



Tim Callaghan – Resource and Exploration Geology



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BLYTHE RIVER PROJECT
ANNUAL REPORT
EL6/2005 CUPRONA
NW TASMANIA

Prepared for: Forward Mining Limited

Tim Callaghan, August 2013



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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.



EXECUTIVE SUMMARY

This report covers exploration activities completed on EL6/2005 Cuprona for the period August 2012 to August 2013. The EL forms part of a tenement package prospective for magnetite, Hematite and tungsten mineralisation around the House Top Granite in NW Tasmania.

The Natone Skarn, originally identified by Shell exploration in the 1980's consists of magnetite-pyrrhotite skarn mineralisation located at the south end of the EL.

Several hematite silica bodies are associated with breccias on the Precambrian-Cambro-Ordovician boundary extending over a strike length of 5km. The iron mineralisation occurs as lenses and bluffs of high grade >50% Fe and silica, forming prominent bluffs and ridges. Three significant bodies have been identified historically including Rutherford's, Blythe River and Cuprona.

Three diamond Drillholes testing the southern strike extension of the Rutherford's Hematite deposit were in progress at the time of reporting. E-drill have mobilized an LF70 diamond drill rig with the first hole collared in late August 2013. A total of 240m are planned for the prospect.

Samples for metallurgical testwork will be collected to assess the suitability of the Iron for direct shipping or beneficiation prior to export.



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1 INTRODUCTION

EL6/2005 Cuprona is one of six tenements 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	Relinquished 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 EL6/2005 Cuprona.

Five of the six tenements are past their 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 EL6/2005. A term of extension of 1 year was granted for EL5/2006 in September 2012. A further term of extension is required for 2013.

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.

EL 6/2005 measures 22km² and is located 20km south east of Burnie in NW Tasmania. The area comprises hilly farmland, mainly dairy cattle, and contains localised areas of remnant Tasmanian bush (Figure 1). The Blythe river gorge is a steeply incised valley running through the axis of the EL, exposing steep bluffs of silica hematite mineralisation.



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Figure 1 Rutherford's Hematite deposit, Natone Area Typical Landscape



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 2). 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.



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.

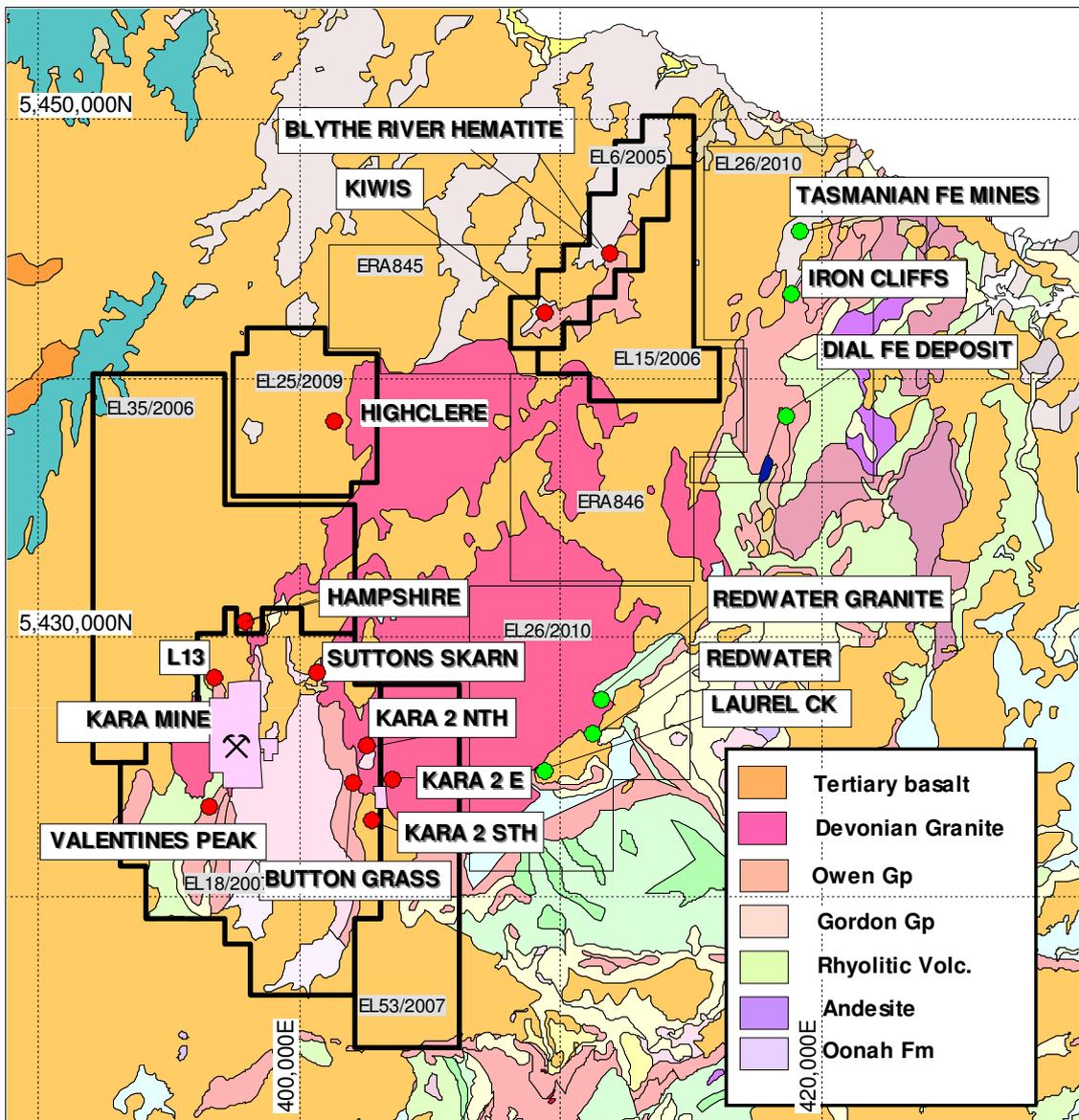


Figure 2. Blythe River Project location, Fe Prospects and MRT 250k Geology. Red dots are Blythe Project Fe prospects, green dots are other regional Fe Prospects.

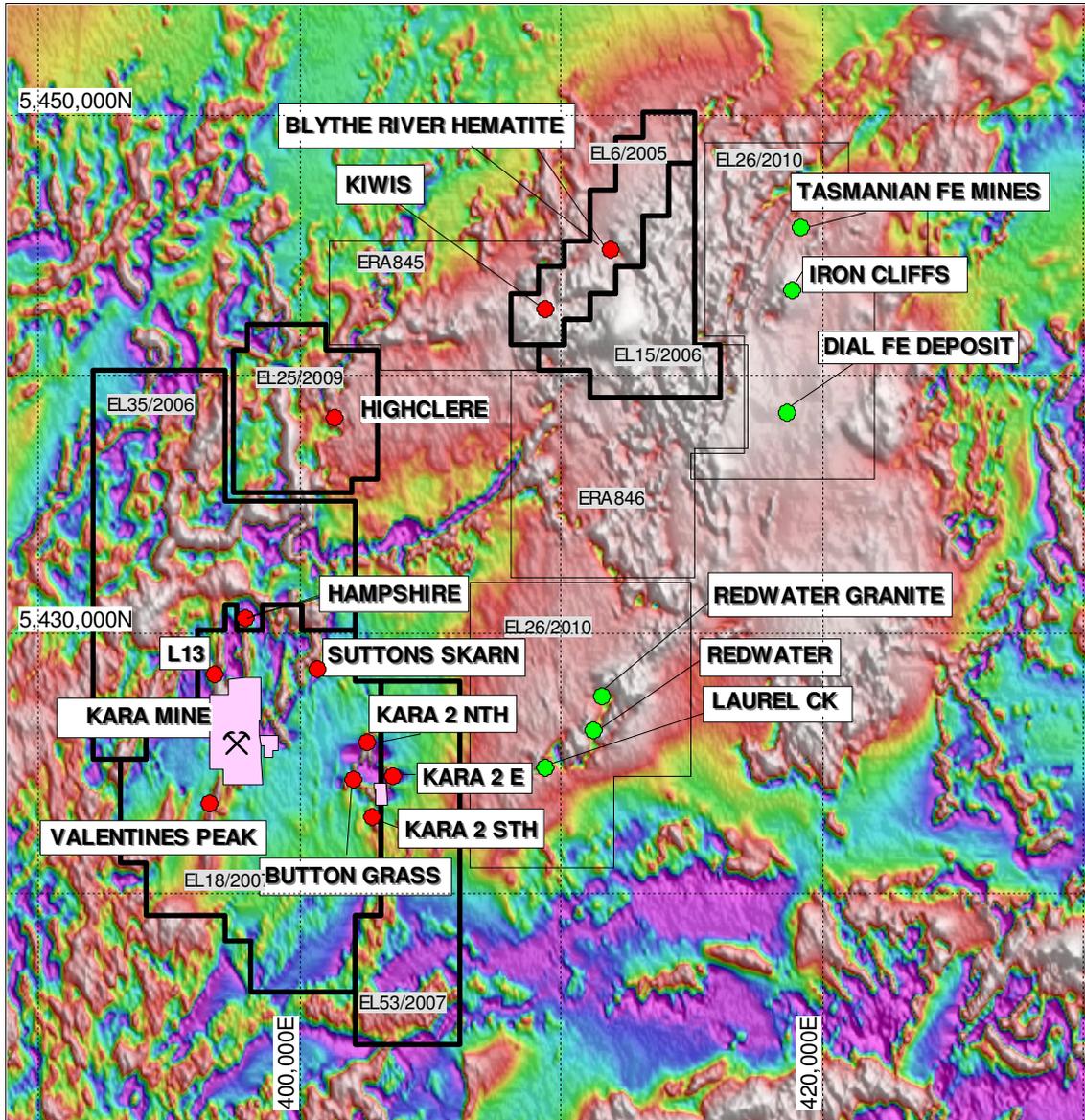


Figure 3. Blythe Project tenements, TMI and prospect locations. Red dots are Blythe Project Fe prospects, green dots are other regional Fe Prospects.



3 LOCAL GEOLOGY

The geology of EL6/2005 is dominated by rocks of the Proterozoic Oonah Formation to the west and Ordovician siliciclastics and limestone to the east, bounded by a northeast trending lineament. The Ordovician clastic deposits unconformably overly the Proterozoic quartzite and shale. The Precambrian-Ordovician lineament hosts a series of massive hematite-silica bodies such as the Rutherford's (Kiwi's), Cuprona and Blythe River Iron deposits.

A Devonian granite intrusion is located in the far south of the EL and minor magnetite and pyrrhotite skarn mineralisation is associated within the contact aureole in the Natone Skarn.

Late Tertiary basalts cover 50% of the EL, covering the earlier prospective lithologies.

The hematite-silica deposits form a series of hills and prominent bluffs. Minor basemetal mineralisation is occasionally associated with the deposits but they principally appear to be composed of high grade hematite with variable amounts of silica.

The main areas of exploration interest on EL 6/2005 for Forward Mining include the Natone Skarn, Rutherford's Iron deposit, Blythe River and Cuprona Hematite Iron deposits. The Cuprona copper mineral field including the Copper King Mine occurs in the northern half of EL 6/2005.

3.1 NATONE SKARN AND RUTHERFORD'S IRON (KIWI'S PROSPECT)

Magnetite-Hematite skarns are located in the far south of the EL with significant intersections identified in RC drillholes completed on the Natone Skarn (Kiwi's Prospect) by Red River in 2009. The Natone Skarn, which comprises a complex arrangement of skarn lithologies hosting localised magnetite and/or pyrrhotite mineralisation. The magnetite skarn lies 600m north east of the contact with the Husetop Granite and is hosted by the narrow band of Cambrian clastic and carbonate sediments.

Adjacent to the magnetite skarns is primary and secondary iron mineralisation, known as Rutherford's Iron Deposit. The deposit occurs as a distinct hill of outcropping massive hematite mineralisation, locally oxidised to goethite, hosted within the narrow band of Cambrian sediments, close to its boundary with the younger Oonah formation quartzite and shale. Several collapsed adits are located on the southern side of the deposit. The deposit extends for approximately 100m in length and 20-30m in width, striking NE and dipping steeply east.

Red River Mining completed 5 diamond and 5 RC drillholes for 721m and 272m respectively on the Rutherford's prospect and Natone Skarn. The diamond holes were aiming to test magnetic anomalies in the search for magnetite skarn whilst the RC holes also aimed to test for magnetite mineralisation but were generally more focused on the outcropping hematite at Rutherford's Iron location (Figure 6). The RC drilling intersected narrow but significant iron mineralisation as oxidised magnetite skarn and hematite iron, with the results summarised in Table 2. Magnetic susceptibility readings suggest much of the high grade iron was hematite, particularly near the top of the holes.

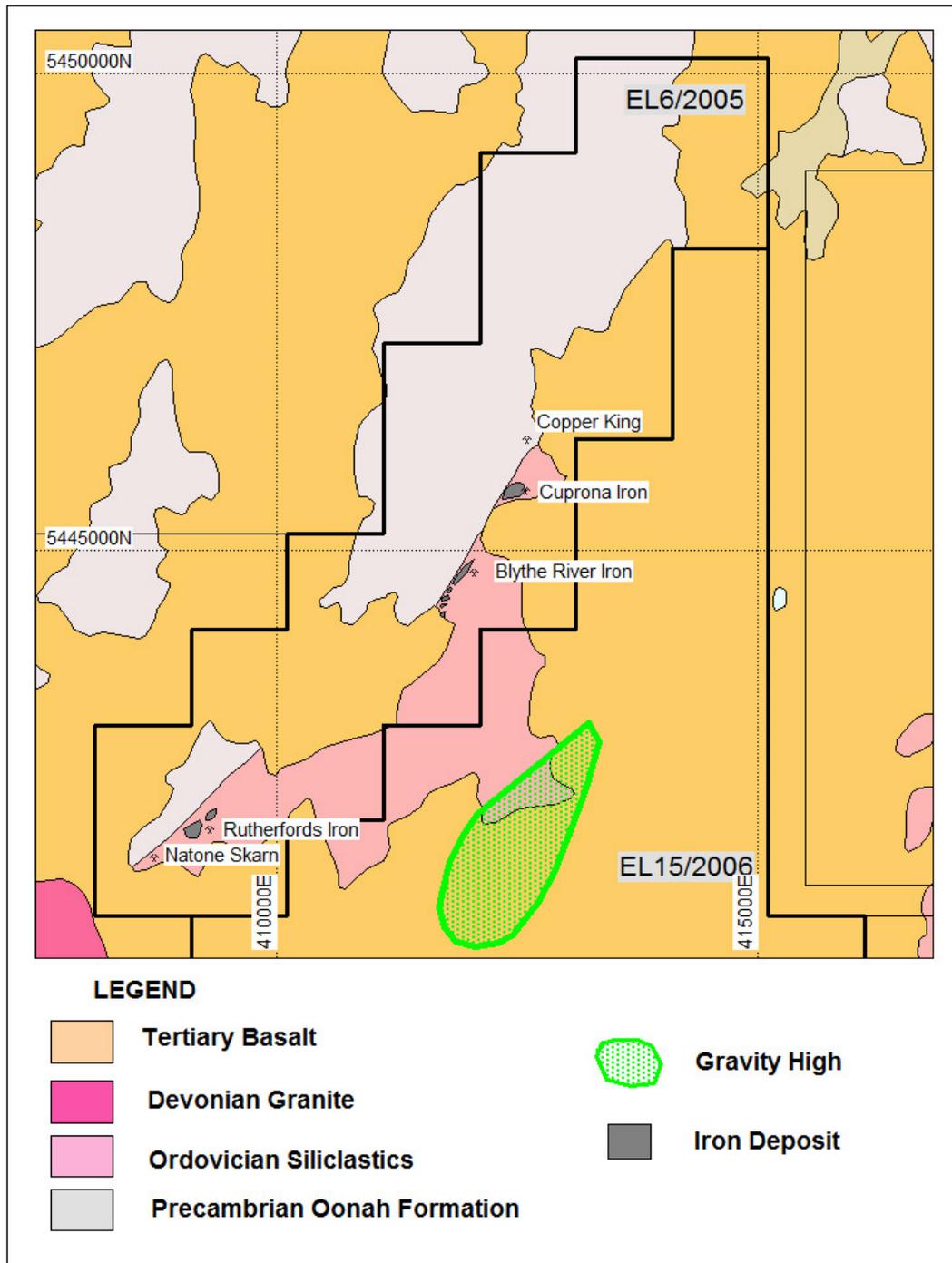


Figure 4. Cuprona Geology (from MRT1:250 000)

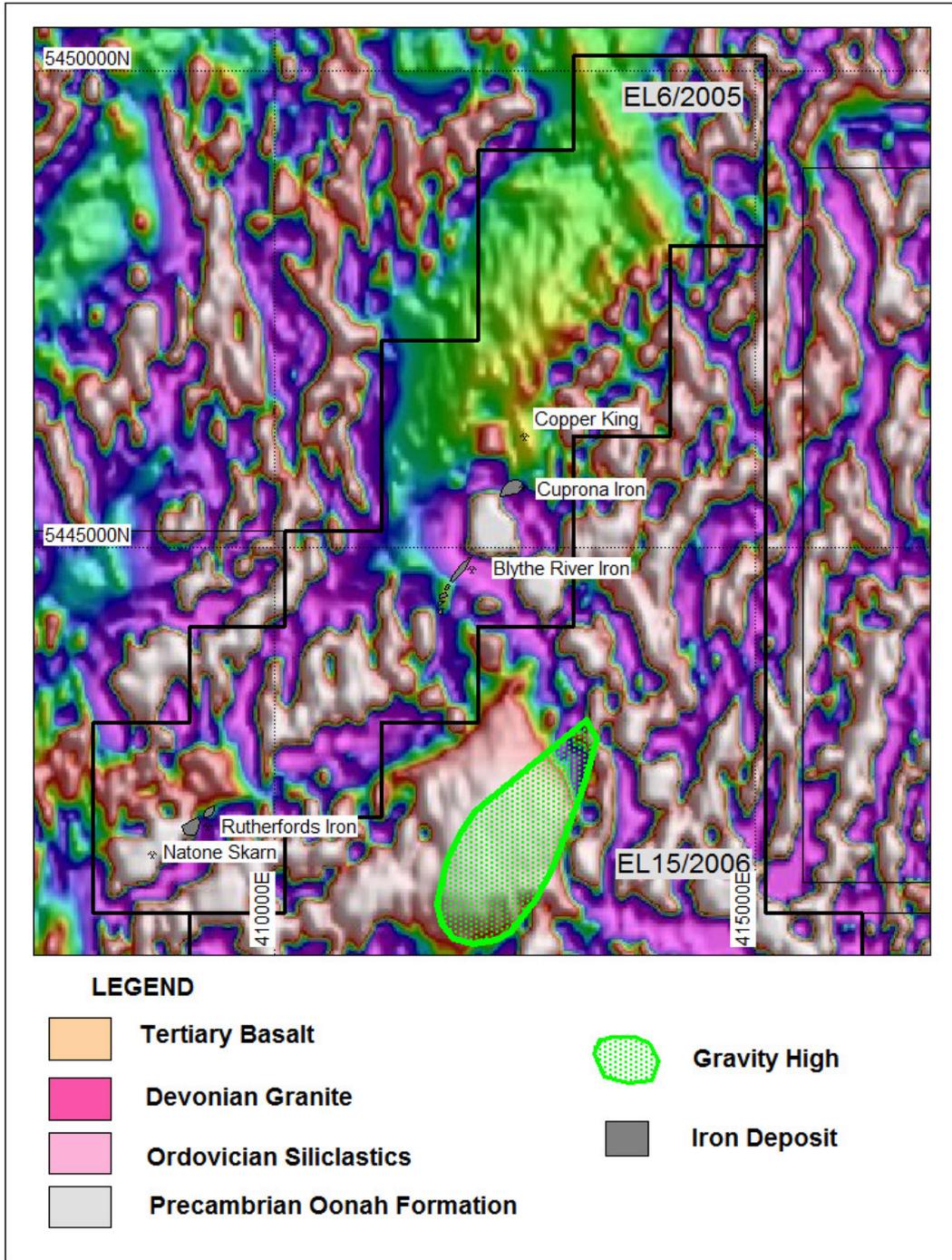


Figure 5. Camena 1VD_TMI and gravity high.



Table 2 Rutherfords Prospect Summary for RC Drillhole Intercepts

Hole	Width	Fe %	Al ₂ O ₃ %	P ₂ O ₅ %	SiO ₂ %	SO ₃ %	SnO ₂ %	From
KWRC002	8m	57.55	2.09	0.141	12.28	0.035	0.008	0m
KWRC002	2m	49.60	1.20	0.160	24.60	0.013	0.005	27m
KWRC003	2m	42.15	1.86	0.053	34.95	0.065	0.005	0m
KWRC003	4m	42.33	5.80	0.183	28.95	0.065	0.005	7m
KWRC003	3m	35.50	2.00	0.200	38.97	0.057	0.007	23m
KWRC003	4m	54.05	0.88	0.255	9.48	0.023	0.005	30m
KWRC004	4m	48.38	2.75	0.265	5.70	0.140	0.021	3m
KWRC005	2m	55.00	1.61	0.064	16.90	0.050	0.008	0m
KWRC005	14m	55.59	3.48	0.170	12.31	0.329	0.007	6m
Average	4.8m	48.90	2.41	0.166	20.46	0.086	0.008	

The diamond drilling encountered zones of poor recovery particularly within the more oxidised iron zones at the top of the drill holes. The limited iron mineralisation that was recovered consisted of oxidised and massive silica-hematite-goethite and clay. The Red River diamond holes were not analysed for their iron content. The holes intersected a shale-sandstone greywacke sequence after the hematite zones with little mineralisation. No significant tin mineralisation was identified

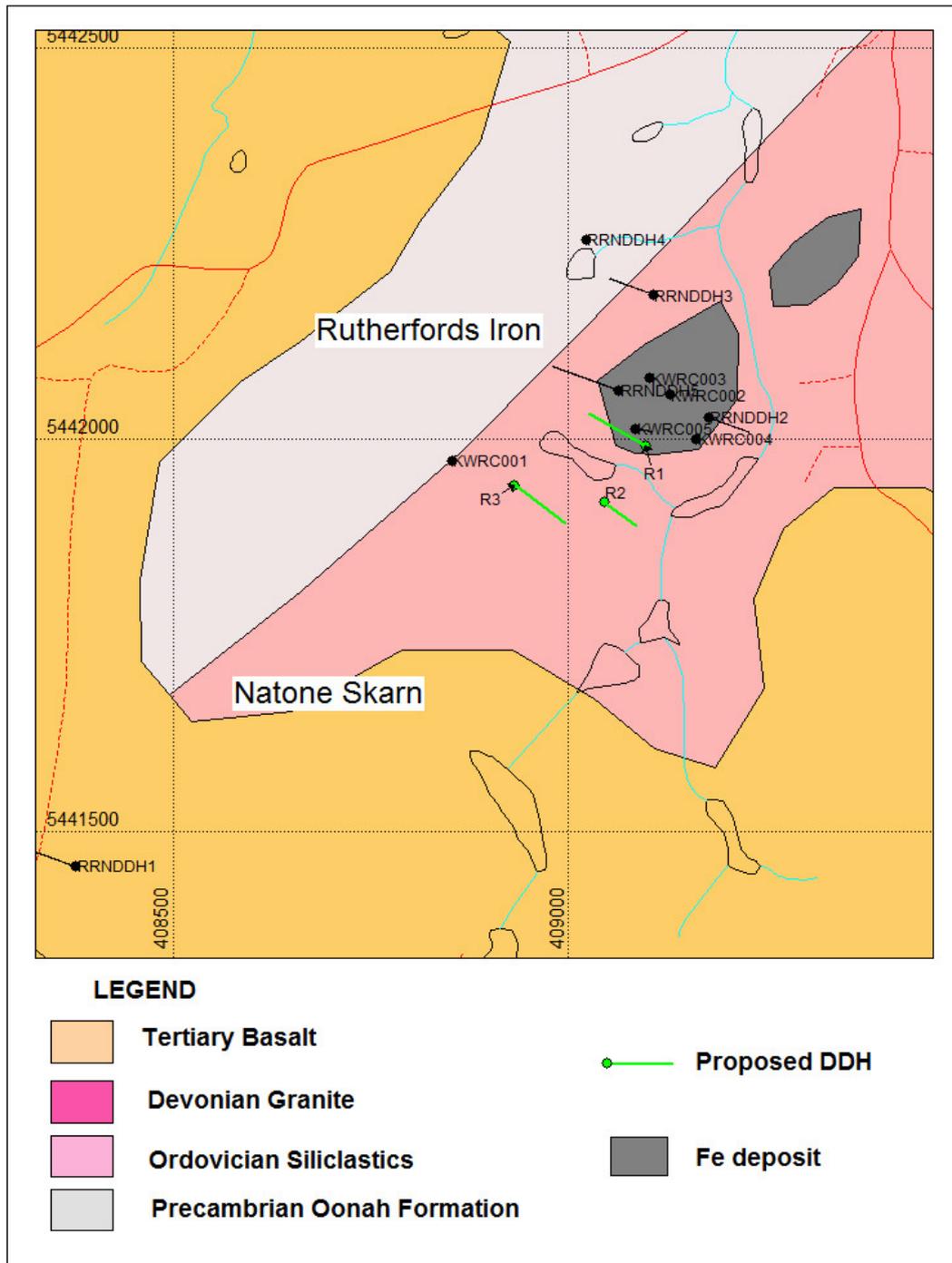


Figure 6. Rutherford's Iron, Natone Skarn and drillhole locations.



3.2 BLYTHE RIVER HEMATITE

In the north east half of the license, generally running close to its eastern margin, are a series of hematite outcrops hosted in the Cambrian sediments, known as the Blythe River and Cuprona Iron Prospects. Mineralisation consists of primary massive hematite bluffs occurring within a wide, lower iron grade stratabound unit. It has been described in the literature as iron mineralisation hosted by an intra-formational breccia located at the Cambrian-Ordovician unconformity with the selective replacement of quartzite beds, and having no obvious link to the Husetop Granite (Atkinson, 1958). The literature regularly makes mention of potentially high silica levels for the iron mineralisation, which is believed to be in several forms but particularly as fine intergrown crystals within the hematite. The deposits have been the subject of focused exploration assessment in the 1900's, 1920's and 1950-60's prior to the Iron Ore discoveries in the Pilbara. There has been some underground prospecting of the iron occurrences which includes a shaft and cross cuts which were historically sampled.



Figure 7 Blythe River Iron Deposit Massive Hematite Exposure

The Blythe River Gorge transects the hematite deposits with the silica hematite forming prominent bluffs.

The mineralisation has a strike direction of 030° to 045° with a steep dip ranging between 75° to 80° to the south east. The exposed mineralisation has a strike extent of 350m with an average width of the overall mineralised unit being 50-70m.

Resource estimates have been produced in the literature but are not reported to the JORC Guidelines (Atkinson, 1958) and can only be considered as Exploration Potential (5-30Mt at 40-45% Fe).



The Blythe River, Cuprona and Rutherford's Hematite mineralisation form a parallel lineament along regional geology strike (Figure 1). The area between the two prospects stretches for about 5km partially covered by Tertiary basalt of an unknown thickness. Atkinson (1958) states that an exploration shaft was sunk 500' south west of the southernmost part of the Blythe River Iron occurrence passing through basalt before encountering high grade hematite mineralisation.

3.3 CUPRONA IRON DEPOSIT

The Cuprona Iron Deposit is similar to the Blythe River and Rutherford's Iron deposit. It is hosted in Breccias on the Precambrian-Cambro-Ordovician boundary and consists of silica hematite mineralisation. The deposit has been historically tested by a series of costeans, adits and quarries.

Drilling by MRT in the 1960's encompassed three diamond holes for 205m from 2 locations. The drilling results are included in Table 3.

Table 3 Blythe River Iron Deposit Downhole Drillhole Intercepts

Hole	Width	Fe %	SiO ₂ %	From	Comment
BR1	6m	59.3	13.3	37.3m	Part of an 24.1m true width zone
BR3	5.4m	51.2	26.5	37.0m	Part of an 19.6m true width zone
BR3	13.6m	46.6	30.6	47.9m	Part of an 26.5 m true width zone



4 WORK COMPLETED 2012 - 2013

Work completed during the past year includes the design and commencement of a diamond drilling program at the Rutherford's Iron Prospect. An additional 3 diamond holes for approximately 240m have been designed. The holes will test the southern extension of the hematite mineralisation identified in earlier drilling programs.

Contract drillers E-Drill have been contracted to complete the program with a track mounted LF70 Rig. All the sites are on open farm land. DDrill sumps have been dug with a backhoe and the rig was on site drilling the first hole at the time of reporting.

Drill logs will be included in the next years annual report when the program is completed..

The hole locations are displayed in Figure 6. Collar details are listed in Table 4.

Hole Id	E_GDA94	N_GDA94	Azm	Dip	Depth m
R1	409211	5442177	290	-55	80
R2	409159	5442105	110	-55	80
R3	409045	5442127	110	-55	80



5 PROPOSED WORK PROGRAM

The Blythe River Iron Project is focused on bringing the Kara No 2 magnetite deposits into production. Exploration of EL6/2005 is of lower priority to the immediate aims of the company. However significant iron mineralisation is located on the EL's and will require assessment to add to the longevity of the proposed Blythe River Iron project.

The current drilling program on Rutherford's Iron prospect will be completed in September. Triple tube diamond drilling is recommended to maximize sample recoveries. Drill logs and analyses will be made available in the next annual report. Samples for metallurgical testwork should be collected to assess the suitability of the Iron for direct shipping or beneficiation prior to export. Further exploration will be based on the results of this program.

Future exploration should include systematic sampling and drilling of the Rutherford's Blythe and Cuprona deposits as a first pass assessment of their resource potential. A series of 50m spaced, short drillholes are required.

The total program of drilling, metallurgical sampling and reporting is expected to cost approximately \$150 000.



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6 ENVIRONMENTAL

The drill sumps and drill sites will be backfilled and rehabilitated to pasture when the program is completed.



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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.



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