

Form 45-106F1
Report of Exempt Distribution

This is the form required under section 6.1 of National Instrument 45-106 for a report of exempt distribution.

Issuer Information

Item 1: THUNDER SWORD RESOURCES INC.
6031 Tranquille Place
Richmond, B.C., V7C 2T2
Telephone No. 604-275-8222

Item 2: The Issuer is a reporting issuer in the Provinces of British Columbia and Alberta.

Item 3:

- | | |
|---|---|
| <input type="checkbox"/> Bio-tech | Mining |
| <input type="checkbox"/> Financial Services | <input checked="" type="checkbox"/> exploration/development |
| <input type="checkbox"/> investment companies and funds | <input type="checkbox"/> production |
| <input type="checkbox"/> mortgage investment companies | <input type="checkbox"/> Oil and gas |
| <input type="checkbox"/> Forestry | <input type="checkbox"/> Real estate |
| <input type="checkbox"/> Hi-tech | <input type="checkbox"/> Utilities |
| <input type="checkbox"/> Industrial | <input type="checkbox"/> Other (describe) |
-

Details of distribution

Item 4: Complete Schedule I to this report. Schedule I is designed to assist in completing the remainder of this report.

Item 5: State the distribution date. If the report is being filed for securities distributed on more than one distribution date, state all distribution dates.

October 18, 2006

Item 6: For each security distributed:

(a) describe the type of security,

Units, each Unit consisting of one fully paid and non-assessable common share in the capital of the Issuer and one transferable share purchase warrant

(b) state the total number of securities distributed. If the security is convertible or exchangeable, describe the type of underlying security, the terms of exercise or conversion and any expiry date; and

1,341,334 Units – the 1,341,334 warrants expiring October 18, 2006. If for a period of ten consecutive days commencing after October 18, 2006, the Issuer's shares trade at or above a weighted average trading price of \$2.50, in which case, if the Issuer elects to invoke the acceleration provision, the Issuer shall issue a press release and give written notice to the warrant holders (the "Notice") indicating that the warrant expiry date will "accelerate" to become the date thirty days following the date the press release and the Notice are issued.

(c) state the exemption(s) relied on.

Section 2.3(2) and Section 2.5(2) of NI 45-106

Item 7: Complete the following table for each Canadian and foreign jurisdiction where purchasers of the securities reside. Do not include in this table, securities issued as payment for commissions or finder's fees disclosed under item 8, below.

Each jurisdiction where purchasers reside	Number of purchasers	Price per security (Canadian \$) ¹	Total dollar value raised from purchasers in the jurisdiction (Canadian \$)
British Columbia	9	\$1.50	\$1,959,501
Saskatchewan	2	\$1.50	\$52,500
Total number of Purchasers	11		
Total dollar value of distribution in all jurisdictions (Canadian \$)			\$2,012,001

Note 1: If securities are issued at different prices list the highest and lowest price the securities were sold for.

Commissions and finder's fees

Item 8: Complete the following table by providing information for each person who has received or will receive compensation in connection with the distribution(s). Compensation includes commissions, discounts or other fees or payments of a similar nature. Do not include payments for services incidental to the distribution, such as clerical, printing, legal or accounting services.

If the securities being issued as compensation are or include convertible securities, such as warrants or options, please add a footnote describing the terms of the convertible securities, including the term and exercise price. Do not include the exercise price of any convertible security in the total dollar value of the compensation unless the securities have been converted.

Full name and address of the person being compensated	Compensation paid or to be paid (cash and/or securities)				
	Cash (Canadian \$)	Securities			Total dollar value of compensation (Canadian \$)
		Number and type of securities issued	Price per security	Exemption relied on and date of distribution	
Canaccord Capital Corporation Suite 2200, 609 Granville Street P.O. Box 10337, Pacific Centre Vancouver, B.C., V7Y 1H2	\$7,160	N/A			\$7,160
RLC Strategic Capital Corp. Suite 1925, 200 Burrard Street Vancouver, B.C., V6C 3L6	\$144,000	N/A			\$144,000
Total:	\$151,160				\$151,160

Item 9: If a distribution is made in Ontario, please include the attached "Authorization of Indirect Collection of Personal Information for Distributions in Ontario". The "Authorization of Indirect Collection of Personal Information for Distributions in Ontario" is only required to be filed with the Ontario Securities Commission.

Item 10:

Certificate

On behalf of the issuer, I certify that the statements made in this report are true.

Date: October 24, 2006.

THUNDER SWORD RESOURCES INC.

Name of issuer (please print)

Matty Goldstein, Director - Ph: 604-275-8222

Print name, title and telephone number of person signing

Signature

Item 11: State the name, title and telephone number of the person who may be contacted with respect to any questions regarding the contents of this report, if different than the person signing the certificate.

N/A

IT IS AN OFFENCE TO MAKE A MISREPRESENTATION IN THIS REPORT.