



Tim Callaghan – Resource and Exploration Geology



Tim Callaghan – Resource and Exploration Geology

3 Main Rd Penguin 7318 ph. 0428 888 896 email: timcallaghan@netspace.net.au
ABN 50886857181

BLYTHE RIVER PROJECT

ANNUAL REPORT

EL35/2006 HAMPSHIRE 1

NW TASMANIA

Prepared for: Forward Mining Limited

Tim Callaghan, January 2013



Tim Callaghan – Resource and Exploration Geology

MAP CONVENTIONS

Coordinates in this report and in digital data associated with this report are recorded as GDA94 Zone 55.

RL's in this report are MSL.

Cross sections are drawn looking north.



EXECUTIVE SUMMARY

This report covers exploration activities completed on EL35/2006 Hampshire 1. The EL forms part of a tenement package prospective for Magnetite and Tungsten mineralisation around the House Top Granite in NW Tasmania.

Field mapping, targeting and sampling of the Hampshire Magnetite skarn was completed in 2012. The deposit outcrops a further 200m south along strike from the drilled portion of the deposit. The Sea Slug and Nolan's Hill Prospect are covered by a thick cover of Tertiary Basalt. If the magnetic anomalies associated with these deposits are magnetite skarns, they are considered to be too deep to be economically viable in the medium term.

The majority of the work completed in 2013 is anticipated to be on EL's 18/2007 and 53/2007 focusing on a Prefeasibility Study. However a limited exploration program of 300m has been proposed to test the southern extension of the Hampshire magnetite skarn.



CONTENTS

Executive Summary	3
1 Introduction	5
2 Regional Geology	6
2.1 Local Geology	10
3 Work Completed Feb 2011 – Feb 2012	13
4 Proposed Work Program	14
5 Environmental	15
6 Expenditure	16
Additional Notes	17

LIST OF FIGURES

Figure 1	Blythe River Project location and geology	8
Figure 2	Blythe Project tenements, TMI and prospect locations	9
Figure 3	Hampshire Geology	11
Figure 4	Hampshire TMI	12
Figure 5	Section 5430460N	13

LIST OF TABLES

Table 1	Tenement Details of the Blythe River Project	1
Table 2	Proposed Drill Collars Hampshire Skarn	15



1 INTRODUCTION

EL35/2006 Hampshire is one of 6 current exploration licenses held by Blythe River Iron Pty Ltd (BRI). The tenements were previously held by either Iron Mountain Pty Ltd or Red River Mining Pty Ltd. Tenement details are listed in Table 1.

EL	Name	Held By	Size	Expiry	Comments
EL6/2005	Cuprona	BRI	22km ²	9/2013	Expires late 2013
EL15/2006	Camena	BRI	30km ²	6/2013	Expires mid 2013
EL25/2009	Highclere	BRI	33km ²	5/2015	2 years remaining
EL35/2006	Hampshire 1	BRI	89km ²	2/2012	Expires early 2012
EL18/2007	Hampshire 2	BRI	103km ²	7/2013	Expires mid 2013
EL53/2007	Mt Everett	BRI	47km ²	12/2013	1 years remaining

Permission to submit a combined annual report for all tenements in the Blythe Project was granted on 10th June 2009, with EL 25/2009 being granted on 24th May 2010 and added to the reporting area. The board of BRI decided to return to separate annual reports for the tenements in early 2012. This report contains information on exploration activities completed on EL35/2006.

Five of the six tenements are nearing the end of the term of tenure and will require terms of extension and diligent commitment to work programs. The majority of the work completed over the past few years has focused on EL18/2007 Hampshire 2 with only limited reconnaissance work completed on EL35/2006. A term of extension of 1 year was granted for EL35/2006 on March 2nd 2012.

The Blythe River Iron Project (BRIP) consists of a number of small to medium size magnetite skarn deposits located in NW Tasmania, approximately 30km south of Burnie (Figure 1 and 2). Exploration is focused on resource delineation of semi massive to massive magnetite deposits to provide a resource base for a magnetite mining operation for the iron ore market.

Much of the work completed on the tenement package over the past year includes baseline studies for a Pre Feasibility Study on EL's 18/2007 and EL53/2007 which host significant magnetite resources near surface. A diamond drilling program was completed on EL25/2009 Highclere in February 2012.



2 REGIONAL GEOLOGY

The Blythe River Iron Project is located on the western margin of the Dial Range Trough and is underlain by lithologies of the Late Proterozoic Oonah Formation, Owen Group Siliciclastics, Gordon Group Limestone, Devonian Granites and Tertiary Basalt (Figure 1). The Dial Trough is a structurally interesting basin that includes a possible Northern Extension of the Hellyer Fault, and significant basin bounding faults on the western and eastern sides. The Devonian post orogenic Husetop Granite dominates the geology to the south of the project area and is considered to underlie much of the southern Dial Trough. The Dial Trough has been poorly mapped and stratigraphic correlations are uncertain for many units.

Oonah Formation

The oldest rocks in the district are the Proterozoic Oonah formation, consisting of poly-deformed quartzwacke, siltstone and pelite with lesser dolerite intrusives. These are overlain by a sequence of pelite-carbonate with minor mafic volcanics and conglomerate. This association is host to replacement deposits at Mt Bischoff and near Zeehan and consequently represents a potential host for similar styles of skarn mineralisation.

Mt Read Volcanics

Mt Read Volcanic associations have been correlated with the felsic volcanoclastics of the Western Volcano-sedimentary sequence and the Tyndall Group quartz-feldspar phyrlic volcanoclastics.

Owen Group

The Late Cambrian to Ordovician Owen Group overlies the Mt Read Volcanics and is comprised dominantly of siliciclastic conglomerate and sandstone. Locally volcanic derived conglomerates are associated with basal members. The Moina Sandstone, comprised of coarse to fine siliciclastic sandstone with minor intercalated conglomerate is the uppermost siliciclastic unit of the Owen Group and has a gradational contact with the overlying Gordon Group.

Gordon Group Limestone

Conformably overlying the Owen Group is the Gordon Group limestone and dolomite sequence which is the host of the Kara district magnetite skarns. The stratigraphic thickness of the limestone is regionally variable ranging between 50-1000m.

Husetop Granite

The Husetop granite outcrops in much of the Blythe River Prospect and is believed to extend below much of the area (Leaman, 1993). Leaman concludes that the Husetop granite is anomalously dense and highly magnetic, which may explain the abundance of iron metasomatism in the district. The granite is responsible for massive Magnetite-Sn-WO₃ mineralisation of the Kara District. The association of Tasmanian Devonian granites with Magnetite, Sn-WO₃, Pb-Zn-Ag and Au mineralisation is well documented.



Tim Callaghan – Resource and Exploration Geology

Tertiary Basalt

Basaltic flows are widespread throughout the Blythe River Iron Project area, flooding Tertiary palaeo-topographic lows. The basalts vary widely in thickness and frequently have a high magnetic susceptibility creating difficulties for magnetite exploration below basaltic cover. Recent resource and exploration drilling at the Kara Mine indicates that the magnetite skarn extends below basalt cover.

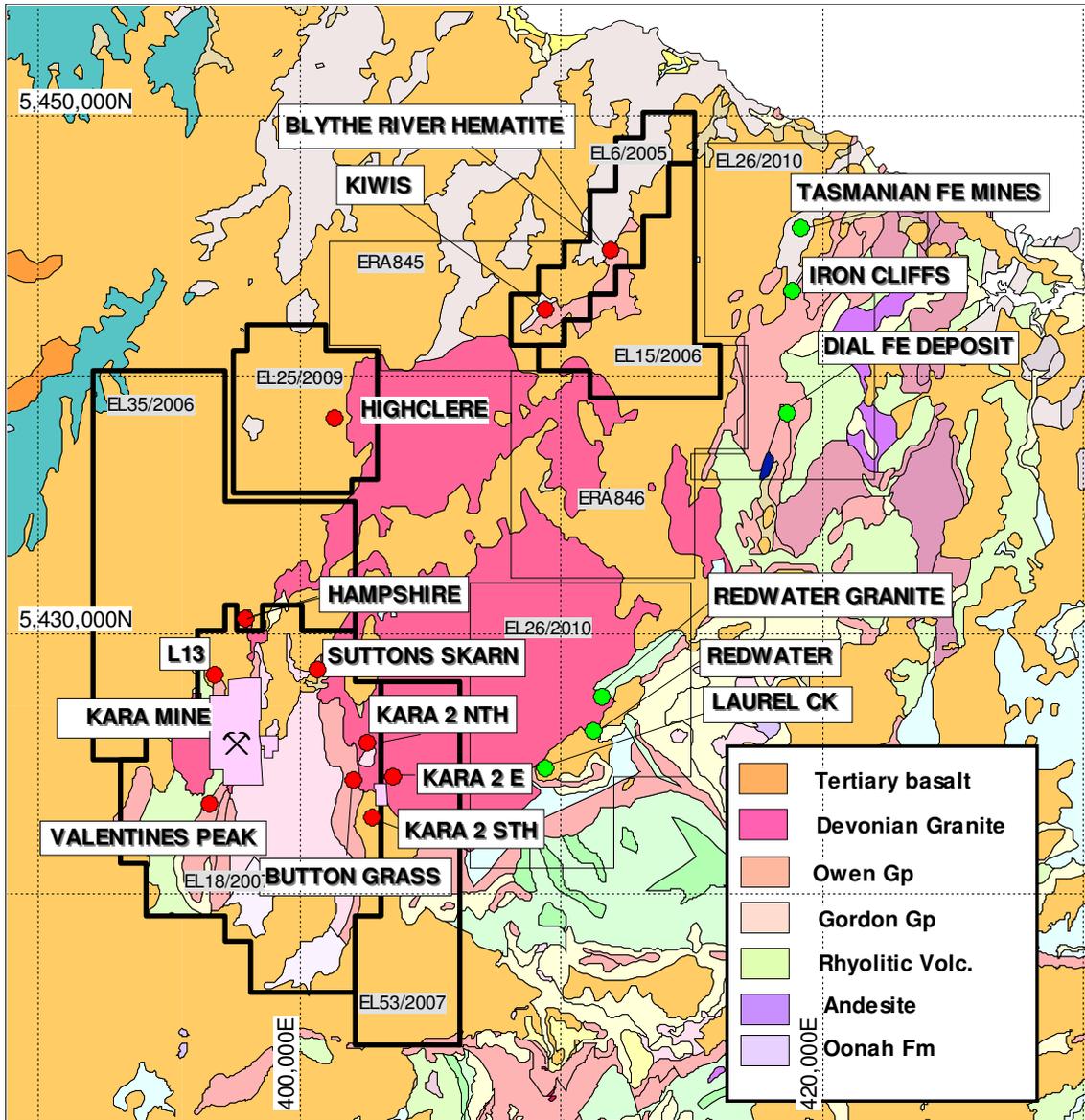


Figure 1. Blythe River Project location, Fe Prospects and MRT 250k Geology. Red dots are Blythe Project Fe prospects, green dots are other regional Fe Prospects.

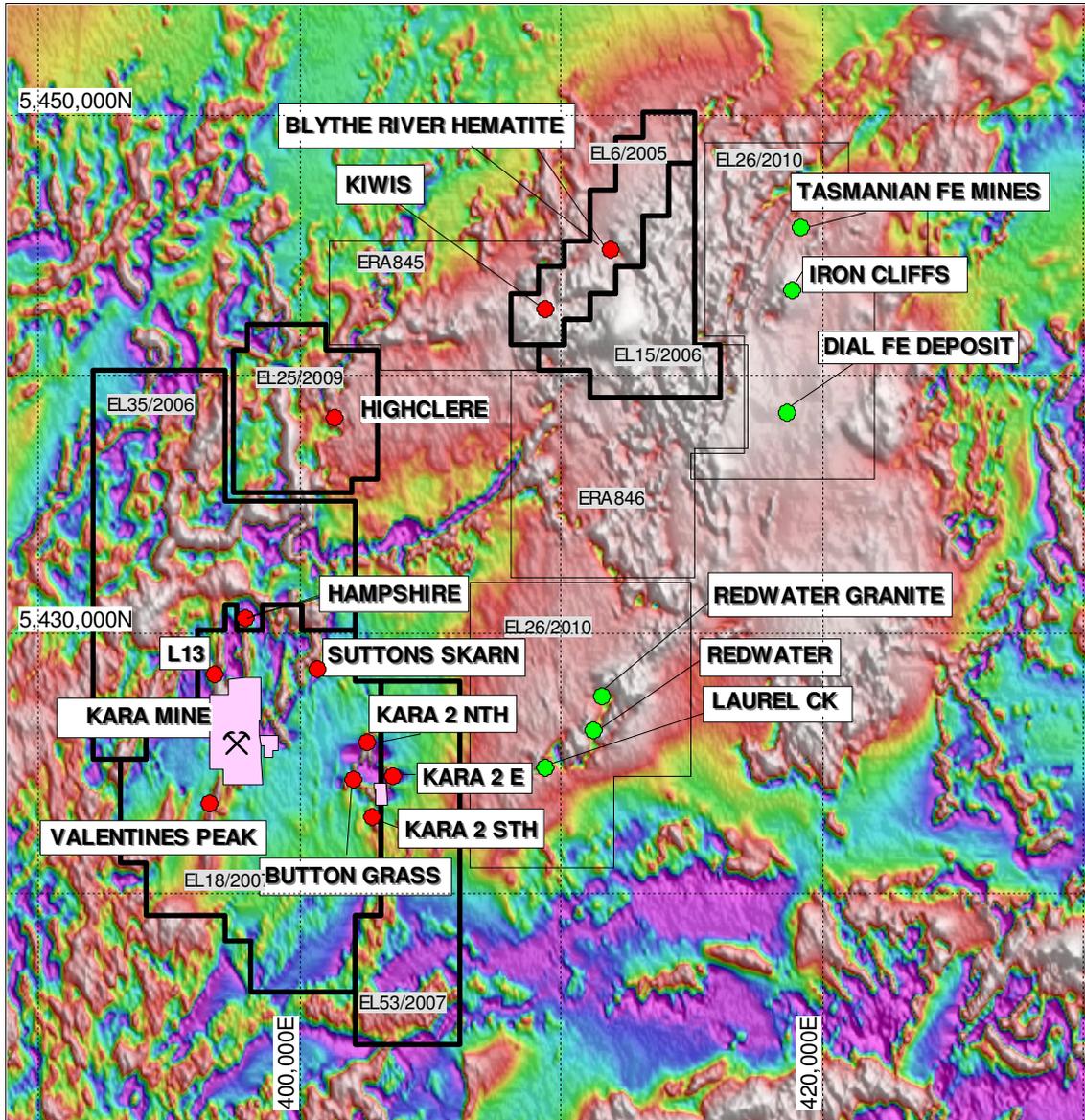


Figure 2. Blythe Project tenements, TMI and prospect locations. Red dots are Blythe Project Fe prospects, green dots are other regional Fe Prospects.



2.1 LOCAL GEOLOGY

The geology of EL35/2006 is dominated by Tertiary basalt flows, particularly to the north. On the southern boundary several basement windows expose granite intrusions with adjacent skarn mineralisation and the underlying Moina Sandstone including the Hampshire magnetite skarn, typical of the metasomatic magnetite rich skarns associated with the Husetop Granite.

2.1.1 HAMPSHIRE MAGNETITE SKARN

The Hampshire Magnetite skarn has been explored historically for Sn and WO₃ by ANZECO and MacIntyre Mines during the 1970's and 1980's. Iron Mountain Pty Ltd completed a comprehensive 30m spaced RC drilling program on the northern 250m of the deposit in 2008. 30 holes were drilled for 1530m. Drilling returned numerous high grade magnetite intersections in a consistently west dipping lens. Tungsten values were generally low with only a few samples above 0.1% WO₃.

The Hampshire Magnetite Skarn outcrops over a strike length of 500m and dips moderately west. Mineralisation consists of an approximately 10m thick massive magnetite skarn hosted in a thicker sequence of garnet-pyroxene-actinolite calc silicate skarn. Mineralisation has replaced a calcareous sandstone located just below the Moina Sandstone. Hornfelsed quartzite sandstone of the Moina Sandstone lies directly over the skarn.

The skarns are proximal to the Husetop Granite which truncates the mineralisation down dip to the west (Figure 5). The mineralisation is considered to be hosted in a roof pendant of Paleozoic calcareous sediments on the Husetop Granite.

Tertiary Basalt flows infill palaeo-valley and form basaltic flood deposits over much of the EL. Small windows of basement outcrop in the Hampshire area and the far east of the EL.

The deposit and remains open to the south, with a prominent magnetic high extending beneath basalt cover onto EL18/2007 (Figures 3 and 4). Reconnaissance mapping completed this year traced the outcropping magnetite skarn a further 250m south of the area drilled.

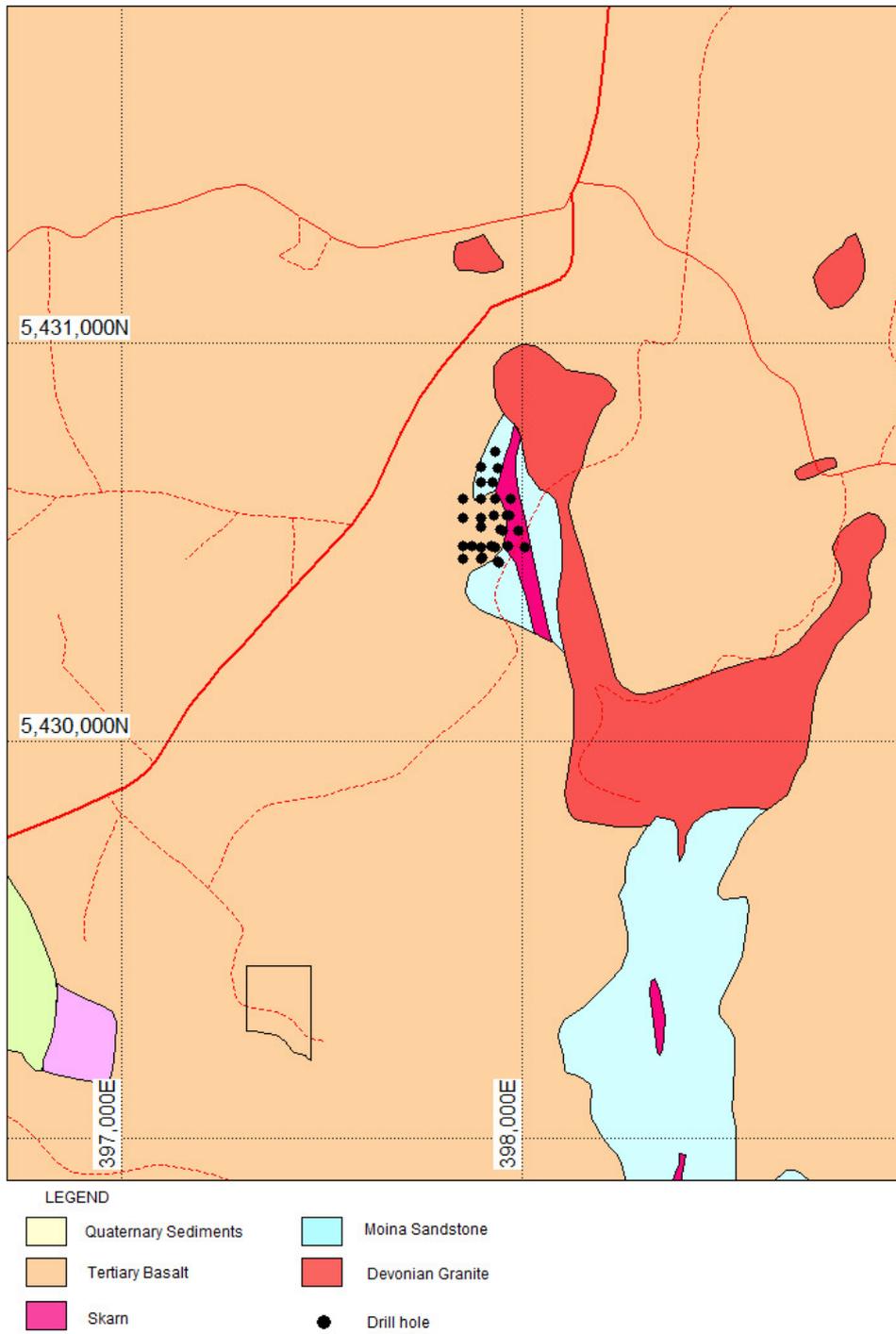


Figure 3. Hampshire geology (after Whitehead, 1982).



Tim Callaghan – Resource and Exploration Geology

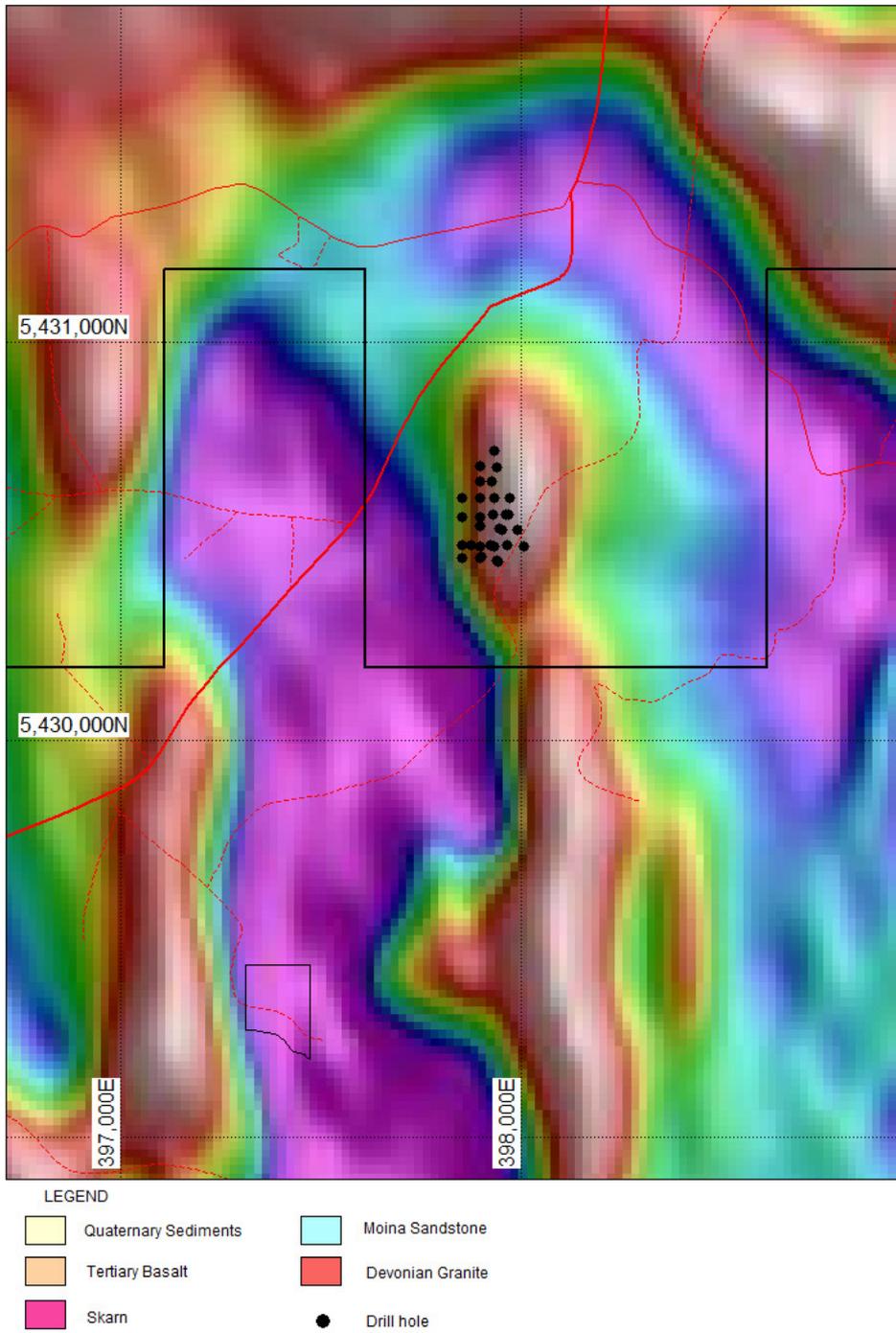


Figure 4. Hampshire TMI



Tim Callaghan – Resource and Exploration Geology

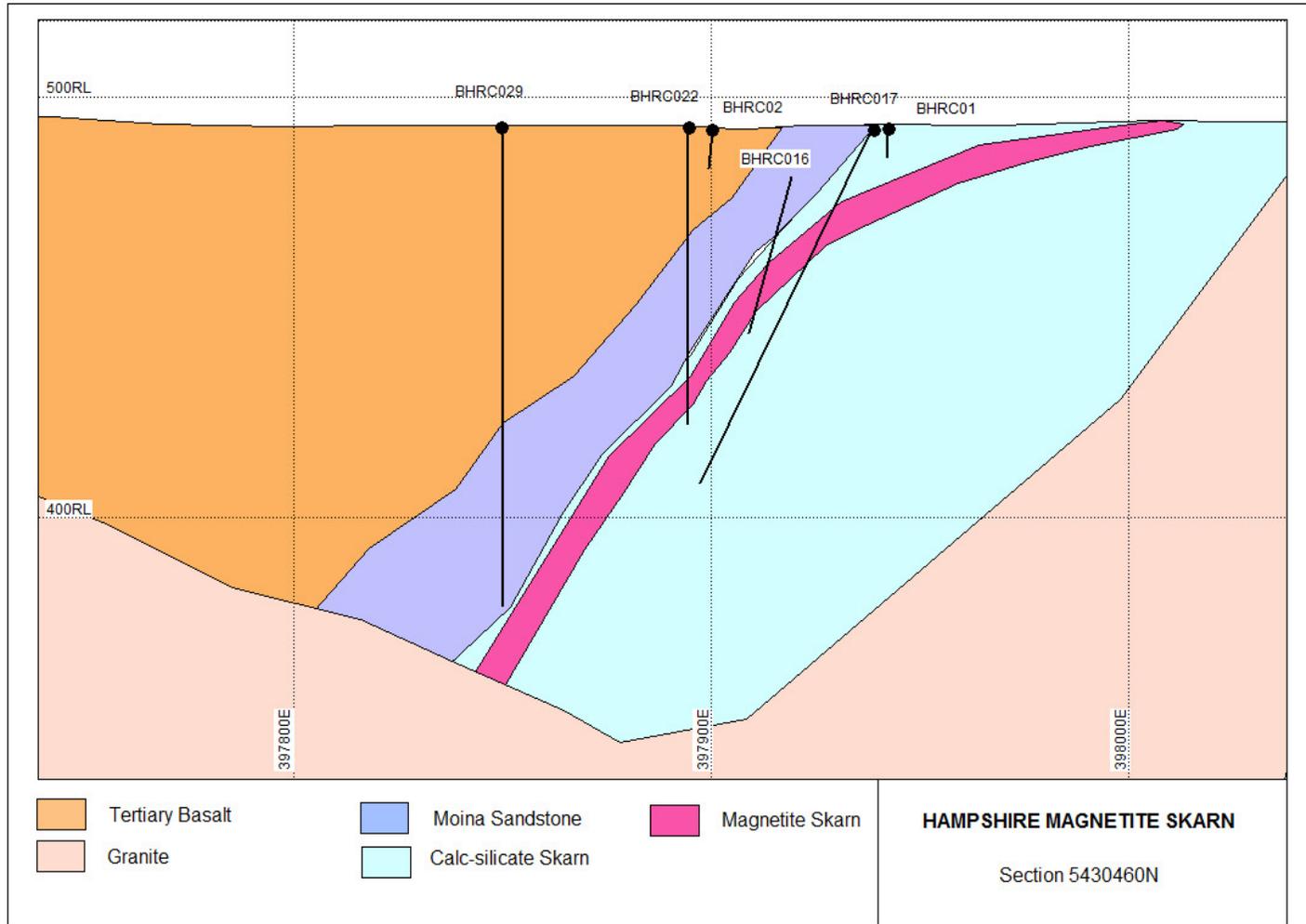


Figure 5. Section 5430460N



2.1.2 NOLANS HILL AND SEA SLUG

Several large aeromagnetic anomalies are present on EL35/2006, one located 4kms to the west of Hampshire named by Iron Mountain as the Sea Slug Prospect. The another is located 5kms north of Hampshire at Nolan's Hill.

Red River-Iron Mountain completed exploration RC drilling of the Sea Slug magnetic anomaly in 2008. Five RC holes for 385m were completed on the prospect with holes extending between 50m and 100m depth and remained in basalt for their entire length. Drill holes were spaced over 100m apart covering the strong magnetic anomaly.

A similar program of RC drilling was completed at the Nolan's Hill Prospect with five holes for 330m between 50 and 100m. Similarly all holes remained in basalt for their entire length. Holes were spaced approximately 100m apart testing the prominent anomaly.

The Nolan's Hill and Sea slug anomalies were possibly not fully tested with all holes ending in basalt, failing to reach the basement. However the depth of the basalt and the irregular shape of the aeromagnetic anomalies suggest they are low order targets for future exploration. If the magnetic anomalies associated with these deposits are magnetite skarns, they are considered to be too deep to be economically viable in the medium term.



3 WORK COMPLETED FEB 2012 – FEB 2013

Work completed specifically on EL35/2006 included reconnaissance field mapping of the Hampshire Magnetite skarn, an assessment of the Hampshire magnetite skarn drilling program, drill targeting at Hampshire and assessment of the Nolan's Hill and Sea Slug anomalies.

Outcropping magnetite skarn was traced 200m south of the drill tested portion of the Hampshire deposit. A limited exploration drilling program consisting of 2 - 4 RC drill holes has been proposed.

Proposed Hole	Easting	Northing	Azm	Dip	Depth m
1	397940	5430400	0	-90	50
2	397885	5403400	0	-90	100
3	397935	5403350	0	-90	50
4	397885	5403350	0	-90	100

After reviewing the Nolan's Hill and Sea Slug prospects it was concluded that they are low order targets. It is unlikely that the eastern side of the tenement covered by Tertiary Basalt will host economically viable iron mineralisation due to the basalt cover sequence.



Tim Callaghan – Resource and Exploration Geology

4 PROPOSED WORK PROGRAM

A 2 year exploration program for the Blythe River Project involving a full expenditure of \$1.9M was proposed to the board of Forward Mining in 2010. Most of the proposed work was to occur on EL's 18/2007 and 53/2007 involving resource definition drilling and completion of a feasibility study on the Kara No 2 skarns. Prefeasibility studies commenced in 2012 with baseline environmental surveys on the above mentioned EL's.

Work planned for EL35/2006 involves exploration RC drilling of the southern extension of the Hampshire Skarn. 2-4 RC holes are planned to test down dip from the outcropping magnetite deposits. Future work will involve a resource estimation of the Hampshire deposit. A proposed expenditure of \$25,000 is expected for the EL.



Tim Callaghan – Resource and Exploration Geology

5 ENVIRONMENTAL

No rehabilitation was required during 2012.



Tim Callaghan – Resource and Exploration Geology

6 EXPENDITURE

Expenditure for 2013 is anticipated to be approximately \$25,000.



Tim Callaghan – Resource and Exploration Geology

ADDITIONAL NOTES

LIMITATIONS AND CONSENT

The report is provided to Forward Mining Ltd in the context of an Annual Report and should not be used or relied upon for any other purpose.

This report has been prepared using information available to the Author at the time of writing. The opinions stated herein are given in good faith and with the belief that the basic assumptions are factual and correct and the interpretations reasonable.

This report is not intended for use as a public document nor, in whole or in part, in a public document without written consent to the form and context in which it appears.

COMPETENT PERSON AND JORC CODE

This report was prepared in accordance with the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' ("JORC Code") by Tim Callaghan, who is a Member of The Australian Institute of Mining and Metallurgy ("AusIMM"), has a minimum of five years experience in the estimation and assessment and evaluation of Mineral Resources of this style and is the competent Person as defined in the JORC Code. This announcement accurately summarises and fairly reports his estimations and he has consented to the resource report in the form and context it appears.

STATEMENT OF INDEPENDENCE

Tim Callaghan has no material interest or entitlement in the securities or assets of the Forward Mining Ltd or any associated companies.