitor the exploration successes of these junior exploration companies with the aim of collecting various royalties when due and/or monetizing its share position in these companies when appropriate.

2011 Outlook

Thundermin's primary exploration focus during 2011 will continue to be on the Little Deer Copper Deposit and surrounding lands. A \$1,600,000 diamond drilling program, comprising approximately 12,000 to 13,000 m of drilling in 18 to 20 holes employing two drills, commenced on December 1, 2010. The primary purpose of this program is to increase the NI 43-101 mineral resource outlined to date in the Deposit to the 5 to 6 million tonne range. A new resource estimate will be undertaken at the completion of the current drill program which will incorporate all new and historical drill information from the property. Subject to the results of this work, it is anticipated that a major drill program will be required in the second half of 2011 to upgrade the known resources from the Inferred to the Indicated category. This drilling will help determine if sufficient quantities of economic grade copper mineralization exists to justify the development of a new copper mine at Little Deer. Thundermin also intends during 2011 to undertake an initial diamond drilling program on its 100% owned Lebel gold property which is located on the Kirkland Lake Main Break approximately 1 km east of the Kirkland Lake City Center. Thundermin will also continue to review new exploration properties of merit in Canada for the discovery of new base metal and gold deposits and continue its strategy of joint venturing or selling exploration properties from its inventory that are no longer considered core assets.

Board of Directors

Mr. Charles E. Page has advised Thundermin's Board of Directors that he will not stand for re-election to Thundermin's Board at Thundermin's upcoming Annual General Meeting scheduled for May 12, 2011. Mr. Page has indicated that his responsibilities as President & CEO of Queenston Mining Inc. will make it difficult for him to devote the time necessary to adequately fulfill the responsibilities of a Director of Thundermin as he is fully focused on moving Queenston to producer status in the Kirkland Lake gold camp. Mr. Page has been associated with Thundermin for over 20 years. Thundermin's Board of Directors wishes to thank Mr. Page for his 20 year contribution to Thundermin's business activities and wishes him continued success in his future endeavors with Queenston.

"Signed"

John B. Heslop
*President and
Chief Executive Officer*

March 25, 2011

"Signed"

James W. Gill
Chairman of the Board

Management's Discussion and Analysis of Financial Condition And Results of Operations

General

This Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") for Thundermin Resources Inc. ("Thundermin") is intended to supplement and compliment the audited financial statements and notes thereto for the year ended December 31, 2010, which have been prepared by Thundermin's management in accordance with Canadian generally accepted accounting principles ("GAAP"). The MD&A should be read in conjunction with the audited financial statements and the notes to the audited financial statements. The MD&A is current to March 25, 2011.

This MD&A, except for historical information, may contain "forward-looking statements" that reflect Thundermin's current expectations and projections about future results. When used in this MD&A, forward-looking statements can be identified by the use of words such as "estimate", "consider", "anticipate", "expect", "objective", "potential", "forecast", "believe", "project", "plan" and similar expressions or variations of such words. Forward-looking statements are, by their very nature, not guarantees of Thundermin's future operational or financial performance and these statements may involve known

and unknown risks, uncertainties and other factors that may cause the actual level of activity, results, prospects and performance to differ materially from any future levels of activity, results, prospects and performance expressed in, or implied by, these forward-looking statements. Although Thundermin believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements and there are no guarantees that any of Thundermin's projects will otherwise prove to be economic.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this MD&A or as of the date otherwise specifically indicated herein. Due to risks and uncertainties, including the risks and uncertainties referred to elsewhere in this MD&A, actual events may differ materially from current expectations. Thundermin disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law.

Corporate Overview

Thundermin is a Canadian mineral exploration company focused on the discovery and development of new base metal and gold deposits in Canada. Thundermin has an interest in, or the right to acquire an interest in, 11 base metal and gold properties in Canada. In addition, Thundermin has a 6% net profits interest royalty in 26 base metal and gold properties located in Manitoba and Saskatchewan, a 3% net smelter returns ("NSR") royalty in a nickel-copper property located in the Ungava region of northern Quebec and a 1% NSR royalty in a gold-copper property located in the Stewart area of British Columbia. In addition, Thundermin holds various shareholdings in thirteen, Canadian-based, junior resource companies that are actively exploring for gold, base metal, chrome, vanadium-titanium and diamond deposits in Canada (see "Marketable Securities"). Thundermin is a reporting issuer in Ontario, Quebec, Manitoba, Saskatchewan, Alberta and British Columbia and its shares trade on the Toronto Stock Exchange under the trading symbol THR. Thundermin's head office is located in Toronto, Canada.

On June 20, 2007, Thundermin and 50% joint venture partner, Cornerstone Resources Inc. ("Cornerstone") signed an agreement with Weyburn Investments Ltd. ("Weyburn") under which Thundermin and Cornerstone have the right to earn a 100% interest in Weyburn's Little Deer Copper Deposit ("Deposit") and adjacent property which is located approximately 10 kilometres ("kms") north of Springdale in north-central Newfoundland. As at November 30, 2010, Thundermin and Cornerstone had completed approximately 36,000 metres ("m") of drilling in 47 holes on the Deposit. A \$1,600,000 diamond drilling program, comprising approximately 12,000 to 13,000 m of drilling in 18 to 20 holes and employing two drills, commenced on the Deposit on December 1, 2010. A total of 6,372 m of drilling in 13 holes has been completed to March 25, 2011.

On October 13, 2010, a revised National Instrument 43-101 ("NI 43-101") compliant mineral resource estimate was announced for the Deposit. Scott Wilson Roscoe Postle Associates Inc. ("Scott Wilson RPA") of Toronto, Ontario, Thundermin's independent resource estimate consultants, estimated that the Deposit contains Indicated Resources of 1,150,500 tonnes ("t") at an average grade of 2.8% Cu and additional Inferred Resources of 2,335,500 t at an average grade of 2.1% Cu. On October 19, 2010, excellent metallurgical results from scoping level test work on core samples from the Deposit were announced. The metallurgical test work, which was undertaken at SGS Lakefield Research Limited ("Lakefield") of Lakefield, Ontario, indicates that a saleable, high grade copper concentrate grading over 28% copper with over 97% recovery and free of any deleterious elements can be produced from the Deposit (see "Little Deer Copper Property").

During the period 2005 to 2009, Thundermin optioned the Pelletier Lake gold property near Rouyn-Noranda, Quebec; the Scott Lake zinc-copper property near Chibougamau, Quebec; the Gold Hawk gold property near Val d'Or, Quebec; the Blue Quartz gold property in Ontario; the Obalski, Cossette and Ramsey gold properties near Chibougamau, Quebec and the Valdora gold property near Val d'Or, Quebec to Alexis Minerals Corporation ("Alexis"); Cogitore Resources Inc. ("Cogitore"); Niogold Mining Corporation ("Niogold"); Russet Lake Resources Inc. ("Russet Lake") (now Red Mile Minerals Corp. ("Red Mile")); a private individual ("Optionee"), and Alexandria Minerals Corporation ("Alexandria"), respectively. Thundermin has been advised by the respective optionees that exploration programs were carried out on these properties during 2010 (see "Optioned Properties").

During 2010, Thundermin focused its exploration efforts on two diamond drilling programs on the Little Deer Copper Deposit in order to confirm and increase the copper resources outlined by wide-spaced historical holes both at depth and along strike. In addition, Thundermin continued to review new exploration opportunities of merit for purchase or option.

Results from Operations

Thundermin had a net loss of \$49,600 (\$0.00 per share) in 2010 compared to a net loss of \$751,036 (\$0.01 per share) in 2009. The net loss for the year of \$49,600 in 2010 resulted from a loss from operations of \$279,202 and mineral properties and exploration costs written off of \$27,188 that were mostly offset by a gain on sale of marketable securities of \$131,790, which resulted from the sale of 35,000 shares of Queenston Mining Inc. ("Queenston") and 169,500 shares of Niogold, and a recovery of future income taxes of \$125,000. The net loss for the year of \$751,036 in 2009 resulted from a loss from operations of \$398,963 and mineral properties and exploration costs written off of \$912,072 that were partially offset by a gain on sale of marketable securities of \$414,999, which resulted from the sale of 100,000 shares of Queenston and 100,000 shares of Alexis, and a recovery of future income taxes of \$145,000.

Administration expenses for 2010 decreased to \$385,340 compared to \$390,454 in 2009. The decrease in administration expenses for 2010 over 2009 was primarily due to a decrease in filing fees to \$23,705 from \$33,236; a decrease in legal fees to \$2,056 from \$20,317; a decrease in other professional services to \$5,000 from \$18,863; and a decrease in transfer agent costs to \$16,593 from \$24,738. These decreased costs in administration expenses for 2010 over 2009 more than off-set an increase in audit costs to \$45,350 from \$22,000; an increase in general costs to \$9,162 from \$4,619; an increase in consultant costs to \$46,525 from \$40,284;

an increase in shareholder information costs to \$30,419 from \$23,672; an increase in telephone costs to \$6,038 from \$4,100; an increase in rent to \$28,227 from \$26,903; an increase in flow-through tax to \$4,444 from nil; and an increase in income tax – federal/provincial harmonization to \$1,381 from nil.

Revenues in 2010 decreased to \$115,813 from \$145,130 in 2009. Royalty income from Thundermin's 2.5% NSR on gold produced from a bulk sample from the Pelletier Lake gold deposit was \$101,425 compared to nil in 2009. Proceeds on the sale/transfer of mineral rights were \$13,625 in 2010 compared to \$142,950 in 2009. Interest income decreased to \$763 in 2010 from \$2,180 in 2009 due to lower cash balances and lower interest rates. During the year, Thundermin received a capital tax refund of \$9,801 compared to a capital tax refund of \$10,550 in 2009.

Liquidity and Capital Resources

Thundermin's usual source of funding to meet exploration expenditures and cover administrative costs is to raise equity financing through private placements or the exercise of warrants as well as receiving proceeds from option payments from mineral property transactions, from the sale of marketable securities, from managing joint venture exploration programs and from government grants.

On February 19, 2010, Thundermin received a \$50,000 grant from the Government of Newfoundland & Labrador under its Junior Company Exploration Assistance Program ("JEA") with respect to exploration expenditures made on the Little Deer property during the first half of 2009. On March 30 and April 29, 2010, Thundermin received JEA grants of \$50,000 and \$40,765, respectively, with respect to exploration expenditures made on the Little Deer property during the second half of 2009. On December 22, 2010, Thundermin received a \$50,000 JEA grant with respect to exploration expenditures made on the Little Deer property during the first half of 2010.

On June 14, 2010, Thundermin received \$50,000 as a result of the exercise of an agent's option on 625,000 shares at a price of \$0.08 per share relating to a flow-through share transaction completed on December 31, 2008.

On August 13, 2010, Thundermin received proceeds of \$124,845 from the sale during July and August, 2010 of 169,500 shares of Niogold and 35,000 shares of Queenston from its marketable securities. On December 3, 2010, Thundermin received \$57,130 from the sale of an additional 10,000 shares of Queenston.

On September 8, 2010, Thundermin received a payment of \$101,425 from Alexis with respect to Thundermin's 2.5% NSR royalty on 3,443 ounces of gold recovered

from an approximately 25,000 t bulk sample which was mined by Alexis from the Pelletier Lake gold deposit during Q4-2009, Q1-2010 and Q2-2010.

On September 9, 2010, Thundermin received a cash payment of \$10,000 and 25,000 shares from Red Mile as per the terms of a joint venture agreement on Thundermin's Blue Quartz gold property.

At December 31, 2010, Thundermin had cash and cash equivalents of \$410,666 compared to \$787,439 as at December 31, 2009. Thundermin's cash and cash equivalents as at December 31, 2010 comprised \$310,727 in cash and \$99,939 in Bankers' Acceptances which are short-term promissory notes that are guaranteed by Canadian banks. Accounts receivable as at December 31, 2010 amounted to \$30,192 (December 31, 2009 – \$174,108) and included government GST and QST tax receivables.

Working capital as at December 31, 2010 was \$1,251,404 compared to \$2,144,523 as at December 31, 2009. Working capital as at December 31, 2010 includes the \$1,191,983 quoted market value of Thundermin's marketable securities. Management will continue to review its portfolio of marketable securities with the view to maximizing returns in the market when appropriate.

Property Transactions

On September 1, 2008, Thundermin granted Russet Lake, a private Ontario corporation, the option to acquire Thundermin's 50% interest in the Blue Quartz gold property located in northern Ontario. In consideration of such option, Russet Lake paid \$10,000 cash and issued 25,000 Russet Lake shares to Thundermin upon signing of the agreement. To maintain the option, Russet Lake must make additional cash payments of \$30,000 and issue an additional 125,000 shares to Thundermin and complete \$500,000 of exploration work on the property in stages over three years. On July 29, 2009, Thundermin entered into an Option Assignment Consent Agreement wherein Red Mile, an Alberta corporation, acquired the rights of Russet Lake in the Blue Quartz property as a Qualifying Transaction prior to listing on the Toronto Stock Exchange ("TSX-V"). All Russet Lake shares received or due under the agreement will be replaced with Red Mile shares on a one for one basis. On September 24, 2009, Thundermin received a \$10,000 payment from Russet Lake as per the terms of the original agreement. Subsequent to year-end, Red Mile commenced trading on the TSX-V and Thundermin received an additional 25,000 shares of Red Mile that Thundermin had agreed to defer the receipt thereof until after the closing of the Russet Lake – Red Mile transaction. Should Red Mile earn its interest in the property, Thundermin will retain a 0.5% NSR therein, 0.25% of which can be purchased from Thundermin at any time by Red Mile for \$250,000.

Financing Activities

Thundermin did not enter into any financing arrangements during 2010.

Subsequent to year-end on March 3, 2011, Thundermin raised \$1,007,310 by way of a non-brokered private placement to accredited investors. The private placement offering consisted of 3,874,270 units at a price of \$0.26 per unit. Each unit consisted of one flow-through common share and one half of one common share purchase warrant. Each whole common share purchase warrant entitles the holder to purchase an additional common share at a price of \$0.35 per share on or before September 3, 2012. In the event that Thundermin's shares trade at a weighted-average price of \$0.60 or more per share over a period of at least 20 consecutive

trading days, Thundermin will have the right, upon giving notice to the warrant holder, to accelerate the expiry date of the warrants to the date that is 30 days from the date that notice was provided.

Thundermin will evaluate avenues for raising additional funds for both exploration and general corporate purposes during 2011, including the issuance of flow-through shares and the sale of some of its marketable securities.

Summary of Quarterly Results

The following selected financial data are derived from the unaudited interim financial statements of Thundermin, which were prepared in accordance with Canadian generally accepted accounting principles (see Table 1 below).

Table 1: Summary of Quarterly Results

For the Quarters Ended	2010				2009			
	Dec 31	Sept 30	June 30	Mar 31	Dec 31	Sept 30	June 30	Mar 31
	\$				\$			
Revenues	243	113,692	150	1,728	275	143,063	513	1,279
Administration expenses	109,230	63,519	91,924	120,667	70,050	63,048	122,411	134,945
Mineral properties & exploration cost written off	7,327	7,726	4,046	8,089	910,790	1,282	-	-
Gain on sale/ transfer of mineral properties	-	12,125	-	1,500	-	142,950	-	-
Marketable securities	1,191,983	1,014,478	997,798	1,129,801	1,333,561	1,426,874	946,130	1,286,013
Gain on sale of marketable securities	53,930	77,860	-	-	-	-	414,999	-
Net (loss) income	(148,374)	120,307	105,495	(127,028)	(980,565)	72,333	293,101	(135,905)
Basic and diluted net (loss) earnings per share	(0.00)	0.00	0.00	(0.00)	(0.01)	0.00	0.00	(0.00)
Total assets	4,553,974	4,088,490	3,923,249	4,260,988	4,432,067	4,910,056	4,462,549	4,319,123
Exploration expenditures	75,724	291,022	284,368	160,249	298,525	124,049	333,295	67,780
Working capital	1,251,404	1,200,481	1,201,930	1,660,075	2,144,523	2,102,003	1,615,715	1,963,081
Financing activities	-	-	-	-	500,000	-	-	-

Table 2: Selected Annual Information

For the Years Ending December 31	2010	2009	2008
	\$	\$	\$
Revenues	115,813	145,130	175,521
Administration expenses	385,340	390,454	475,971
Mineral properties & exploration costs written off	(27,188)	(912,072)	(48,699)
Gain on sale/ transfer of mineral properties	13,625	142,950	145,501
Gain on sale of marketable securities	131,790	414,999	-
Net (loss)	(49,600)	(751,036)	(94,157)
Basic and diluted net (loss) per share	(0.00)	(0.01)	(0.00)
Total assets	4,553,974	4,432,067	4,164,293
Exploration expenditures	811,363	823,650	1,071,930

The fluctuation in Thundermin's quarterly net loss/income over the last eight quarters is primarily due to gains on the sale of mineral properties and marketable securities and the write-down of the carrying value of resource properties. The carrying values of resource properties are written down at the time the properties are abandoned or considered to be impaired in value. These write-downs are usually more significant in terms of dollar amounts in comparison to Thundermin's expenses for its ordinary activities.

Selected Annual Information

The following selected financial data for each of the three most recently completed financial years are derived from the audited annual financial statements of Thundermin which were prepared in accordance with Canadian generally accepted accounting principles (see Table 2).

Thundermin had a net loss of \$49,600 (\$0.00) per share in 2010 compared to a net loss of \$751,036 (\$0.01 per share) in 2009 and a net loss of \$94,157 (\$0.00 per share) in 2008. The net loss of \$49,600 in 2010 resulted from a loss from operations of \$279,202 and mineral properties and exploration costs written off of \$27,188 that were mostly offset by a gain on sale of marketable securities of \$131,790, which resulted from the sale of 35,000 shares of Queenston and 169,500 shares of Niogold, and a recovery of future income taxes of \$125,000. The net loss for the year of \$751,036 in 2009 resulted from a loss from operations of \$398,963 and mineral properties and exploration costs written off of \$912,072 that were partially offset by a gain on sale of marketable securities of \$414,999, which resulted from the sale of 100,000 shares of Queenston and 100,000 shares of Alexis, and a recovery of future income taxes of \$145,000. The net loss for the year of \$94,157 in 2008 resulted from a loss from operations of \$300,450 and mineral properties and exploration costs written off of \$48,699 that were partially offset by a recovery of future income taxes of \$254,992.

Total assets increased to \$4,553,974 in 2010 from \$4,432,067 in 2009 and \$4,164,293 in 2008.

Total expenses for 2010 of \$395,015 include administration expense of \$385,340 and compensation expense of \$9,675, reflecting the fair value of stock options granted during the year. Total expenses for 2009 of \$544,093 include administration expenses of \$390,454 and compensation expense of \$153,639, reflecting the fair value of stock options granted during the year. Total expenses of \$475,971 for 2008 include a one-time charge of \$57,969 for the relocation of Thundermin's corporate head office. No stock options were granted in 2008.

Exploration

During 2010, Thundermin incurred exploration expenditures of \$811,363 compared to \$823,650 in 2009. The majority of these funds were expended on continued diamond drilling of the Little Deer Copper Deposit ("Deposit"),

an updated NI 43-101 compliant mineral resource estimate for the Deposit, a scoping level metallurgical test program on copper mineralization from the Deposit and on miscellaneous other projects, including landholding costs associated with Thundermin's portfolio of other Canadian properties.

Thundermin's exploration budget for the first half of 2011 is approximately \$800,000, the majority of which will be spent on diamond drilling and geophysical surveys on the Little Deer Copper Deposit with 50% partner Cornerstone contributing a further \$800,000. Thundermin anticipates that it may spend an additional \$500,000 on the Deposit during the second half of 2011. Further expenditures during 2011 will be subject to results from the drilling program currently in progress, the exercise of the option to earn a 100% interest in the Little Deer property (see "Little Deer Copper Property") and the raising of additional financing.

During 2011, Thundermin also expects to undertake an initial diamond drilling program on its 100% owned Lebel gold property which is located on the Kirkland Lake Main Break approximately 1 km east of the Kirkland Lake City Center (see Lebel Gold Property).

Little Deer Copper Property

On June 20, 2007, Thundermin and 50% joint venture partner, Cornerstone, signed an agreement with Weyburn under which Thundermin and Cornerstone have an option to acquire a 100% interest in Weyburn's past-producing Little Deer Copper Deposit ("Deposit") and adjacent property which is located approximately 10 kms north of Springdale in north-central Newfoundland. Thundermin, under its joint venture agreement with Cornerstone, has the right to increase its interest in the joint venture to 75% by completing a feasibility study and by arranging 100% of the necessary bank financing required to place the property into commercial production. Details of the terms of the agreements with Weyburn and Cornerstone can be found on Thundermin's website and on SEDAR.

On July 12, 2010, Thundermin and Cornerstone maintained their option to earn a 100% interest in the Little Deer property by each paying \$100,000 to Weyburn in cash and/or shares. Thundermin issued 840,336 shares to Weyburn at a price of \$0.119 per share and Cornerstone issued 684,932 shares to Weyburn at a price of \$0.146 per share. These share issuances maintain the option on the property in good standing until July 12, 2011. In order to fully exercise the option and earn a 100% interest in the property, Thundermin and Cornerstone must each pay a further \$750,000 to Weyburn, in cash and/or shares at each company's election, on or before July 12, 2011.

To December 31, 2010, Thundermin and Cornerstone have spent approximately \$6,000,000 on the Little Deer property. Exploration work included approximately 36,000 m of diamond drilling in 47 holes, borehole

Pulse EM surveys, assaying of core samples, litho-geochemical analysis on whole rock samples, a Differential GPS survey of all recent and historical drill holes to determine accurate collar locations and elevations, 227 line kms of VTEM airborne electromagnetic and magnetic surveys, the completion of an updated NI 43-101 compliant mineral resource estimate for the Deposit and scoping level metallurgical test work on copper mineralization from the Deposit.

Mineral Resource Update

On October 13, 2010, Thundermin and Cornerstone announced that an updated NI 43-101 compliant mineral resource estimate had been completed by Scott Wilson RPA under the supervision of Mr. Reno Pressacco, M.Sc. (A), P.Geo., Senior Geologist for Scott Wilson RPA and an independent Qualified Person (“Q.P.”) in accordance with NI 43-101. Scott Wilson RPA estimated that the Deposit contains Indicated Resources of 1,150,500 t at an average grade of 2.8% Cu and additional Inferred Resources of 2,335,500 t at an average grade of 2.1% Cu (see Table 1). A NI 43-101 compliant Letter Report entitled “Mineral Resource Update for the Little Deer Project” dated September 30, 2010, to support the updated mineral resource estimate, is available on Thundermin’s website.

Table 1: Scott Wilson RPA Mineral Resource Estimate, September 30, 2010

Resource Classification/Zone	Tonnes	Cu%
Indicated Mineral Resources		
Little Deer Zone	1,150,500	2.8
Inferred Mineral Resources		
Little Deer Zone	1,227,300	2.2
Footwall Zone	1,108,200	1.9
Total Inferred Resources	2,335,500	2.1

Notes:

1. CIM definitions were followed for Mineral Resources.
2. Mineral Resources are estimated at a cut-off grade of 1.0% Cu. Tonnages are rounded.
3. Mineral Resources are estimated using an average long-term copper price of \$US 3.25 per pound and a \$US/\$CDN exchange rate of 0.90.
4. A minimum mining width of 2.0 metres was used.
5. No Mineral Reserves are present on the Little Deer property at this time.

The updated Little Deer mineral resource estimate was prepared by Scott Wilson RPA using a database containing 113 current and historical drill holes, 91 (48,814 m) of which were drilled from surface between 1961 and July 2010 and 22 (3,008 m) of which were drilled from underground during 1968. Of the 91 surface holes, Thundermin and Cornerstone have drilled 35,742 m in 57 holes, including all wedge holes and hole deepening.

Based on diamond drilling results to date, the Deposit is now interpreted to consist of two main copper-bearing zones, the Little Deer Zone and the Footwall Zone with

the Footwall Zone occurring mainly west of, and from 50 to 75 m below, the Little Deer Zone. A number of additional copper-bearing zones have also been intersected in the footwall of these two zones by the drilling completed to date, but their extent and significance are unknown at the present time.

To date, the Deposit has been intersected over a strike length of approximately 1,050 m and to a vertical depth of approximately 1,000 m. The overall Deposit remains open along strike to the east and west, up dip and at depth and the potential exists for the discovery of additional mineral resources in all areas. Furthermore, the potential for additional mineralization is also believed to be high in the central gap between the Little Deer and Footwall Zones. Additional details on the Deposit can be found in numerous Thundermin news releases dated between May 1, 2007 and March 22, 2011 which are on Thundermin’s website and on SEDAR.

Metallurgical Test Work

On October 19, 2010, excellent metallurgical results from scoping level test work on core samples from the Deposit were announced. This work, which was undertaken at SGS Lakefield Research Limited (“Lakefield”) of Lakefield, Ontario, indicates that a saleable, high-grade copper concentrate grading over 28% copper with over 97% recovery and free of any deleterious elements can be produced from the Deposit. The use of a simple rougher-cleaner flowsheet, a common xanthate collector, pH control with lime and a relatively coarse primary grind for copper liberation from mineralization of medium hardness suggest that the operating costs should fall into the low range for any metallurgical plant constructed to treat the Little Deer mineralization.

Lakefield undertook a scoping level metallurgical test program on a representative sample of copper mineralization from the Deposit grading 2.43% copper, 0.034% cobalt, 0.03 g/t Au, 19.1% iron and 5.99% sulphur accompanied by basic environmental characterization of the flotation tailings produced from the metallurgical test program.

Mr. Andrew Hussey, P.Geo., Project Geologist and Lands Manager, Cornerstone Resources Inc., is the Q.P. that is responsible for supervising the drilling program on the Little Deer property for the purposes of NI 43-101. Mr. Hussey has reviewed the contents of this annual report for accuracy as it pertains to the Little Deer project.

Lebel Gold Property

During 2011, Thundermin intends to undertake an initial 2,000 m, 5-6 hole, diamond drilling program on its 100% owned Lebel Township gold property which is located on the Kirkland Lake Main Break (“KLMB”) approximately 1 km east of the Kirkland Lake City Centre. The Kirkland Lake gold camp has produced approximately 40 million ounces of gold from the KLMB and subsidiary breaks over the last century.

The Lebel property consists of Mining Lease 105381 which covers 16 hectares on the north arm of Gull Lake in the northeast corner of Lebel Township. Thundermin acquired the Lebel property in 1998 upon its merger with Joutel Resources Limited. The property is subject to a 2% net smelter returns royalty and a 10% net profits interest royalty on any future revenue from the property.

Thundermin's Lebel property is favorably located near the eastern end of the KLMB between the past-producing Toburn Gold Mine directly to the west and the Glenora Gold Mine directly to the northeast. The KLMB is projected to pass through the northwest corner of Thundermin's Lebel property joining gold mineralization in the Toburn Gold Mine ("TGM") with gold mineralization in the Glenora Gold Mine ("GGM").

Approximately 570,000 ounces of gold and 135,000 ounces of silver were produced by Toburn Gold Mines Limited ("Toburn") from the TGM during 1915 to 1916 and 1932 to 1953. Over the life of the mine, the ore averaged 16.46 g/tonne ("t") Au (0.48 oz/ton Au) and 4.80 g/t Ag (0.14 oz/ton Ag). The TGM has four shafts and 21 levels down to the 755 m elevation. On the lower levels, Toburn mined to within 122 m of the western boundary of Thundermin's Lebel property. Near the close of the mine in 1953, Toburn drilled two surface holes 61 m west of the western boundary of the Lebel property that reportedly cut ore grade gold mineralization.

Thundermin's Lebel property has seen only limited exploration. Three gold-bearing quartz veins were discovered in the northwest corner of the property by trenching in the early 1920's. This vein system is interpreted to coincide with the KLMB and be part of the same structure that was encountered in the two holes drilled 61 m west of the Lebel property boundary by Toburn in 1953. In 1924, a 13.7 m shaft was sunk on the most southerly quartz vein where gold values up to 10.29 g/t Au were encountered. The most northerly quartz vein, with reported gold values of up to 55.54 g/t Au, continues to the northeast to the Glenora shaft.

The most recent work on Thundermin's Lebel property was undertaken in 1983 by the Harbinson Mining and Oil Group ("HMOG"). One 107 m hole was drilled below the shaft at a -45° angle to test the down dip projection of the gold mineralization encountered in the surface trenches. This drill hole encountered two mineralized zones containing 2% to 15% fine grained pyrite with abundant sericite and quartz veinlets. The upper zone, in altered greywacke at a vertical depth of 22.9 m below surface, graded 5.83 g/t Au over 2.44 m. The lower zone, in altered conglomerate at a vertical depth of 57.9 m below surface, graded 4.80 g/t Au over 2.44 m. The projection of these zones to surface at a dip of -70° suggests that they correlate with the gold mineralization encountered in the surface trenches. The projected dip also agrees with the -70° average dip of the gold mineralization encountered at the TGM, 122 m to the west.

The purpose of the 2011 drill program is to further test the down dip projection of the gold mineralization encountered in the historical surface trenches and to test, both down dip and along strike, the gold mineralization intersected by HMOG. Two holes will be drilled beneath the hole drilled by HMOG, two holes will be drilled on a section approximately 50 m to the west between the HMOG hole and the western boundary with the Toburn property and two holes will be drilled on a section approximately 50 m east of the hole drilled by HMOG. A follow-up drill program on the property will be contingent upon results from the initial drill program. The current proposed drill program will commence once Thundermin has received all necessary permits and approvals.

Optioned Properties

On September 1, 2005, Thundermin granted to Alexis an option (the "Option") to acquire a 100% interest in Thundermin's **Pelletier Lake** gold property which is located in Rouyn-Noranda, Quebec (the "Agreement"). Under the terms of the Agreement, as amended, Alexis had until August 31, 2010 to exercise the Option and make a production commitment on the property, failing which the property would revert to Thundermin. Upon reaching commercial production, Thundermin will be entitled to a 2.5% NSR on any production from the property. Complete details of the Agreement can be found on Thundermin's website or on SEDAR.

On June 28, 2010, Alexis released a positive feasibility study for Pelletier Lake. The study confirmed the profitability of Pelletier Lake and suggested that the project had long term potential through additional exploration.

Measured and Indicated Resources at Pelletier Lake were estimated by Alexis to be 279,442 t grading 8.61 g/t Au (77,372 oz Au) at a cut-off grade of 5.5 g/t Au. Inferred Resources were estimated to be 419,514 t grading 8.37 g/t Au (112,899 oz Au) at a cut-off grade of 5.5 g/t Au. This resource estimate was prepared by Mr. Martin Peron, Eng., Superintendent of Geology, Pelletier Lake for Alexis and Q.P. as defined under NI 43-101.

On September 8, 2010, Thundermin received a cash payment of \$101,425 from Alexis with respect to Thundermin's 2.5% NSR royalty on 3,443 ounces of gold produced from an approximately 25,000 t bulk sample which was mined from the Pelletier Lake gold deposit during Q4-2009, Q1-2010 and Q2-2010.

On August 31, 2010, Thundermin received a letter from Alexis (the "Notice") advising Thundermin that Alexis was exercising its Option to acquire the Pelletier Lake property by making a production commitment to Thundermin to place the deposit into commercial production. At a meeting between the parties held on September 9, 2010 and confirmed by letter dated September 13, 2010, Thundermin advised Alexis that it was not prepared to accept the Alexis Notice as a valid

Notice under the Agreement. As reported in Thundermin's MD&A for Q3-2010, an agreement in principle to grant Alexis an extension until December 31, 2011 to exercise its Option was reached between the parties on November 8, 2010. Subsequent discussions between the parties, however, have failed to resolve certain significant differences and, as per the provisions in the Agreement, Thundermin notified Alexis on December 6, 2010 that it intends to arbitrate the dispute with the aim of regaining full ownership of the Pelletier Lake gold property.

On May 25, 2005, Thundermin granted Cogitore an option to acquire a 100% interest in Thundermin's **Scott Lake** massive base metal property located in Chibougamau, Quebec in consideration of staged payments totaling \$285,000 in cash and the issuance of 300,000 shares over a two year period. Among other things, upon reaching commercial production Cogitore is required to make a final cash payment to Thundermin ranging from \$1,000,000 to \$4,000,000, depending on the size of the deposit discovered, and issue to Thundermin 1,000,000 treasury shares. To date, Cogitore has been successful in discovering additional copper-zinc mineralization on the property. On November 23, 2009, Cogitore announced an NI 43-101 compliant mineral resource estimate for the West Zone of 3.6 million t grading 1.1% Cu, 5.2% Zn, 0.3 g/t Au and 36.0 g/t Ag. Diamond drilling is continuing on the property with the aim of expanding the current resources during 2011. Complete details of the agreement can be found on Thundermin's website or on SEDAR.

On July 18, 2008, Thundermin granted an Optionee the option to acquire a 100% interest in Thundermin's **Obalski, Cossette and Ramsey** gold properties located in the Chibougamau area of northern Quebec. In consideration of such option, the Optionee paid \$25,000 cash and issued 250,000 shares of Roxmark Mines Limited (now 66,666 shares of Goldstone Resources Inc.) to Thundermin upon signing of the agreement. To maintain the option, the Optionee was required to pay an additional \$25,000 to Thundermin on or before the first anniversary of the agreement, which payment was received, and complete \$75,000 in exploration on the property on or before the third anniversary of the agreement. Should the Optionee earn a 100% interest in the properties, Thundermin will be entitled to a 1.0% to 1.5% NSR in such properties, 0.5% to 1.0% of which can be purchased from Thundermin by the Optionee at any time for from \$500,000 to \$1,000,000. The Optionee undertook exploration work on the properties during 2010.

On July 15, 2009, Thundermin completed an agreement of purchase and sale with Alexandria with respect to Thundermin's 49% interest in the **Valdora** gold property located in Bourlamaque and Louvicourt Townships, Quebec. The purchase price for Thundermin's interest in the property was 75,000 common shares of Alexandria

and 75,000 common share purchase warrants entitling Thundermin to purchase 75,000 common shares of Alexandria for \$0.15 per share on or before July 29, 2011. In addition, Thundermin is entitled to a 1.0% NSR on any production from the property, 0.5% of which can be purchased by Alexandria for \$200,000 at any time up to 90 days after the approval by Alexandria's board of a production decision with respect to the property. Alexandria conducted exploration work on the property during 2010.

On July 29, 2009, Thundermin entered into an Option Assignment Consent Agreement wherein Red Mile, an Alberta corporation, acquired the rights of Russet Lake to earn a 100% interest in the **Blue Quartz** gold property as a Qualifying Transaction prior to listing on the Toronto Stock Exchange ("TSX-V"). To maintain the option, Red Mile was required to make an additional cash payment of \$10,000, issue an additional 50,000 shares to Thundermin and complete an additional \$150,000 of work on the property on or before September 1, 2010, which was done, and must make a further cash payment of \$10,000, issue a further 50,000 shares to Thundermin and complete a further \$250,000 of work on the property on or before September 1, 2011. Should Red Mile earn its interest in the property, Thundermin will retain a 0.5% NSR, 0.25% of which can be purchased from Thundermin at any time by Russet Lake for \$250,000.

On July 21, 2010, Red Mile announced that it had completed 1,500 m of drilling in four holes on the Blue Quartz property. Significant results include 5.3 g/t Au over 2.8 m, 11.9 g/t Au over 2.8 m, including 23.8 g/t over 1.0 m, and 1.6 g/t Au over 9.1 m, including 57.4 g/t over 0.2 m.

Share Capital

As at December 31, 2010, Thundermin had 73,429,861 shares outstanding, which is an increase of 1,465,336 shares compared to December 31, 2009. Of such shares, 625,000 were issued for total proceeds of \$50,000 on the exercise of an agent option pursuant to a private placement undertaken in 2008 and 840,336 shares were issued to Weyburn as per the terms of the Little Deer agreement. In addition, as at December 31, 2010, Thundermin had 1,388,885 warrants and 3,370,000 stock options outstanding, which if fully exercised would add another 4,758,885 shares to Thundermin's issued capital and add approximately \$700,000 to Thundermin's working capital.

Marketable Securities

As at December 31, 2010, Thundermin owned 137,700 shares of Queenston, a well-financed, junior resource company, which is exploring its large land position in the Kirkland Lake gold camp of northern Ontario and has a new gold discovery on its 100% owned Upper Beaver property. Thundermin also owned 367,155 shares of KWG Resources Inc., which is exploring for copper-zinc,

nickel-copper-platinum-palladium massive sulphide deposits and chrome deposits in the James Bay Lowlands of northern Ontario; 300,000 shares of Cogitore, which is exploring for massive copper-zinc sulphide deposits mainly in Quebec (including the Scott Lake property that Cogitore acquired from Thundermin); 250,000 shares of Mountain Boy Minerals Ltd. which is exploring for copper-gold deposits in the Stewart area of British Columbia; 200,000 shares of Niogold, which is exploring for gold west of Val d'Or, Quebec; 120,100 shares of Apella Resources Inc. (formerly Novawest Resources Inc. ("Novawest")), which is exploring for vanadium-titanium deposits in the Chibougamau area of Quebec; 75,000 shares of Alexandria which is exploring for gold in Bourlamaque and Louvicourt Townships of Quebec; 75,000 shares of Red Mile, which is exploring for gold on Thundermin's Blue Quartz property in Ontario and in the Baie Verte area of Newfoundland; 66,666 shares of Goldstone Resources Inc. (formerly 250,000 shares of Roxmark Mines Limited) which, along with Premier Gold Mines Ltd., is exploring for gold in the Geraldton gold camp of north-western Ontario; 43,300 shares of Cascadia International Resources Inc.; 32,000 shares of Lounor Exploration Inc.; 24,020 shares of Pro Minerals Inc. (a spin-out from Novawest) and 1,528 shares of Opawica Explorations Inc. The quoted market value of Thundermin's marketable securities as at December 31, 2010 was \$1,191,983 compared to \$1,333,561 as at December 31, 2009.

Contractual Obligations

On July 12, 2009, Thundermin and Cornerstone maintained their option to earn a 100% interest in the Little Deer copper property by each paying \$100,000 to Weyburn in cash and/or shares. Thundermin elected to issue 840,336 shares to Weyburn at a price of \$0.119 per share and Cornerstone issued 684,932 shares to Weyburn at a price of \$0.146 per share. These share issuances maintain the property in good standing until July 12, 2011. As per the terms of the agreement with Weyburn, Thundermin and Cornerstone are now each obligated to make a \$750,000 payment in cash and/or shares to Weyburn on or before July 12, 2011 in order to complete the acquisition of a 100% interest in the Little Deer property.

On May 1, 2009, Thundermin entered into an accounting support services agreement with Marrelli Support Services Inc. ("MSSI") whereunder MSSI will provide, beginning July 1, 2009, certain accounting support services to Thundermin for an annual fee of \$19,000 per year. On July 8, 2009, in connection with such agreement with MSSI, Thundermin retained Mr. Robert D. B. Suttie, senior manager with MSSI, as its Chief Financial Officer. MSSI will be paid a fee of \$8,000 per year for Mr. Suttie's services. In addition, Mr. Suttie was granted a 5-year option to purchase 50,000 shares of Thundermin at \$0.16 per share and 75,000 shares of Thundermin at \$0.145 per share.

Pursuant to flow-through share agreements signed on November 18, 2009, Thundermin was required to spend a minimum of \$500,000 on qualifying Canadian Exploration Expenditures during 2010, which money was spent.

On November 3, 1998, Thundermin entered into an employment agreement with Thundermin's Named Executive Officer, the President and CEO, Mr. John B. Heslop, which agreement provides for the payment of an annual salary to Mr. Heslop of \$175,000 per year. The agreement had an initial term ending October 31, 2000 and automatically renews annually thereafter unless either party elects to terminate the agreement by a specified date during any such term. In addition, Mr. Heslop will be entitled to receive an amount equal to two years salary in the event of his termination by Thundermin (except for cause or voluntary resignation or retirement) or under circumstances where his job functions, duties and/or responsibilities cease to be those presently undertaken by Mr. Heslop. As well, upon any such termination, non-salary benefits, including health benefits and the retention of stock options, of Mr. Heslop continue for a period of two years following termination.

Off Balance Sheet Arrangements

As of December 31, 2010, Thundermin had no off balance sheet arrangements such as guaranteed contracts, contingent interests in assets transferred to an entity, derivative instrument obligations or any instruments that could trigger financing, market or credit risk to Thundermin.

Proposed Transactions

Thundermin's exploration efforts since 2007 have been focused on the Little Deer Copper Project in Newfoundland. Current market conditions for raising new capital along with the low price of Thundermin shares would make the raising of large amounts of new equity capital for new projects highly dilutive to existing shareholders. As a result, at the present time, there are no new acquisitions at an advanced stage of consideration. Management is, however, continuing to evaluate potential transactions or business combinations that are considered to be of long term strategic value.

Management is currently seeking a joint venture partner for its RLM base metal property in the Snow Lake area of Manitoba. Initial discussions have been had with several selected potential acquirers but no transaction for this property is imminent. Management is also in discussions with third parties on a new base metal opportunity in Canada but no deal has been agreed to at this time.

Exploration and Mining Standards and Risks

Thundermin conducts its exploration programs with high standards under "Exploration Best Practices Guidelines" established by the Canadian Institute of Mining, Metallurgy and Petroleum, which conform to NI 43-101 Standards of Disclosure for Mineral Projects and Companion Policy 43-101CP.

Thundermin's exploration programs are designed and managed by "Qualified Persons" who ensure that all exploration practices are based on industry standards. All mineral resource and reserve estimates comply with NI 43-101 unless stated otherwise.

All drill core samples to be assayed are selected by a Qualified Person, sawed in half and half sent to a registered commercial assay laboratory for analysis. Routine check samples are analyzed at a second laboratory and half of the drill core is kept for future reference.

Thundermin has not determined whether its properties contain reserves that are economically viable. Thundermin's financial success will be dependent upon the extent to which it can discover mineralization on its existing properties and the economic viability of developing such properties once technical and feasibility reports have been completed. Such development may take years to complete and the amount of resulting income, if any, is difficult to determine with any certainty and is dependent on a number of factors, many of which are beyond Thundermin's control. Primary risks include the low success rate in the mineral exploration business of the discovery of new mineral deposits and metal price fluctuations. In addition, there can be no assurances that future environmental, political and regulatory changes will not adversely affect various aspects of Thundermin's operations.

Financial Instruments and Risk Factors

Thundermin's financial instruments consist of cash and cash equivalents, accounts receivable, marketable securities and accounts payable and accrued liabilities.

Management does not believe that these financial instruments expose Thundermin to any significant interest, currency or credit risks arising from these financial instruments. The fair market values of cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities approximate their carrying values. Marketable securities are carried at quoted fair market value.

Thundermin's risk exposure and the impact on its financial instruments are summarized below:

(a) Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfil its payment/contractual obligations. Thundermin is exposed to credit risk on its cash and cash equivalents and accounts receivable. Thundermin has deposited the cash and cash equivalents with reputable Canadian financial institutions, from which management believes the risk of loss is minimized. Management believes that credit risk concentration with respect to the financial instruments included in accounts receivable is remote. As at December 31, 2010, no accounts receivable are considered past due or impaired.

(b) Liquidity Risk

Thundermin's approach to managing liquidity risks is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2010, Thundermin had a cash and cash equivalents balance of \$410,666 (2009 – \$787,439) to settle current liabilities of \$381,437 (2009 – \$150,585). In addition, as at December 31, 2010, the quoted value of Thundermin's marketable securities was \$1,191,983 (December 31, 2009 - \$1,333,561). Subsequent to December 31, 2010, Thundermin closed a non-brokered flow-through private placement, raising net proceeds of \$950,310.

(c) Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and commodity and equity prices.

(i) Interest Rate Risk

Thundermin has cash balances and no interest bearing debt. Thundermin's current policy is to invest excess cash in investment grade short-term deposit certificates issued by its banking institutions. Thundermin monitors the investments it makes and is satisfied with the credit ratings of its banks.

(ii) Price Risk

Thundermin is exposed to price risk with respect to commodity and equity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. Commodity price risk is remote since Thundermin is not a producing entity. Equity price risk is defined as the potential adverse impact on Thundermin's earnings due to movements in individual equity prices or general movements in the level of the stock market. Thundermin closely monitors individual equity movements and the stock market to determine the appropriate course of action to be taken by Thundermin.

Sensitivity Analysis

Thundermin's marketable securities consist mainly of equity investments in various publicly listed entities. Based on management's knowledge and experience of the financial markets, Thundermin believes the following movements are "reasonably possible" over a twelve month period:

- (i)* A variance of 10% in the market value of Thundermin's marketable securities would affect comprehensive income by \$119,198.

Fair Value Hierarchy and Liquidity Risk Disclosure

The following summarizes the methods and assumptions used in estimating the fair value of Thundermin's financial instruments where measurement is required. The fair value of short-term financial instruments approximates their carrying amounts due to the relatively short period to maturity. These include cash, receivables, and accounts payable and accrued liabilities. Equity investments classified as available-for-sale that do not have an active trading market are recorded at cost. Fair value amounts represent point-in-time estimates and may not reflect fair value in the future. The measurements are subjective in nature, involve uncertainties and are a matter of significant judgment. The methods and assumptions used to develop fair value measurements, for those financial instruments where fair value is recognized in the balance sheet, have been prioritized into three levels as per the fair value hierarchy included in GAAP. Level one includes quoted prices (unadjusted) in active markets for identical assets or liabilities. Level two includes inputs that are observable other than quoted prices included in level one. Level three includes inputs that are not based on observable market data.

	Level One	Level Two	Level Three
Cash and cash equivalents	\$ 410,666		
Marketable securities	\$1,188,832	\$ –	\$3,151

Critical Accounting Estimates

Critical accounting estimates used in the preparation of the financial statements include Thundermin's estimate of recoverable value on its exploration properties as well as the value of stock-based compensation. Both of these estimates involve considerable judgment and are, or could be, affected by significant factors that are out of Thundermin's control.

The recorded value of Thundermin's exploration properties is based on historical costs that expect to be recovered in the future. Thundermin's recoverability evaluation is based on market conditions for minerals, underlying mineral resources associated with the properties and future costs that may be required for ultimate realization through mining operations or by sale. Thundermin is in an industry that is exposed to a number of risks and uncertainties, including exploration risk, development risk, commodity price risk, operating risk, ownership and political risk, funding risk as well as environmental risk. There is always the potential for a material alteration to the presentation in the financial statements in the value of exploration properties subject to risks and changes presently not determinable and out of Thundermin's control.

The factors affecting stock-based compensation include estimates of when stock options might be exercised and the stock price volatility. The timing for exercise of options is out of Thundermin's control and will depend, among other things, upon a variety of factors including the market value of Thundermin's shares and financial objectives of the holders of the options. Thundermin has used historical data to determine volatility in accordance with Black-Scholes modeling, however the future volatility is inherently uncertain and the model has its limitations. While these estimates can have a material impact on the stock-based compensation and hence results of operations, there is no impact on Thundermin's financial condition.

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that all material information is gathered and reported to senior management, including the Chief Executive Officer, the Chief Financial Officer and the Corporate Secretary, on a timely basis so that appropriate decisions can be made regarding public disclosure.

Thundermin's Chief Executive Officer and Chief Financial Officer, being the certifying officers, have evaluated the effectiveness of the design and operation of Thundermin's disclosure controls and procedures. Based on this evaluation, the certifying officers have concluded that Thundermin's disclosure controls and procedures, as defined in National Instrument 52-109 – Certification of Disclosure in Issuer's Annual and Interim Filings ("NI 52-109") of the Canadian Securities Regulators, were effective and provide reasonable assurance that information required to be disclosed in Thundermin's annual filings and interim filings and reports filed or submitted under Canadian securities laws is recorded, processed, summarized and reported in a timely fashion.

It should be noted that a control system, including Thundermin's disclosure and internal controls and procedures, no matter how well conceived can provide only reasonable, but not absolute, assurance that the objectives of the control system will be met and it should not be expected that the disclosure and internal controls and procedures will prevent all errors or fraud.

Thundermin uses a service organization in Canada to perform some of its financial reporting functions including the preparation of financial statements.

Management currently monitors the work performed by the service organization through the review of financial statements and other financial information and discussions with the staff of the service organization.

The particular service organization obtained an auditors report of controls as at September 30, 2009 that stated its internal controls are documented and are operating effectively.

Design of Internal Controls over Financial Reporting ("ICFR")

Under NI 52-109, Thundermin's President and Chief Executive Officer and Chief Financial Officer are responsible for designing ICFR or causing them to be designed under their supervision in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian GAAP. An evaluation of Thundermin's ICFR was performed by the President and Chief Executive Officer and the Chief Financial Officer, with the assistance of other corporate personnel to the extent necessary or appropriate. Based on this evaluation, the President and Chief Executive Officer and the Chief Financial Officer concluded that Thundermin's ICFR were effective as at December 31, 2010. There was no change in Thundermin's ICFR that occurred during the period beginning on January 1, 2010 and ended on December 31, 2010, that has materially effected, or is reasonably likely to materially affect, Thundermin's ICFR.

Changes in Accounting Policies

Business Combinations, Consolidated Financial Statements and Non-Controlling Interests

The CICA issued three new accounting standards in January 2009: Section 1582, "Business Combinations", Section 1601, "Consolidated Financial Statements" and Section 1602, "Non-Controlling Interests". These new standards will be effective for fiscal years beginning on or after January 1, 2011. Section 1582 replaces section 1581 and establishes standards for the accounting for a business combination. It provides the Canadian equivalent to IFRS 3 – Business Combinations. Sections 1601 and 1602 together replace section 1600, Consolidated Financial Statements. Section 1601, establishes standards for the preparation of consolidated financial statements. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of IFRS IAS 27 – Consolidated and Separate Financial Statements. Thundermin adopted these standards effective January 1, 2010, with no impact on its results of operations or financial position.

Future Changes in Accounting Policies

Transition to International Financial Reporting Standards ("IFRS")

The Canadian Accounting Standards Board has confirmed that IFRS will replace current Canadian GAAP for publicly accountable enterprises, including Thundermin, effective for fiscal years beginning on or after January 1, 2011. Accordingly, Thundermin will apply accounting policies consistent with IFRS beginning with its interim financial

statements for the quarter ended March 31, 2011. Thundermin's interim and annual financial statements will include comparative 2010 financial statements, adjusted to comply with IFRS.

IFRS Transition Plan

Thundermin has established a comprehensive IFRS transition plan and engaged third-party advisers to assist with the planning and implementation of its transition to IFRS. Thundermin's IFRS implementation team has completed its detailed analysis of the relevant IFRS requirements and identified the areas where accounting policy changes are required, and those for which accounting policy alternatives are available. The team has also completed its assessment of the first-time adoption requirements and alternatives.

During Q4 2010, the implementation team has been discussing the results of detailed analysis with advisors and management. These discussions will continue during Q1 2011, after which Thundermin will finalize its determination of changes to accounting policies under IFRS and the resulting impact on the opening IFRS balance sheet (as at January 1, 2010).

The following summarizes Thundermin's progress and expectations with respect to its IFRS transition plan: (see table on following page).

Impact of Adopting IFRS on Thundermin's Business

As part of its analysis of potential changes to significant accounting policies, Thundermin has been assessing what changes may be required to its accounting systems and business processes. Thundermin believes that the changes identified to date are minimal and the systems and processes can accommodate the necessary changes.

Thundermin has not identified any contractual arrangements that may be affected by potential changes to significant accounting policies.

Thundermin's staff and advisers involved in the preparation of the financial statements are being trained on the relevant aspects of IFRS and the anticipated changes to accounting policies. Employees of Thundermin who will be affected by a change to business processes as a result of the conversion to IFRS will also be trained as necessary.

The Board of Directors and the Audit Committee have been regularly updated on the progress of the IFRS conversion plan and made aware of the evaluation of the key aspects of IFRS affecting Thundermin.

Impact of Adopting IFRS on Internal Controls over Financial Reporting

Any changes to accounting policies or business processes have the potential to affect Thundermin's internal controls over financial reporting ("ICFR"). As part of its analysis of potential changes to accounting policies, the

Initial scoping and analysis of key areas for which accounting policies may be impacted by the transition to IFRS.	Completed
Detailed evaluation of potential changes required to accounting policies, information systems and business processes, including the application of IFRS 1 First Time Adoption of International Financial Reporting Systems.	Completed
Final determination of changes to accounting policies and choices to be made with respect to first-time adoption alternatives	Completed
Resolution of the accounting policy change implications on information technology, internal controls and contractual arrangements	In progress, to be completed during Q1 2011
Management and employee education and training	Throughout the transition process
Quantification of the Financial Statement impact of changes in accounting policies	Thundermin has not yet determined the quantification of the impact of changes in accounting policies on its opening IFRS balance sheet. To be completed during Q1 2011.

implementation team is assessing whether changes to ICFR are required. Based on the analysis performed to date, Thundermin does not currently expect the adoption to IFRS to result in material changes to ICFR.

First-time Adoption of IFRS

The adoption of IFRS requires the application of IFRS 1 First-time Adoption of International Financial Reporting Standards ("IFRS 1"), which provides guidance for an entity's initial adoption of IFRS. IFRS 1 generally requires retrospective application of IFRS, effective at the end of its first annual IFRS reporting period. However, IFRS 1 also provides certain optional exemptions and mandatory exceptions to this retrospective treatment.

Thundermin has identified the following optional exemptions that it expects to apply in its preparation of an opening IFRS statement of financial position as at January 1, 2010, Thundermin's "Transition Date":

- To apply IFRS 2 Share-based Payments only to equity instruments that were issued after November 7, 2002 and had not vested by the Transition Date.
- To apply IFRS 3 Business Combinations prospectively from the Transition Date, therefore not restating business combinations that took place prior to the Transition Date.
- To apply the transition provisions of IFRIC 14 Determining whether an Arrangement Contains a Lease, therefore determining if arrangements existing at the Transition Date contain a lease based on the circumstances existing at that date.

- To apply IAS 23 Borrowing Costs prospectively from the transition date. IAS 23 requires the capitalization of borrowing costs directly attributable to the acquisition, production or construction of certain assets.
- To designate its marketable securities as available-for-sale at the Transition Date. Under IFRS financial assets must be designated as available-for-sale on initial recognition, however this first-time adoption exemption allows Thundermin to designate previously recognized financial assets as available-for-sale.

The final determination of which optional exemptions to apply will not be finalized until the preparation of the 2011 annual consolidated financial statements. As a result, the effect of adopting IFRS on the consolidated balance sheet at January 1, 2010 could change significantly.

IFRS 1 does not permit changes to estimates that have been made previously. Accordingly, estimates used in the preparation of Thundermin's opening IFRS statement of financial position as at the Transition Date will be consistent with those made under Canadian GAAP. If necessary, estimates will be adjusted to reflect any difference in accounting policy.

Impact of Adopting IFRS on Thundermin's Financial Statements

The adoption of IFRS will result in some changes to Thundermin's significant accounting policies that are applied in the recognition, measurement and disclosure of balances and transactions in its financial statements.

Thundermin has not yet determined the full effects of adopting IFRS on its financial statements. Included below are highlights of the areas that are expected to result in a change to significant accounting policies. The list is not intended to be a complete list of areas where the adoption of IFRS will require a change in accounting policies, but to highlight the areas identified to have the most potential for significant changes.

(1) Exploration and Evaluation Expenditures

Subject to certain conditions, IFRS currently allows an entity to determine an accounting policy that specifies the treatment costs related to the exploration for and evaluation of mineral properties.

Thundermin does not expect any changes to its accounting policies related to exploration and evaluation expenditures that would result in a significant change to line items within its financial statements.

(2) Impairment of (Non-financial) Assets

IFRS requires a write-down of assets if the higher of the fair market value and the value-in-use of the group of assets is less than its carrying value. Value-in-use is determined using discounted estimated future cash flows. Current Canadian GAAP requires a write-down to estimated fair value only if the undiscounted estimated future cash flows of a group of assets are less than its carrying value.

Thundermin's accounting policies related to impairment of non-financial assets will be changed to reflect these differences. However, Thundermin does not expect that this change will have an immediate impact on the carrying value of its assets. Thundermin will perform impairment assessments in accordance with IFRS at the Transition Date.

(3) Share-based Payments

In certain circumstances, IFRS requires a different measurement of stock-based compensation related to stock options than current Canadian GAAP.

Thundermin does not expect any changes to its accounting policies related to share-based payments that would result in a significant change in line items within its financial statements.

(4) Asset Retirement Obligations (Decommissioning Liabilities)

IFRS requires the recognition of a decommissioning liability for legal or constructive obligations, while current Canadian GAAP only requires the recognition of such liabilities for legal obligations. A constructive obligation exists when an entity has created reasonable expectations that it will take certain actions.

Thundermin's accounting policies related to decommissioning liabilities will be changed to reflect these differences. However, Thundermin does not expect this change will have an immediate impact on the carrying value of its assets.

(5) Property and Equipment

IFRS contains different guidance related to recognition and measurement of property and equipment than current Canadian GAAP.

Thundermin does not expect any changes to its accounting policies related to property and equipment that would result in a significant change to line items within its financial statements.

(6) Income Taxes

In certain circumstances, IFRS contains different requirements related to recognition and measurement of future (deferred) income taxes.

Thundermin does not expect any changes to its accounting policies related to income taxes that would result in a significant change to line items within its financial statements.

Subsequent Disclosures

Further disclosures of the IFRS transition process are expected as follows:

- Thundermin's first financial statements prepared in accordance with IFRS will be the interim financial statements for the three months ending March 31, 2011, which will include notes disclosing transitional information and disclosure of new accounting policies under IFRS. The interim financial statements for the three months ending March 31, 2011, will also include 2010 financial statements for the comparative period, adjusted to comply with IFRS, and Thundermin's transition date IFRS statement of financial position at January 1, 2010.

Business Combinations, Consolidated Financial Statements and Non-Controlling Interests

The CICA issued three new accounting standards in January 2009: Section 1582, "Business Combinations", Section 1601, "Consolidated Financial Statements" and Section 1602, "Non-Controlling Interests". These new standards will be effective for fiscal years beginning on or after January 1, 2011. Section 1582 replaces section 1581 and establishes standards for the accounting for a business combination. It provides the Canadian equivalent to IFRS 3 Business Combinations. Sections 1601 and 1602 together replace section 1600, Consolidated Financial Statements. Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of IFRS IAS 27 Consolidated and Separate Financial Statements. Thundermin adopted these standards effective January 1, 2010 and their adoption had no material impact on the results of operations or financial position.

Outlook

Thundermin's primary exploration focus during 2011 will continue to be on the Little Deer Copper Deposit and surrounding exploration lands. A \$1,600,000 diamond drilling program, comprising approximately 12,000 to 13,000 metres of drilling in 18 - 20 holes employing two drills commenced on December 1, 2010. The primary purpose of this drill program is to increase the NI 43-101 mineral resource outlined to date in the Deposit to five to six million tonnes. Subject to the results of the current drill program, it is anticipated that a major drilling program will be required in the second half of 2011 to upgrade the known resources from the Inferred to the Indicated category. This work will help to determine if sufficient quantities of economic grade copper mineralization exist at depth and along strike from the areas that were mined in the early 1970's to justify the development of a new copper mine at Little Deer.

During 2011, Thundermin also expects to undertake an initial diamond drilling program on its 100% owned Lebel gold property which is located on the Kirkland

Lake Main Break approximately 1 km east of the Kirkland Lake City Center. The Lebel property is ideally located between the past-producing Toburn Gold Mine, with historical production of 570,000 ounces of gold and 135,000 ounces of silver from approximately 1,078,500 t of ore, directly to the west and the Glenora Gold Mine directly to the northeast.

In addition, during 2011, Thundermin intends to continue to review new exploration properties of merit in Canada for the discovery of new base metal and gold deposits. Thundermin will also continue its strategy to joint venture or sell exploration properties from its inventory that no longer meet its exploration criteria.

Other Information

Additional information on Thundermin may be examined and/or obtained through the internet on SEDAR by accessing www.sedar.com and on Thundermin's website at www.thundermin.com or by contacting Thundermin.

Management's Responsibility for Financial Reporting

The accompanying financial statements of Thundermin Resources Inc. ("Thundermin") were prepared by management in accordance with Canadian generally accepted accounting principles. Management acknowledges responsibility for the preparation and presentation of the financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to Thundermin's circumstances.

Management has established systems of internal control over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced.

The Board of Directors is responsible for ensuring that management fulfills its financial reporting responsibilities and for reviewing and approving the year end financial statements together with other financial information. An Audit Committee, consisting of three directors not involved in the daily operations of Thundermin, assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the internal controls over the financial reporting process and the year end financial statements together with other financial information of Thundermin. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the year end financial statements together with other financial information of Thundermin for issuance to the shareholders.

Management recognizes its responsibility for conducting Thundermin's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

March 25, 2011

"Signed"

James W. Gill
Chairman of the Board

"Signed"

John B. Heslop
President and Chief Executive Office

Independent Auditors' Report

To the Shareholders of Thundermin Resources Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Thundermin Resources Inc. ("Thundermin"), which comprise the balance sheets as at December 31, 2010 and 2009, and the statements of operations, comprehensive loss, deficit and accumulated other comprehensive income and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Thundermin as at December 31, 2010 and 2009, and its financial performance and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

"MSCM LLP"

Chartered Accountants

Licensed Public Accountants

Toronto, Ontario

March 25, 2011

Balance Sheets

As at December 31

	2010	2009
	\$	\$
Assets		
Current assets		
Cash and cash equivalents (note 2)	410,666	787,439
Accounts receivable	30,192	174,108
Marketable securities (note 5)	1,191,983	1,333,561
	1,632,841	2,295,108
Mineral properties and exploration costs (note 6)	2,921,133	2,136,959
	4,553,974	4,432,067
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	381,437	150,585
Shareholders' equity		
Share capital (note 8(b))	14,320,061	14,269,296
Contributed surplus (note 8(d))	863,542	879,634
Accumulated other comprehensive income	615,699	709,717
Deficit	(11,626,765)	(11,577,165)
	4,172,537	4,281,482
	4,553,974	4,432,067

Nature of Operations (note 1)

Subsequent Events (note 15)

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

Signed on behalf of the Board:

"Signed"

James W. Gill
Director

"Signed"

John B. Heslop
Director

Statements of Operations

For the years ended December 31

	2010	2009
	\$	\$
Revenues		
Interest income	763	2,180
Royalty income (note 6)	101,425	–
Proceeds on sale/transfer of mineral rights (note 6)	13,625	142,950
	115,813	145,130
Expenses		
Administration	385,340	390,454
Stock-based compensation expense (note 9)	9,675	153,639
	395,015	544,093
Loss from operations	(279,202)	(398,963)
Gain on sale of marketable securities (note 5)	131,790	414,999
Mineral properties and exploration costs written off (note 6)	(27,188)	(912,072)
Loss before provision for income taxes	(174,600)	(896,036)
Recovery of income taxes – future (note 10)	125,000	145,000
Net loss for the year	(49,600)	(751,036)
Basic and diluted loss per share (note 12)	(0.00)	(0.01)

Statements of Comprehensive Loss

For the years ended December 31

	2010	2009
	\$	\$
Net loss for the year	(49,600)	(751,036)
Unrealized gain on marketable securities for the year	107,327	835,128
Reclassification adjustment for gains included in net income for the year	(201,345)	(355,000)
Comprehensive loss for the year	(143,618)	(270,908)

Statements of Deficit and Accumulated Other Comprehensive Income

For the years ended December 31

	2010	2009
	\$	\$
Deficit, beginning of year	(11,577,165)	(10,826,129)
Net loss for the year	(49,600)	(751,036)
Deficit, end of year	(11,626,765)	(11,577,165)
Accumulated other comprehensive income, beginning of year	709,717	229,589
Unrealized gain on marketable securities for the year	107,327	835,128
Reclassification adjustment for gains included in net income for the year	(201,345)	(355,000)
Accumulated other comprehensive income, end of year	615,699	709,717

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

Statements of Cash Flows

For the years ended December 31

	2010	2009
	\$	\$
Operating activities		
Net loss for the year	(49,600)	(751,036)
Items not affecting cash used in operating activities:		
Stock-based compensation expense (note 9)	9,675	153,639
Proceeds on sale/transfer of mineral rights	(13,625)	(142,950)
Mineral properties and exploration costs written off	27,188	912,072
Gain on sale of marketable securities	(131,790)	(414,999)
Recovery of income taxes – future	(125,000)	(145,000)
	(283,152)	(388,274)
Changes in non-cash working capital:		
Accounts receivable	143,916	33,176
Accounts payable	130,257	(53,951)
	(8,979)	(409,049)
Investing and exploration activities		
Mineral properties and exploration costs	(1,410,126)	(1,214,149)
Contributions from joint venturers	570,404	426,360
Cash proceeds on sale of mineral rights	–	135,000
Government grants	231,529	100,000
Cash proceeds on sale of marketable securities (note 5)	190,401	493,999
	(417,792)	(58,790)
Financing activities		
Cash proceeds on exercise of agents option (note 8)	50,000	–
Cash proceeds on issue of flow-through shares (note 8(b)(i) and (iii))	–	500,000
	50,000	500,000
(Decrease) increase in cash and cash equivalents	(376,771)	32,161
Cash and cash equivalents, beginning of year	787,439	755,278
Cash and cash equivalents, end of year	410,668	787,439
Non-cash transactions:		
Acquisition of mineral properties in exchange for common shares	100,000	57,500
Cash and Cash Equivalents is represented by:		
Cash	310,727	45,411
Short-term deposits	99,939	742,028
	410,666	787,439

Supplemental Cash Flow Information (note 11)

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

Notes to Financial Statements

For the years ended December 31, 2010 and 2009

1. Nature of Operations

Thundermin Resources Inc. ("Thundermin") is a Canadian mineral exploration company focused on the exploration for and development of base metal and gold deposits in Canada.

In order to meet future expenditures and cover administrative costs, Thundermin may need to raise additional financing. Although Thundermin has been successful in raising funds to date, there can be no assurance that adequate funding will be available in the future, or available under terms favourable to Thundermin. These financial statements have been prepared on a going concern basis that assumes Thundermin will be able to realize its assets and discharge its liabilities in the normal course of business. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. The recoverability of the amounts shown for mineral properties and exploration costs is dependent upon the existence of economically recoverable reserves, securing and maintaining title and beneficial interest in mineral properties, the ability of Thundermin to obtain the necessary financing to continue the development of its mineral properties, and upon future profitable production. These financial statements do not reflect any adjustments to the carrying values of assets and liabilities that would be necessary if Thundermin were unable to achieve profitable operations or obtain adequate financing. Changes in future conditions could require material write-downs of the carrying values of mineral properties and exploration costs.

2. Significant Accounting Policies

Basis of Presentation

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles, and reflect the following policies:

Cash and Cash Equivalents

Thundermin considers cash and cash equivalents to be highly liquid financial instruments with original maturity of three months or less. At December 31, 2010, cash and cash equivalents consisted of short-term deposits in the form of banker's acceptances. Thundermin has placed a \$100,000 (2009 – \$100,000) term deposit with a bank as security for a \$100,000 line of credit. As at December 31, 2010 and 2009 the line of credit was not utilized.

Financial Instruments

Thundermin's financial instruments include cash and cash equivalents, accounts receivable, marketable securities and accounts payable and accrued liabilities. Cash and cash equivalents are classified as held-for-trading. The carrying value of this instrument approximates its fair value due to its short-term nature. Accounts receivable are classified as loans and receivables and accounts payable and accrued liabilities are classified as other financial liabilities, both of which are measured at amortized cost. Thundermin's marketable securities consist of equity investments in various publicly listed entities and one equity investment in a privately held company. Marketable securities are classified as available-for-sale financial assets and are measured at fair value. The fair values of the publicly listed equity investments are based on quoted bid prices. Unrealized gains and losses are recognized in the statement of comprehensive (loss) income until the instrument is derecognized or impaired. The investment in the private entity has been measured at a nominal value of \$1 as there is no quoted market price available in an active market.

Mineral Properties and Exploration Costs

Mineral properties and exploration costs, net of recoveries, are deferred until production is attained or the balance thereof is written off if disposition occurs. The costs will be amortized against income using the unit-of-production method based on estimated recoverable reserves if the properties are brought into commercial production. The cost of mineral properties includes any cash consideration paid and the fair market value of shares issued, if any, on the acquisition of property interests. Mineral properties are recorded at cost and are not intended to represent present or future values. On an annual basis, Thundermin reviews the carrying values of deferred mineral properties and exploration costs to assess whether there has been an impairment in value. Thundermin recognizes write-downs for impairment where the carrying value of the mineral property exceeds its estimated long term net recoverable value. Recoverable value is estimated based upon current exploration results and upon management's assessment of the future probability of profitable revenues from the property or from the sale of the property.

Government Grants

Thundermin makes periodic applications for financial assistance under available government incentive programs and tax credits related to the mineral property expenditures. Thundermin recognizes government assistance on an accrual basis when all requirements to earn the assistance have been completed and receipt is reasonably assured. Government grants relating to mineral expenditures are reflected as a reduction of the cost of the property. Government grants relating to operating expenses are reflected as a reduction of the expense.

Joint Ventures

A portion of Thundermin's exploration activities are conducted jointly with others wherein Thundermin enters into agreements that provide for specified percentage interests in mineral properties. Joint venture accounting, which reflects Thundermin's proportionate interest in mineral properties, is applied by Thundermin only when commercial feasibility is established and the parties enter into formal comprehensive agreements for ownership and operational participation.

NOTES TO FINANCIAL STATEMENTS

For the years ended December 31, 2010 and 2009

2. Significant Accounting Policies (continued)*Environmental Expenditures and Asset Retirement Obligations*

The business conducted by Thundermin may be affected by environmental legislation and possible future changes thereto, the impact of which is not predictable. Thundermin recognizes the fair value of a liability for an asset retirement obligation in the period in which it is incurred when a reasonable estimate of fair value can be made. If a reasonable estimate of fair value cannot be made in the period the asset retirement obligation is incurred, the liability is to be recognized when a reasonable estimate of fair value can be made.

Thundermin has determined that there are no asset retirement obligations nor any other environmental obligations with respect to its mineral properties, and therefore no liability has been recognized in these financial statements.

Share Issue Costs

Costs incurred for the issue of common and flow-through shares are deducted from share capital.

Income Taxes

Thundermin accounts for income taxes using the asset and liability method of accounting. Under this method, future income tax assets and future income tax liabilities are recorded based on temporary differences between the financial reporting basis of Thundermin's assets and liabilities and their corresponding tax basis. The future benefits of income tax assets, including unused tax losses, are recognized subject to a valuation allowance, to the extent that it is more likely than not that such losses will be ultimately utilized. These future income tax assets and liabilities are measured using substantively enacted tax rates and laws that are expected to apply when the tax assets or liabilities are to be settled or realized.

Flow-Through Shares

Thundermin has financed the majority of its exploration activities through the issuance of flow-through shares. Under the terms of the flow-through share agreements, the tax attributes of the related expenditures are renounced to subscribers. When expenditures are renounced to the subscribers and Thundermin has reasonable assurance that the expenditures will be completed, future income tax liabilities are recognized (renounced expenditures multiplied by the effective tax rate) thereby reducing share capital. If Thundermin has sufficient unused tax losses and deductions ("losses") to offset all or part of the future income tax liabilities and no future income tax assets have been previously recognized on such losses, a portion of such unrecognized losses (losses multiplied by the effective corporate tax rate) is recorded as income up to the amount of the future income tax liability that was previously recognized on the renounced expenditures.

Earnings (Loss) Per Share

Basic earnings (loss) per share are calculated using the weighted-average number of common shares outstanding during the period. Diluted earnings (loss) per share are computed using the treasury stock method. Stock options and warrants outstanding are not included in the computation of diluted earnings (loss) per share if their inclusion would be anti-dilutive.

Stock-Based Compensation

Thundermin has in effect a Stock Option Plan ("the Plan"), which is described in *note 9*. Stock options are accounted for using the fair value-based method. Fair value is calculated using the Black-Scholes model with the assumptions described in *note 9*. On the exercise of stock options, consideration received and the accumulated contributed surplus amount is credited to share capital.

Measurement Uncertainty

The preparation of financial statements, in conformity with Canadian generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those reported.

The Black-Scholes model used by Thundermin to determine fair values was developed for use in estimating the fair value of options. This model requires the input of highly subjective assumptions including future stock price volatility and expected time until exercise. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing model does not necessarily provide a reliable single measure of the fair value of Thundermin's stock options and warrants granted during the year.

3. Changes in Accounting Policies*Business Combinations, Consolidated Financial Statements and Non-Controlling Interests*

The CICA issued three new accounting standards in January 2009: Section 1582, "Business Combinations", Section 1601, "Consolidated Financial Statements" and Section 1602, "Non-Controlling Interests". These new standards will be effective for fiscal years beginning on or after January 1, 2011. Section 1582 replaces section 1581 and establishes standards for the accounting for a business combination. It provides the Canadian equivalent to IFRS 3 – Business Combinations. Sections 1601 and 1602 together replace section 1600, Consolidated Financial Statements. Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of IFRS IAS 27 – Consolidated and Separate Financial Statements. Thundermin adopted these standards effective January 1, 2010, with no impact on its results of operations or financial position.

NOTES TO FINANCIAL STATEMENTS

For the years ended December 31, 2010 and 2009

4. Future Changes in Accounting Policies*International Financial Reporting Standards ("IFRS")*

In January 2006, the CICA's Accounting Standards Board ("AcSB") formally adopted the strategy of replacing Canadian GAAP with IFRS for Canadian enterprises with public accountability. On February 13, 2008 the AcSB confirmed that the use of IFRS will be required in 2011 for publicly accountable profit-oriented enterprises. For these entities, IFRS will be required for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. Thundermin will be required to have prepared, in time for its first quarter of fiscal 2011 filing, comparative financial statements in accordance with IFRS for the three months ended March 31, 2011.

5. Marketable Securities

During the year, Thundermin sold 35,000 common shares of Queenston Mining Inc. ("Queenston") for net cash proceeds of \$139,138. The book value of the shares sold was \$11,259 resulting in a gain on disposal of \$127,879. During the same period, Thundermin also sold 169,500 common shares of Niogold Mining Inc ("Niogold") for net cash proceeds of \$42,836. The book value of the shares sold was \$38,925 resulting in a gain on disposal of \$3,911.

During 2009, Thundermin sold 100,000 common shares of Queenston for net cash proceeds of \$437,349. The book value of the shares sold was \$32,000 resulting in a gain on disposal of \$405,349. During the same period, Thundermin also sold 100,000 common shares of Alexis Minerals Corporation ("Alexis") for net cash proceeds of \$56,650. The book value of the shares sold was \$47,000 resulting in a gain on disposal of \$9,650.

At December 31, 2010, Thundermin owned 137,700 (2009 – 172,700) common shares of Queenston. The quoted market value of these shares at December 31, 2010 was \$823,446 (2009 – \$956,758).

At December 31, 2010, Thundermin also owned 367,155 (2009 – 367,155) shares of KWG Resources Inc., 32,000 (2009 – 32,000) shares of Lounor Exploration Inc., 120,100 (2009 – 120,100) shares of Apella Resources Inc. (formerly Novavest Resources Inc.), 43,300 (2009 – 43,300) shares of Cascadia International Resources Inc., 300,000 (2008 – 300,000) shares of Cogitore Resources Inc. ("Cogitore"), 200,000 (2009 – 369,500) shares of Niogold, 1,528 (2009 – 1,528) shares of Opawica Explorations Inc., 250,000 (2009 – 250,000) shares of Mountain Boy Minerals Ltd. ("Mountain Boy"), 24,020 (2009 – 24,020) shares of Pro Minerals Inc., 66,666 (2009 – 66,666) shares of Goldstone Resources Inc., 75,000 shares of Red Mile Minerals Inc., 75,000 warrants of Alexandria Minerals Corporation ("Alexandria"), and 75,000 shares of Alexandria (2009 – 75,000). The quoted market value of these shares at December 31, 2010 was \$368,536 (2009 – \$376,802).

6. Mineral Properties and Exploration Costs

	Balance December 31, 2009	Additions	Sales, Grants or Recoveries	Write-offs	Balance December 31, 2010
	\$	\$	\$	\$	\$
Little Deer	2,088,360	1,563,490	(801,933)	–	2,849,917
Pelletier Lake	48,599	22,617	–	–	71,216
Linda, McKayseff and Rod	–	5,828	–	(5,828)	–
Others	–	21,360	–	(21,360)	–
	2,136,959	1,613,295	(801,933)	(27,188)	2,921,133

	Balance December 31, 2008	Additions	Sales, Grants or Recoveries	Write-offs	Balance December 31, 2009
	\$	\$	\$	\$	\$
Little Deer	1,307,923	1,302,090	(521,653)	–	2,088,360
Pelletier Lake	39,445	9,921	(767)	–	48,599
Linda, McKayseff and Rod	878,013	5,496	–	(883,509)	–
Others	–	28,563	–	(28,563)	–
	2,225,381	1,346,070	(522,420)	(912,072)	2,136,959

6. Mineral Properties and Exploration Costs *(continued)**(i) Little Deer*

On June 20, 2007, Thundermin and 50% joint venture partner, Cornerstone Resources Inc. ("Cornerstone"), signed an agreement (the "Agreement") with Weyburn Investments Ltd. ("Weyburn") under which Thundermin and Cornerstone have an option to acquire a 100% interest in Weyburn's Little Deer Copper Deposit and adjacent property ("Weyburn Property") which is located in north-central Newfoundland. Thundermin and Cornerstone each paid \$85,000 in cash to Weyburn upon signing of the Agreement.

Under the terms of the agreement with Weyburn, in order to extend the option beyond the second anniversary of the agreement, Thundermin and Cornerstone agreed to pay to Weyburn a total of \$115,000 (\$57,500 each in cash and/or shares at each company's election) on or before July 12, 2009. Thundermin elected to issue 342,262 shares (issued), at a price of \$0.168 per share, and Cornerstone elected to pay \$57,500 in cash. By electing to make the \$115,000 payment to Weyburn, Thundermin and Cornerstone were committed to make a further \$200,000 total payment (\$100,000 each in cash and/or shares at each company's election) to Weyburn on or before July 12, 2010. Thundermin elected to issue 840,336 shares, at a price of \$0.119 per share, and Cornerstone elected to issue 684,932 shares, at a price of \$0.146 per share. These payments will maintain the option on the Deposit in good standing until July 12, 2011.

In order to acquire a 100% interest in the property, Thundermin and Cornerstone are required to pay to Weyburn a total of \$1,500,000 (\$750,000 each in cash and/or shares at each company's election) on or before July 12, 2011.

(ii) Pelletier Lake

On September 1, 2005, Thundermin granted to Alexis an option to acquire a 100% interest in the Pelletier Lake gold property. In consideration of such option, on October 25, 2005, Alexis paid \$75,000 cash and issued 100,000 Alexis common shares to Thundermin. To maintain the option, Alexis was required to spend \$1,000,000 on exploration and delineation drilling and engineering work over three years, which expenditures were made.

Alexis was also required to make a production decision on the property by September 1, 2008 and reach commercial production by September 1, 2009. Upon reaching commercial production, Thundermin will be entitled to receive a 2.5% net smelter returns ("NSR") royalty on any and all minerals produced from the property. In addition, Thundermin will receive a royalty of \$1.00 per tonne for any and all ores broken by Alexis on adjoining properties and hoisted to surface through current infrastructure on the Pelletier Lake property. Alexis exercised its right to extend the time for making a production decision until September 1, 2009 by making a \$75,000 cash payment to Thundermin on September 1, 2008. On August 1, 2009, Thundermin agreed to further extend the time for Alexis to make a production decision until September 1, 2010 provided Alexis made an additional \$100,000 cash payment to Thundermin (received) on or before August 31, 2009. On September 8, 2010, Thundermin received a cash payment of \$101,425 from Alexis in consideration of Thundermin's 2.5% NSR royalty on gold produced from the bulk sample.

On August 31, 2010, Thundermin received a letter from Alexis advising Thundermin that Alexis was exercising its option to acquire the Pelletier Lake property by making a production commitment to Thundermin to place the deposit into commercial production. Thundermin, however, does not believe that Alexis is following the provisions in the Agreement with regard to placing the deposit into commercial production. Therefore, Thundermin notified Alexis on December 6, 2010 that it intends to arbitrate the dispute with the aim of regaining full ownership of the Pelletier Lake gold property.

(iii) Linda, McKayseff and Rod

Teck Cominco Limited ("Teck Cominco") retains a back in right to reacquire a 42% interest in any deposit found on the property which contains a mineral resource of at least 225,000 tonnes of copper or copper equivalent. Should Thundermin enter into a joint venture on the property with a major producing mining company, Teck Cominco's back in right is reduced to 14%. In 2009 management determined that further expenditure on this property was not within its short term strategic plan. Accordingly, all costs associated with this project (\$883,509) have been written off.

(iv) Blue Quartz

On September 1, 2008, Thundermin granted Russet Lake Resources Inc. ("Russet Lake"), a private Ontario corporation, the option to acquire Thundermin's 50% interest in the Blue Quartz gold property located in Northern Ontario. In consideration of such option, Russet Lake paid \$10,000 cash and issued 25,000 Russet Lake shares to Thundermin upon signing of the agreement. To maintain the option, Russet Lake must make additional cash payments of \$30,000 and issue an additional 125,000 shares to Thundermin and complete \$500,000 of exploration work on the property in stages over three years. On July 29, 2009, Thundermin entered into an Option Assignment Consent Agreement wherein Red Mile Capital Corp. ("Red Mile"), an Alberta corporation, acquired the rights of Russet Lake in the Blue Quartz property as a Qualifying Transaction prior to listing on the Toronto Stock Exchange ("TSX V"). All Russet Lake shares received or due under the agreement will be replaced with Red Mile shares on a one for one basis. Thundermin received a \$10,000 (2009 - \$10,000) cash payment from Russet Lake as per the terms of the original agreement. Red Mile commenced trading on the TSX V and Thundermin received an additional 25,000 shares of Red Mile that Thundermin had agreed to defer the receipt thereof until after the closing of the Russet Lake - Red Mile transaction. Should Red Mile earn its interest in the property, Thundermin will retain a 0.5% NSR therein, 0.25% of which can be purchased from Thundermin at any time by Red Mile for \$250,000.

NOTES TO FINANCIAL STATEMENTS

For the years ended December 31, 2010 and 2009

6. Mineral Properties and Exploration Costs (continued)(v) *Obalski, Cossette and Ramsey*

On July 18, 2008, Thundermin granted an Optionee the option to acquire a 100% interest in Thundermin's Obalski, Cossette and Ramsey gold properties located in the Chibougamau area of Northern Quebec. In consideration of such option, the Optionee paid \$25,000 and issued 250,000 free trading shares of Roxmark to Thundermin upon signing of the agreement. To maintain the option, the Optionee must pay an additional \$25,000 to Thundermin on or before the first anniversary date of the agreement and complete \$75,000 in exploration on the property on or before the third anniversary of the agreement. Should the Optionee earn a 100% interest in the properties, Thundermin will be entitled to a 1.0% to 1.5% NSR in such properties, 0.5% to 1.0% of which can be purchased from Thundermin by the Optionee at any time for from \$500,000 to \$1,000,000. Included in fiscal 2009 proceeds on sale/transfer of mineral rights is \$25,000 consisting of cash received by Thundermin from the Optionee, net of costs incurred by Thundermin on the properties.

(vi) *Gold Hawk*

On February 16, 2006, Thundermin granted Niogold an option to acquire a 100% interest in the Gold Hawk gold property located west of Val d'Or, Quebec. To date, Niogold has paid \$50,000 in cash and issued 400,000 Niogold shares to Thundermin. To earn its interest in the property, Niogold also had to spend \$250,000 on the property before February 15, 2009, which expenditures were made.

(vii) *Valdora*

On July 15, 2009, Thundermin completed an agreement of purchase and sale with Alexandria with respect to Thundermin's 49% interest in the Valdora gold property located in Bourlamaque and Louvicourt Townships, Quebec. The purchase price for Thundermin's interest in the property was 75,000 common shares (with a fair value of \$4,800) of Alexandria and 75,000 common share purchase warrants (with a fair value of \$3,150) entitling Thundermin to purchase 75,000 common shares of Alexandria for \$0.15 per share on or before July 29, 2011. In addition, Thundermin is entitled to a 1.0% NSR on any production from the property, 0.5% of which can be purchased by Alexandria for \$200,000 at any time up to 90 days after the approval by Alexandria's board of a production decision with respect to the property. Included in fiscal 2009 proceeds on sale/transfer of mineral rights is \$7,950.

7. Segment Disclosure

Thundermin has one operating segment, being the exploration of mineral properties. All of Thundermin's assets are located in Canada.

8. Share Capital(a) *Authorized*

Thundermin is authorized to issue an unlimited number of common shares and an unlimited number of Class A shares, issuable in series.

(b) *Issued and outstanding – Common Shares*

	Shares	Consideration
		\$
Balance, as at December 31, 2008	68,844,636	13,963,740
Flow-through share private placement (i)	2,777,778	500,000
Allocation to warrants (note 8(c))	–	(106,944)
Tax benefits renounced on flow-through shares (ii)	–	(145,000)
Issued on settlement of property option obligation (note 6)	342,262	57,500
Fractional shares cancelled	(151)	–
Balance, as at December 31, 2009	71,964,525	14,269,296
Issued on settlement of property option obligation (note 6)	840,336	100,000
Agent option exercised	625,000	75,765
Tax benefits renounced on flow-through shares (iii)	–	(125,000)
Balance, as at December 31, 2010	73,429,861	14,320,061

NOTES TO FINANCIAL STATEMENTS

For the years ended December 31, 2010 and 2009

8. Share Capital (continued)*(b) Issued and outstanding – Common Shares*

- (i) On November 18, 2009, Thundermin raised \$500,000 by way of private placement. The private placement offering consisted of 2,777,778 units at a price of \$0.18 per unit. Each unit consisted of one flow-through common share and one half of one common share purchase warrant. Each whole warrant entitles the holder to purchase an additional common share at a price of \$0.25 per share until May 18, 2011.
- (ii) In connection with the issuance of flow-through shares under the private placements in 2008 Thundermin renounced \$500,000 of qualifying expenditures to shareholders in fiscal 2009. The tax benefit forgone by Thundermin in fiscal 2009 amounted to \$145,000.
- (iii) In connection with the issuance of flow-through shares under the private placement in 2009 Thundermin renounced \$500,000 of qualifying expenditures to shareholders in fiscal 2010. The tax benefit forgone by Thundermin in fiscal 2010 amounted to \$125,000.

(c) Warrants

Details of warrants outstanding are as follows:

	Number of Warrants	Exercise Price/Warrant	Expiry Date
Balance, December 31, 2008	3,125,000	\$0.25	
Issued during 2009:			
November 18, 2009 (note 8(b)(i))	1,388,885	\$0.25	May 18, 2011
Balance, December 31, 2009	4,513,885	\$0.25	
Expired during 2010:			
December 31, 2008	(3,125,000)	\$0.25	June 30, 2010
Balance, December 31, 2010	1,388,885	\$0.25	

The fair value of the warrants issued in 2009 has been determined to be \$106,944, using the Black-Scholes pricing model based on the following assumptions:

Risk free interest rate	1.31%
Dividend yield	Nil
Expected stock volatility	141%
Expected life	1.5 years

(d) Contributed Surplus

	2010	2009
	\$	\$
Balance, beginning of year	879,634	619,051
Fair value of warrants issued (note 8(c))	–	106,944
Fair value of agent options exercised	(25,767)	–
Fair value of options issued	9,675	153,639
Balance, end of year	863,542	879,634

9. Stock-Based Compensation

On May 14, 2009 the Shareholders of Thundermin approved an amendment to its stock option plan whereby Thundermin has reserved and set aside up to 10% of the issued and outstanding shares of Thundermin for granting of options to directors, officers and employees under Thundermin's stock option plan ("the Plan"). The terms of the awards under the Plan are determined by the Board of Directors. A summary of the status of Thundermin's outstanding stock options as of December 31, 2010 and 2009 is presented below.

	December 31, 2010		December 31, 2009	
	Number of Stock Options	Weighted-average Exercise Price	Number of Stock Options	Weighted-average Exercise Price
		\$		\$
Outstanding, beginning	3,295,000	0.10	2,950,000	0.13
Granted	75,000	0.15	2,245,000	0.10
Expired	–	–	(1,900,000)	0.15
Outstanding, ending	3,370,000	0.10	3,295,000	0.10

NOTES TO FINANCIAL STATEMENTS

For the years ended December 31, 2010 and 2009

9. Stock-Based Compensation (continued)

On April 21, 2010, Thundermin granted 75,000 incentive stock options to a senior officer of Thundermin, with an exercise price of \$0.145, expiring in five years and vesting immediately upon grant. A fair value of \$9,675 was estimated using the Black-Scholes option pricing model with the following assumptions: dividend yield 0%, expected volatility 126.36%, a risk free interest rate of 3.20%, and an expected maturity of 5 years. The resulting fair value has been charged to Thundermin's statement of operations.

On March 9, 2009, Thundermin granted 2,195,000 incentive stock options to directors, officers and employees, with an exercise price of \$0.10, expiring in five years and vesting immediately upon grant. A fair value of \$147,239 was determined utilizing the Black-Scholes model for pricing options, with the following assumptions: dividend yield 0%, expected volatility 84%, a risk free interest rate of 1.86%, and an expected maturity of 5 years. The resulting fair value has been charged to Thundermin's statement of operations.

On July 8, 2009, Thundermin granted 50,000 incentive stock options to a senior officer of Thundermin, with an exercise price of \$0.16, expiring in five years and vesting immediately upon grant. A fair value of \$6,400 was estimated using the Black-Scholes option pricing model with the following assumptions: dividend yield 0%, expected volatility 128.11%, a risk free interest rate of 2.39%, and an expected maturity of 5 years. The resulting fair value has been charged to Thundermin's statement of operations.

The 3,370,000 options outstanding as at December 31, 2010 represent 4.6% of Thundermin's issued capital.

The weighted-average remaining contractual life and weighted-average exercise price of options outstanding and of options exercisable as at December 31, 2010 are as follows:

Expiry Date	Options Outstanding			Options Exercisable	
	Number Outstanding	Weighted-average Exercise Price	Weighted-average Remaining Contractual Life (years)	Number Exercisable	Weighted-average Exercise Price
		\$			\$
March 23, 2012	1,050,000	0.10	1.20	1,050,000	0.10
March 8, 2014	2,195,000	0.10	3.20	2,195,000	0.10
July 8, 2014	50,000	0.16	3.52	50,000	0.160
April 21, 2015	75,000	0.145	4.39	75,000	0.145
	3,370,000	0.10	2.60	3,370,000	0.10

10. Income Taxes*(a) (Recovery of) Provision for Income Taxes*

Major items causing Thundermin's income tax rate to differ from the Canadian Statutory rate of approximately 30% (2009 31%) were as follows:

	2010	2009
	\$	\$
Loss before (recovery of) provision for future income taxes	(174,600)	(896,036)
Expected income tax (recovery) provision	(52,380)	(277,771)
Adjustments resulting from:		
Permanent differences	(32,480)	(38,089)
Tax rate changes and other adjustments	(40,828)	974,872
Marketable securities	125,269	129,445
Expiry of non-capital losses	163,685	–
Decrease in valuation allowance	(288,266)	(933,457)
Income tax recovery reflected in the statement of operations	(125,000)	(145,000)

NOTES TO FINANCIAL STATEMENTS

For the years ended December 31, 2010 and 2009

10. Income Taxes (continued)*(b) Future Income Taxes*

The approximate tax effect of each type of temporary difference that gives rise to Thundermin's future income tax assets are as follows:

	2010	2009
	\$	\$
Mineral properties and exploration costs	5,214,980	5,343,259
Non-capital losses	641,433	744,813
Marketable securities	(150,140)	(88,715)
Capital losses	650,906	641,433
Share issue costs	7,998	12,653
Other	45,285	45,285
Future income tax assets, before valuation allowance	6,410,462	6,698,728
Valuation allowance	(6,410,462)	(6,698,728)
Net future income tax assets	-	-

The timing of the utilization of the future tax assets is undeterminable. Consequently, a full valuation allowance has been provided against the future value of these assets.

(c) Tax Loss Carry-Forwards

As at December 31, 2010, Thundermin had approximately \$23,800,000 of unclaimed exploration and development expenditures, \$2,574,500 of non-capital losses carried forward, and \$5,130,000 of capital losses carried forward available to reduce future taxable income.

Any non-capital losses that are unutilized to reduce taxable income in future years expire at the end of the following years:

	\$
2014	488,000
2015	397,000
2026	502,000
2027	452,000
2028	268,700
2029	142,800
2030	324,000
	<u>2,574,500</u>

11. Supplemental Cash Flow Information

	2010	2009
	\$	\$
Interest received	763	2,180
Capital taxes recovered	(9,801)	(10,550)

12. (Loss) Per Common Share

	2010	2009
	\$	\$
Numerator:		
Net loss attributable to common shareholders – basic and diluted	(49,600)	(751,036)
Denominator:		
Weighted-average common shares outstanding – basic	72,689,286	69,220,599
Weighted-average common shares outstanding – diluted	72,689,286	69,220,599
Basic loss per common share	(0.00)	(0.01)
Diluted loss per common share	(0.00)	(0.01)

As a result of the net losses for the years ended December 31, 2010 and 2009, the potential effect of the exercise of stock options and warrants were anti-dilutive. Therefore, the options and warrants were excluded from the computation of weighted-average number of diluted common shares outstanding as their inclusion would be anti-dilutive.

NOTES TO FINANCIAL STATEMENTS

For the years ended December 31, 2010 and 2009

13. Capital Disclosures

Thundermin's capital is composed of shareholders' equity. Thundermin manages its capital structure and makes adjustments to it, based on the funds available to Thundermin, in order to support the acquisition, exploration and development of mineral properties.

The properties in which Thundermin currently has an interest are in the exploration stage; as such Thundermin is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, Thundermin will spend its existing working capital and raise additional amounts as needed. Thundermin will continue to assess new properties and seek to acquire an interest in additional properties if it believes there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Thundermin is not subject to any externally imposed capital requirements.

14. Financial Risk Factors

Thundermin's risk exposure and the impact on its financial instruments are summarized below:

(a) Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfil its payment/contractual obligations. Thundermin is exposed to credit risk on its cash and cash equivalents and accounts receivable. Thundermin has deposited the cash and cash equivalents with reputable Canadian financial institutions, from which management believes the risk of loss is minimized. Management believes that credit risk concentration with respect to the financial instruments included in accounts receivable is remote. As at December 31, 2010, no accounts receivable are considered past due or impaired.

(b) Liquidity Risk

Thundermin's approach to managing liquidity risks is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2010, Thundermin had a cash and cash equivalents balance of \$410,666 (2009 – \$787,439) to settle current liabilities of \$381,435 (2009 – \$150,585). In addition, as at December 31, 2010, the quoted value of Thundermin's marketable securities was \$1,191,983 (December 31, 2009 – \$1,333,561). Subsequent to December 31, 2010, Thundermin closed a non-brokered flow-through private placement, raising net proceeds of \$950,310. (note 15)

(c) Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and commodity and equity prices.

(i) Interest Rate Risk

Thundermin has cash balances and no interest bearing debt. Thundermin's current policy is to invest excess cash in investment grade short-term deposit certificates issued by its banking institutions. Thundermin monitors the investments it makes and is satisfied with the credit ratings of its banks.

(ii) Price Risk

Thundermin is exposed to price risk with respect to commodity and equity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. Commodity price risk is remote since Thundermin is not a producing entity. Equity price risk is defined as the potential adverse impact on Thundermin's earnings due to movements in individual equity prices or general movements in the level of the stock market. Thundermin closely monitors individual equity movements and the stock market to determine the appropriate course of action to be taken by Thundermin.

Sensitivity Analysis

Thundermin's marketable securities consist mainly of equity investments in various publicly listed entities. Based on management's knowledge and experience of the financial markets, Thundermin believes the following movements are "reasonably possible" over a twelve month period:

- (i) A variance of 10% in the market value of Thundermin's marketable securities would affect comprehensive income by \$119,198.

NOTES TO FINANCIAL STATEMENTS

For the years ended December 31, 2010 and 2009

14. Financial Risk Factors (continued)*(d) Fair Value Hierarchy and Liquidity Risk Disclosure*

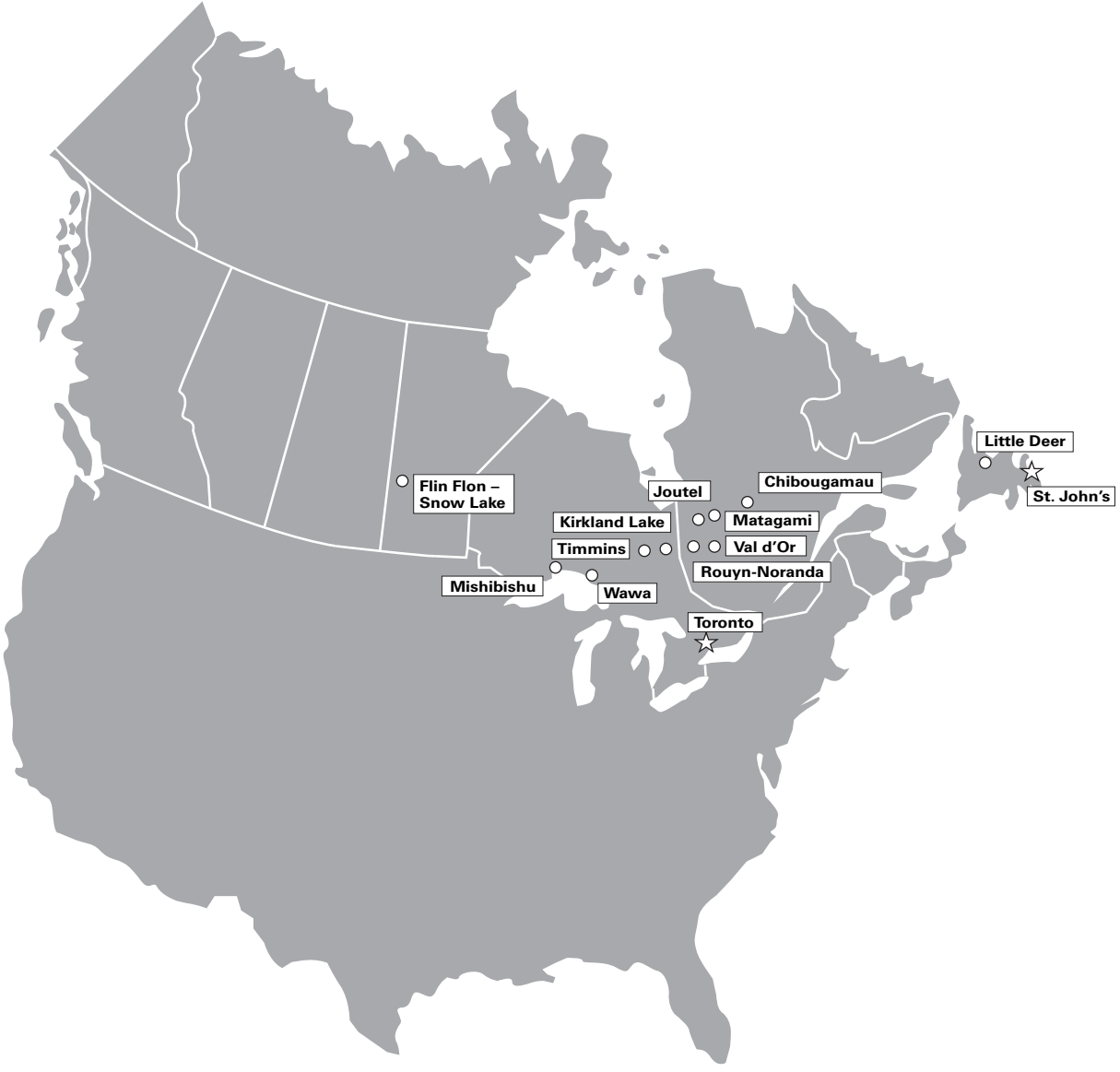
The following summarizes the methods and assumptions used in estimating the fair value of Thundermin's financial instruments where measurement is required. The fair value of short-term financial instruments approximates their carrying amounts due to the relatively short period to maturity. These include cash and cash equivalent, receivables, and accounts payable and accrued liabilities. Equity investments classified as available-for-sale that do not have an active trading market are recorded at cost. Fair value amounts represent point-in-time estimates and may not reflect fair value in the future. The measurements are subjective in nature, involve uncertainties and are a matter of significant judgment. The methods and assumptions used to develop fair value measurements, for those financial instruments where fair value is recognized in the balance sheet, have been prioritized into three levels as per the fair value hierarchy included in GAAP. Level one includes quoted prices (unadjusted) in active markets for identical assets or liabilities. Level two includes inputs that are observable other than quoted prices included in level one. Level three includes inputs that are not based on observable market data.

	Level One	Level Two	Level Three
	\$	\$	\$
Cash and cash equivalents	410,666	-	-
Marketable securities	1,188,832	-	3,151

15. Subsequent Event

On March 3, 2011, Thundermin completed a non-brokered private placement financing for \$1,007,310 (the "Offering") through the issuance of 3,874,270 flow-through units ("Units") at a price of \$0.26 per Unit. Each Unit consisted of one flow-through common share and one half of one non-transferable common share purchase warrant. Each whole warrant entitles the holder to purchase an additional common share of Thundermin at a price of \$0.35 per share on or before September 3, 2012. Each warrant will be subject to an early call provision. In the event that Thundermin's shares trade at a weighted-average price of \$0.60 or more per share for a period of at least 20 consecutive trading days, Thundermin will have the right, upon giving notice in writing to the warrant holders, to accelerate the expiry date of the warrants to the date that is 30 days from the date that notice was provided.

Thundermin paid a cash commission of \$57,463 and issued 189,439 compensation options on a portion of the Offering. The compensation options may be exercised at a price of \$0.26 per common share on or before September 3, 2012.



Corporate Information

DIRECTORS

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*Mining Executive,
Guelph*

James W. Gill[•]

*Mining Consultant,
Toronto*

Hugh D. Harbinson

*Chairman,
Queenston Mining Inc.,
Toronto*

John B. Heslop

*President and Chief Executive Officer,
Thundermin Resources Inc.,
Burlington*

Peter McCarter

*Retired Mining Consultant,
Toronto*

Charles E. Page[•]

*President and Chief Executive Officer,
Queenston Mining Inc.,
Burlington*

[•] *Member of Audit Committee*

OFFICERS

James W. Gill

Chairman of the Board

John B. Heslop

President and Chief Executive Officer

Robert D. B. Suttie

Chief Financial Officer

Susan Smith

Secretary

Peter McCarter

Assistant Secretary

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Legal Counsel

Heenan Blaikie,
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Registrar & Transfer Agent

Equity Transfer & Trust Company,
Toronto

Stock Exchange Listing

Toronto Stock Exchange (TSX)
Symbol – THR



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Toronto Stock Exchange (TSX) symbol – THR