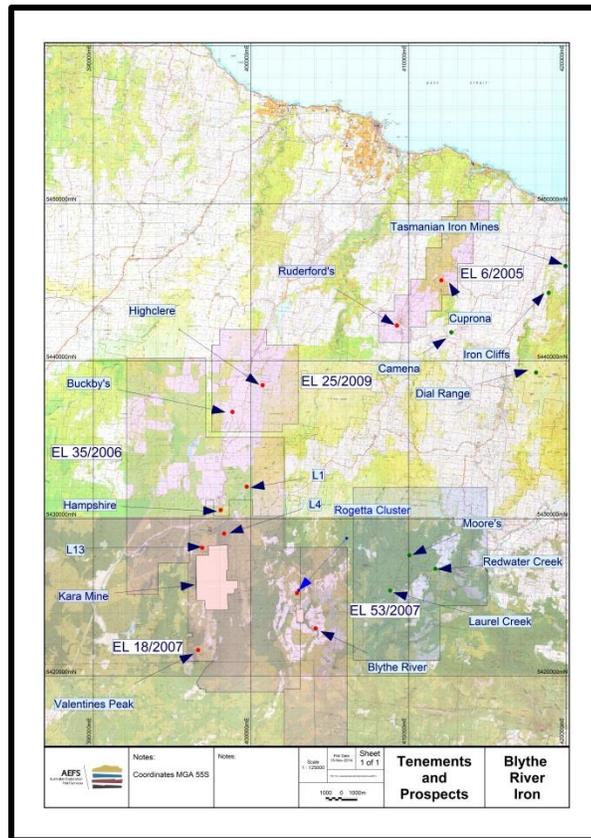


Annual Report

EL 25/2009 Highclere Blythe River Project



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3 Map Conventions

Co-Ordinates in this report and in digital data associated with this report are recorded as MGA_94 Zone 55

RL's in this report are AHD

Any cross sections are drawn looking west or looking north as appropriate

4 Executive Summary

This report covers exploration activities completed on EL25/2009 Highclere during the 2013 to 2014 period. During the majority of this period the Blythe River Project was the subject of protracted negotiations with a group of buyers, these negotiations and the associated reduction in cash flow reduced the amount of exploration work completed during the reporting period.

The EL forms part of a tenement package prospective for haematite, magnetite and tungsten mineralisation in the vicinity of the House Top Granite in NW Tasmania.

Exploration completed over the past 12 months included assessment of the 2012 drilling programme to prepare for further drill targets and the re-calculation of drillhole collar coordinates based on a MGA_94 projection.

The four hole diamond drilling programme completed during 2012 intersected surface hematite and magnetite iron mineralisation within a clay matrix. Mineralisation is weathered to approximately 50m below surface and is probably a remanet magnetite skarn. Drillhole RB006 intersected significant magnetite skarn below the weathering profile. No significant tin or tungsten mineralisation was intersected.

The Highclere iron deposit is deeply weathered and comprises a mixture of magnetite hematite and limonite in iron rich clays.

Additional drilling is proposed during 2014 – 2015 and ground magnetic surveys to better define mineralisation.



5 INTRODUCTION

EL 25/2009 Highclere is one of six current licences held by Blythe River Iron Ore Pty Ltd (BRI) , Purchased by Forward Mining Ltd (FML) from Red River Mining (ASX:RVR) and Iron Mountain Mining (ASX:IRM). FML is currently managed and administered by Lottah Mining Pty Ltd. The tenement package is detailed below:

EL	Name	Size(km²)	Expiry	Comments
EL 6/2005	Cuprona	22	07/09/2014	Renewal granted
EL 15/2006	Camena	30	Expired	Awaiting grant of new EL 11/2014
EL 25/2009	Highclere	33	25/05/2015	1 year remaining
EL 35/2006	Hampshire 1	89	25/02/2015	Renewal granted
EL 18/2007	Hampshire 2	103	09/07/2014	Renewal granted
EL 53/2007	Mt Everett	47	18/12/2014	Renewal granted

Permission to submit a combined annual report for all tenements of the Blythe River Project was granted on 10 June 2009. EL25/2009 was granted on 24th May 2010 and was added to the reporting area. The Board of BRI decided to return to separate annual tenement reporting in early 2012.

Five of the six tenements are approaching the end of their tenure terms. Extension to the tenement terms and diligent commitment to work programmes will be required. Much of the work completed has been focussed on EL18/2007, Hampshire 2 (aka Rogetta). EL25/2009, Highclere was granted under a Mineral Resources Area Tender Process. The work commitment for this EL was completed by May 2014.

The Blythe River Iron Project comprises of a number of small to medium size magnetite skarn deposits in NW Tasmania approximately 30km south of Burnie (See Figs 1 and 2) Exploration is focussed on resource delineation of semi-massive to massive magnetite deposits to generate a resource base for magnetite mining operations for the iron ore market.

The Highclere EL hosts the Highclere iron deposit, a magnetite skarn similar to the Kara skarn located further to the south.



6 REGIONAL GEOLOGY

The Blythe River Iron Ore Project is located on the western margin of the Dial Trough and is underlain by Late Proterozoic Oonah Formation, Owen Group silic-clastics, Gordon Group limestone, Devonian granites and Tertiary basalt (See Fig 1) The Dial Trough possibly includes a northern extension of the Hellyer Fault, with significant basin-bounding faults on its eastern and western margins. The Devonian Housetop Granite terrain occupies much of the country to the south of the project area and is thought to underlie much of the southern Dial Trough. Stratigraphic correlations are uncertain for many Dial Trough units as the geology is poorly known.

6.1 Oonah Formation

The Proterozoic Oonah Formation comprises the oldest rocks in the area. The formation consists of polydeformed quartzwacke, siltstone and pelite with minor dolerite intrusives. These lithologies are overlain by a sequence of pelite-carbonate with minor mafic volcanic and conglomerate. This association is host to replacement mineralisation at Mt Bischoff and near Zeehan. It thus has potential to host similar styles of skarn style mineralisation.

6.2 Mt. Read Volcanics

The Mt. Read Volcanics have been correlated with the felsic volcano-clastics of the Western Volcano-sedimentary sequence and the Tyndall Group quartz-feldspar pyritic volcano-clastics.

6.3 Owen Group

The Late Cambrian to Ordovician Owen Group overlies the Mt. Read Volcanics and is mainly comprised of silic-clastic conglomerate and sandstone. Locally there are volcanically derived conglomerates associated with basal members. The Moina Sandstone is the uppermost silic-clastic unit of the Owen Group. It is a coarse to fine silic-clastic sandstone with minor intercalated conglomerate. It has a gradational contact with the overlying Gordon Group.

6.4 Gordon Group Limestone

Gordon Group limestone and dolomite conformably overlies the Owen Group. Its stratigraphic thickness regionally varies between 50 and 100m. The Gordon Group hosts the Kara District magnetite skarns.



6.5 Housetop Granite

Housetop Granite outcrops over much of the Blythe River Project and is believed to extend below much of it. Previous workers concluded that Housetop Granite is anomalously dense and very magnetic which may account for the abundance of iron metasomatism in the district, including the massive Magnetite-Sn-WO₂ mineralisation in the Kara area. There is known association of Tasmanian Devonian granites with Magnetite-Sn-WO₂, Pb-Zn-Ag and Au mineralisation.

6.6 Tertiary Basalt

Basalt flows are widespread throughout the Blythe River Iron Project area, flooding Tertiary palaeo-topographic lows. The basalts vary widely in thickness and frequently exhibit high magnetic susceptibility causing difficulties with magnetite exploration below this Tertiary cover. Recent resource and exploration drilling at Kara Mine has shown that magnetite skarn extends below basalt cover.



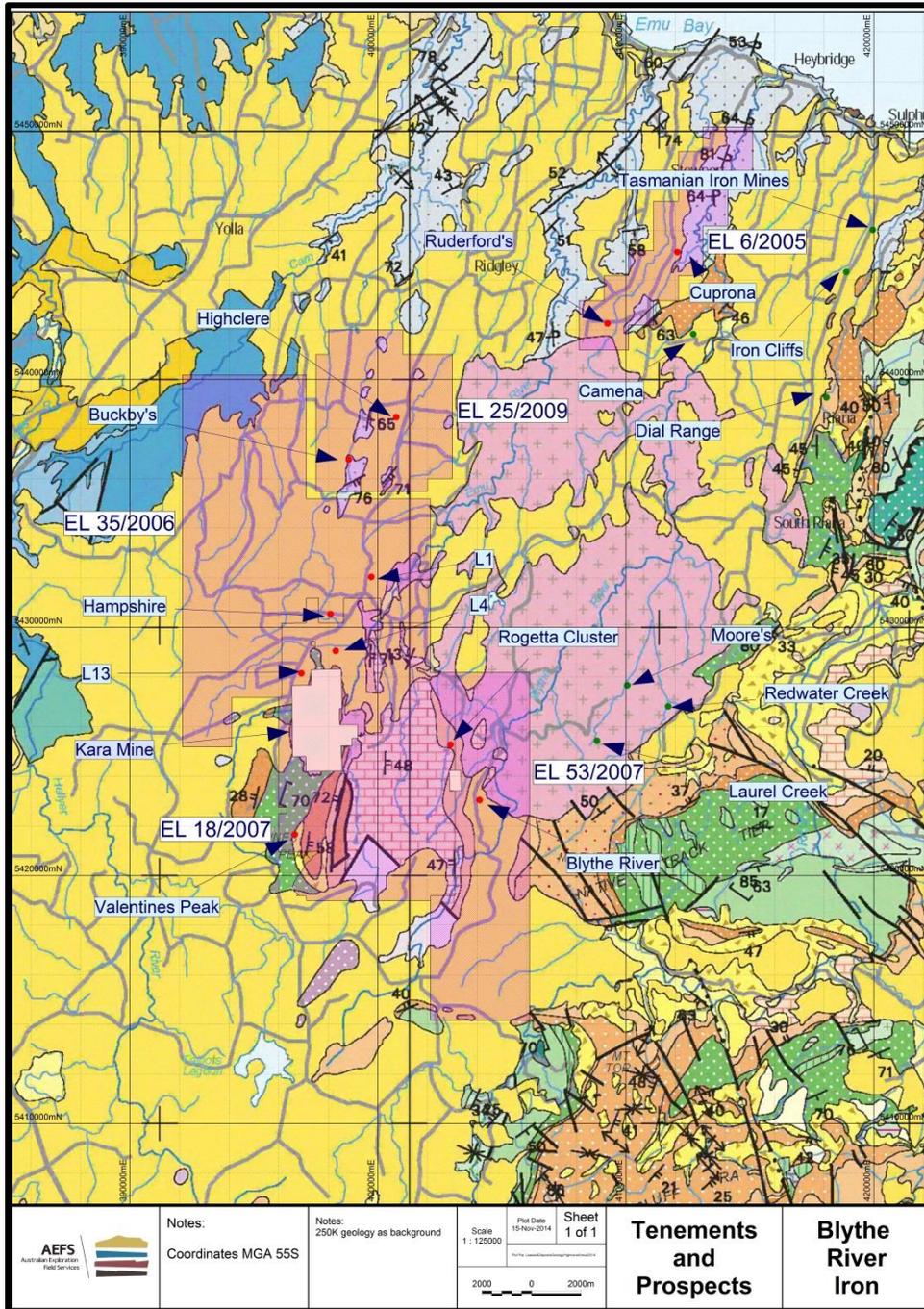


Figure 1 Blythe River Iron Tenements, 250K Geology, red dots at Blythe Project Fe Prospects, Green dots are other regional Fe Prospects



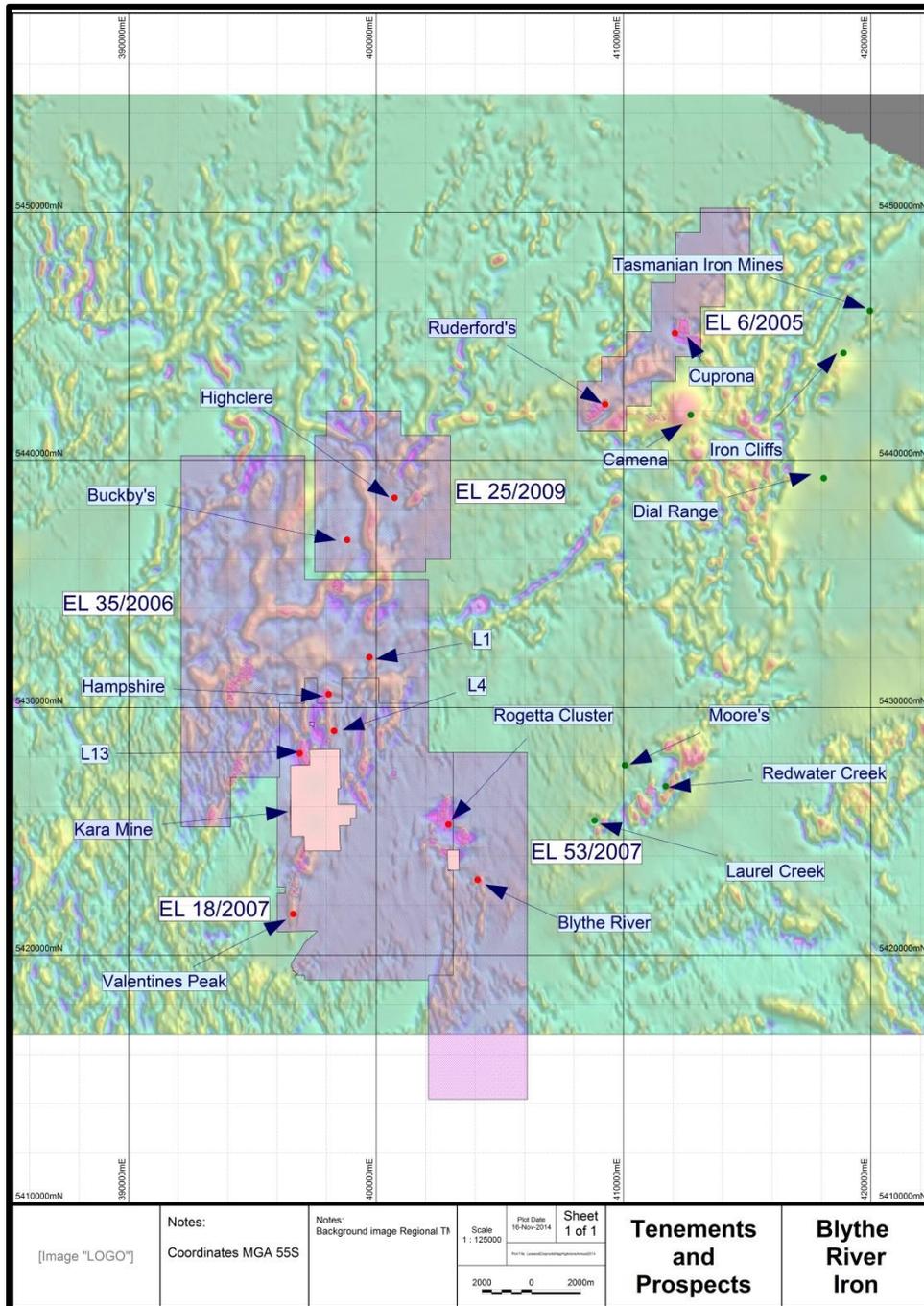


Figure 2 Blythe River Iron Tenements, TMI RTP 0.5VD , red dots at Blythe Project Fe Prospects, Green dots are other regional Fe Prospects



7 EXPLORATION HISTORY

The Tasmanian Mines Department assessed the Highclere deposit for its iron ore potential in the early 1960's. The Department completed an aeromagnetic survey and four diamond drill holes by 1964. The drill holes intersected nodules and lenses of hematite-magnetite mineralisation hosted by limonitic clay. These drill holes were less than 30m deep and did not intersect granite basement. Core analyses returned high grade hematite-magnetite mineralisation:

Hole ID	Interval	Grade
H1	1.8-25.0m	23.2m @ 41.2% Fe
H2	0.0-26.5m	26.5m @ 58.8% Fe
H3	1.8-25.9m	24.1m @ 45.6% Fe
H4	0.0-21.0	21.0m @ 43.3% Fe

Table2. Fe Analyses, Mines Department of Tasmania drilling programme

Core recoveries from these drill holes were poor, indicating some clay was washed away, resulting in analysis bias.

In the 1970's ANZECO explored the prospect for its Sn-WO₂ potential. The company carried out mapping and ground magnetics, and re-analysed the Mines Department drill core for Sn-WO₂ from which minor tungsten mineralisation was reported. The company completed short auger drill holes which mostly intersected very weathered granite. Six auger holes intersected very weathered calc-silicate skarn with minor hematite-magnetite mineralisation. The auger cuttings were analysed for WO₂ and Sn. Minor scheelite mineralisation was described from the company's work. ANZECO concluded that the prospect comprised small roof pendants of very weathered calc-silicate skarn with minor magnetite mineralisation.

Also in the 1970's Comalco examined the northern part of Highclere with ground based gravity, magnetic and IP surveys. The company also re logged the Mines Department cores, noting the low core recoveries. Comalco concluded that discontinuous nature of the magnetic and chargeability-resistivity anomalies limited the potential for any significant mineralisation in the northern part of the Highclere prospect.

Comalco focussed on Buckby's prospect located several kilometres to the south west of the Highclere prospect. Ground based magnetics, IP, soil sampling and geological mapping surveys were completed followed by a diamond drilling programme. Drill intersected a thick dolomitic limestone



sequence and calcareous sediments, with variably metasomatised to diopside skarn with minor magnetite and pyrrhotite skarn. All drill holes terminated in granite basement. No significant Sn-WO₂ was observed.

Shell Billiton undertook a re-assessment of the magnetite of the district, targeting Kara style magnetite skarn mineralisation. The company completed several percussion drill holes into magnetic anomalies over basalt, and one drill hole into the Highclere prospect. Shell Billiton concluded that the magnetic signature generated by the basalt cover masked the delineation of magnetite skarn. The company ceased their exploration in the area.

In 2013 Blythe River Iron Pty Ltd completed four diamond drill holes at the Highclere prospect.

The programme was designed to provide first pass data on the quality and depth of iron mineralisation of the Highclere magnetite – hematite skarn. Hole H5 tested skarn close to magnetite outcrop and former Mines Department drill holes; Hole H6 tested the northern extension of a magnetic anomaly; Hole H7 tested the south western extension of outcropping mineralised skarn and Hole H8 tested the northern extension of outcropping mineralised skarn. Triple tube diamond drilling resolved some of the core recovery issues reported in the past.

Hole ID	Depth from (m)	Depth to (m)	Thickness (m)	Fe(%)
H5	1.4	26.0	24.6	44.6
H6	1.5	13.0	11.5	56.5
	28.0	37.8	10.8	44.1
	42.0	67.0	25.0	48.8
H7	1.5	3.6	2.1	56.8
H8	8.1	14.4	5.7	59.5

Table 3. Highclere Drilling Results 2012



Hole ID	MGA94 East	MGA94 North	RL	TD	Dip	Az	Company	Date	Hole Type
H1	401577	5438373	395	28.5	-90	0	MRT	1964	Diamond
H2	401306	5438253	395	36.6	-90	0	MRT	1964	Diamond
H3	401361	5438283	395	27.3	-90	0	MRT	1964	Diamond
H4	401546	5438353	395	21.2	-52	105	MRT	1964	Diamond
PDDH1	401554	5438327	395	102.0	-90	0	Shell	1982	Percussion
RB005	401576	5438304	395	42.0	-90	0	Forward	2012	Diamond
RB006	401474	5438340	392	86.7	-90	0	Forward	2012	Diamond
RB007	401341	5438211	395	31.5	-90	0	Forward	2012	Diamond
RB008	401491	5438423	385	60.0	-90	0	Forward	2012	Diamond

Table 4 Highclere drill hole locations summary (Historic hole locations are approximate)



8 WORK COMPLETED APRIL 2013 – APRIL 2014

Work completed specifically on EL25/2009 included the assessment of the 2012 – 2013 drilling programme and the locating of drill holes for 2014 – 2015 exploration. During the course of the period, the former AMG 66 co-ordinate base was updated to a MGA 94 co-ordinate base. All previous mapping was amended to MGA 94 co-ordinates. All future reporting will be in MGA 94 co-ordinates.

9 LOCAL GEOLOGY

The geology of EL25/2009 is predominantly Tertiary basalt flows which cover most of the Palaeozoic geology. There are several basement windows in which there are granite intrusions with adjacent skarn mineralisation associated with metasomatised Ordovician Gordon Group calcareous sediments, or Cambrian Dundas Group calcareous volcano-clastics. Two prospective skarns have been identified which include the Highclere iron prospect and Buckby's prospect. Both prospects are hosted by metasomatised calcareous sediments in direct contact with Husetop Granite.

9.1 HIGHCLERE IRON PROSPECT

The Highclere Iron Prospect is located approximately 2km east of Highclere settlement. The prospect comprises outcropping magnetite – hematite mineralisation associated with metasomatised calcareous sediments occurring as a, remnant roof pendant overlying a Devonian granite intrusion.

Late Tertiary basalt flows cover much of the underlying Palaeozoic lithologies.(Fig 1) The basement comprises the Husetop Granite batholith and metasomatised remnants of Gordon Group calcareous sediments, which are variably metasomatised to calc-silicate and magnetite skarn. Hematite and magnetite mineralisation occurs on several ridge tops as rubble outcrop and boulder deposit over a 250m area. Hematite – magnetite mineralisation is highly weathered to depths in excess of 50m. The host rock is red and yellow clay, presumably altered calc – silicate skarn. Most of the hematite – magnetite mineralisation comprises a surficial lag of boulder nodules within a red – orange limonitic clay matrix. Drillhole H6 intersected fresh magnetite mineralisation hosted in actinolite skarn in direct contact with unweathered granite. Iron mineralisation comprises magnetite, hematite, limonite and goethite with iron rich clays.

The roof pendant is interpreted as a synclinal structure whose axis extends 300 to 400m in a north easterly direction with the magnetite skarn dipping approximately 45° north.



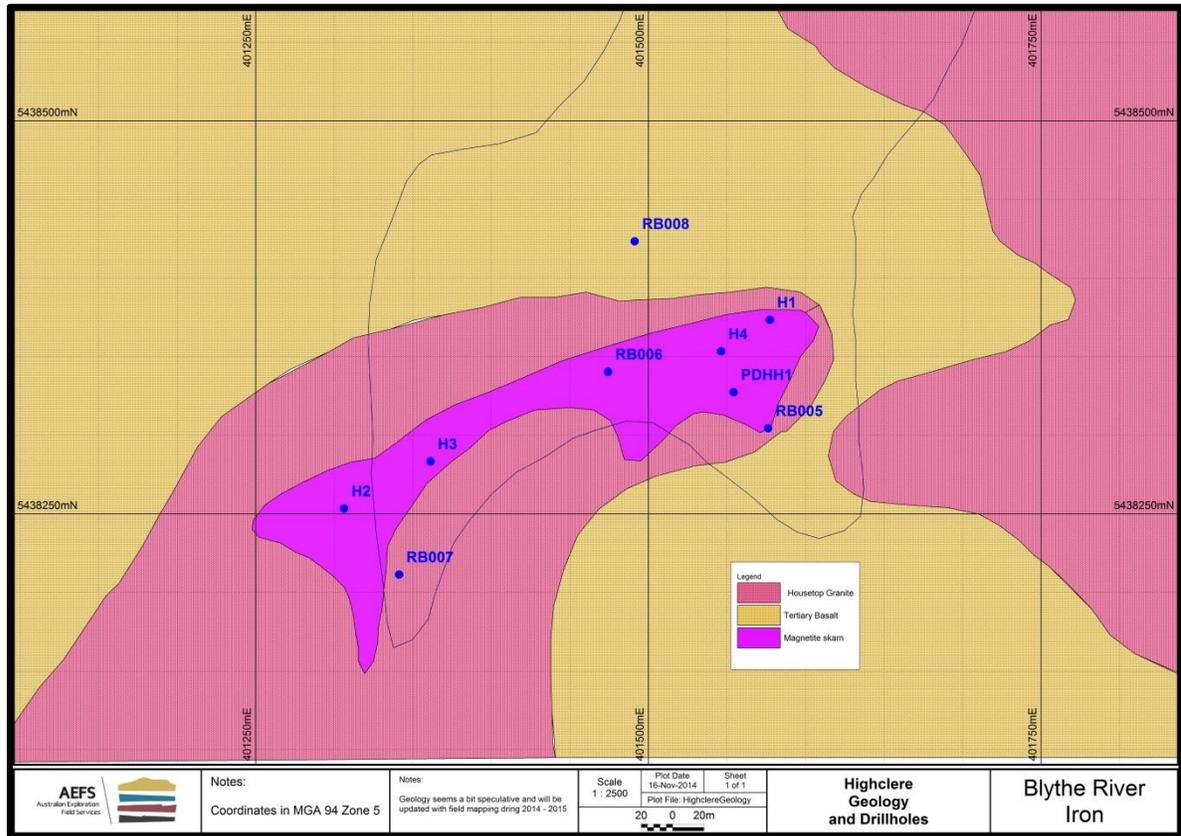


Figure 3 Drill holes with Current geological Interpretation, Highclere Prospect



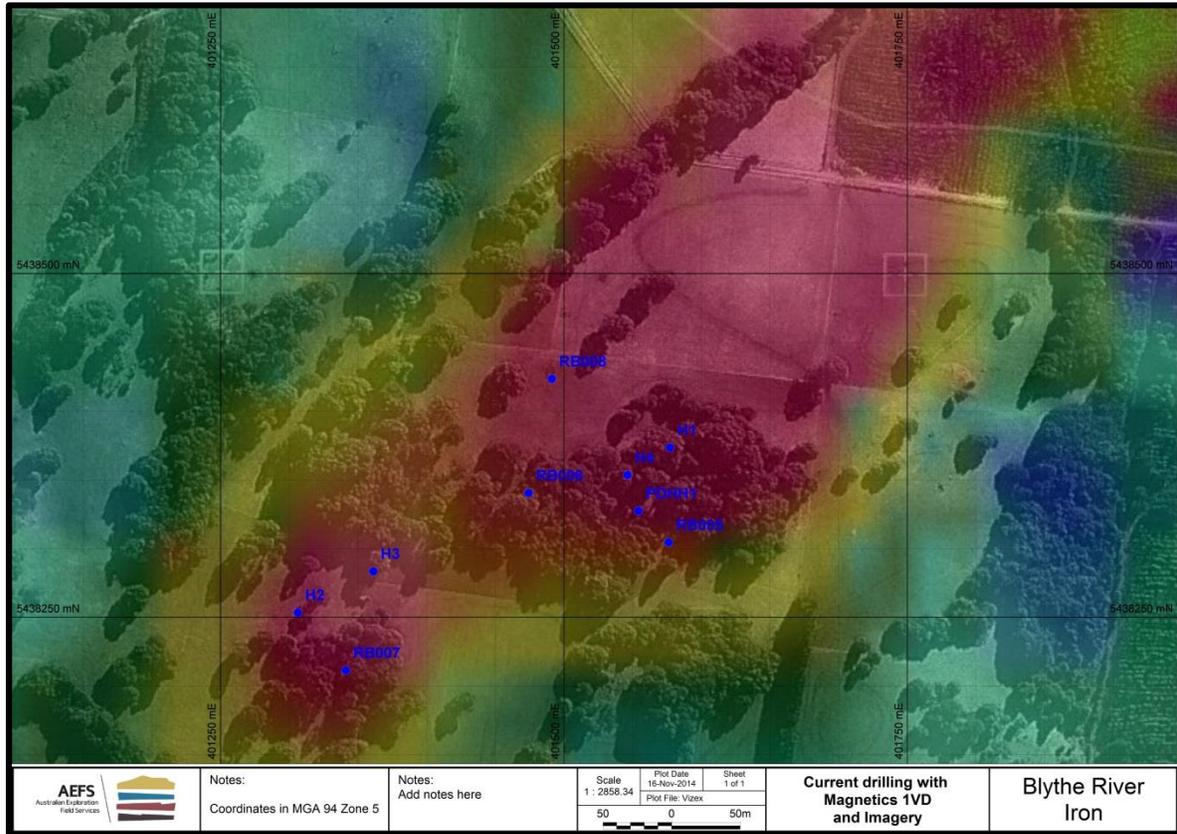


Figure 3 Drill holes with anomalous magnetic zone (TMI RTP 0.5VD) Highclere Prospect

9.2 BUCKBY'S PROSPECT

Buckby's Prospect was defined by Comalco in the 1960's. Prospect geology is predominantly Tertiary basalt flows which cover much of the earlier lithology. A window in the basalt exposes basement Cambrian Dundas Group dolomite and dolomitic conglomerate interbedded with acidic volcanoclastics intruded by Devonian Housetop Granite. Prospect geology comprises north striking, west dipping sediments and volcanics intruded by Housetop Granite on the eastern margin. The dolomites are variably metasomitted to phlogopite–diopside-magnetite-pyrrhotite skarn. Cambrian carbonate adjacent to a tin-tungsten granite prompted exploration for tin and tungsten mineralisation based on analogies with the Cleveland tin deposit or Dolphin Scheelite mine.

Outcropping Cambrian geology is characterised by a magnetic high measuring approximately 400m by 100m. Ground magnetic surveys indicate the anomaly comprises several discrete highs of small areal size. Soil sampling surveys show the prospect to be anomalous in Cu, F and Sn, which confirms Comalco's exploration model.



Comalco and Shell drilled several diamond drill holes into the prospect, most of which intersected metasomatised dolomite hosting low level tungsten mineralisation. Pyrrhotite bearing carbonates and magnetite skarn was intersected in two drill holes. Sn and WO₂ analyses were considered anomalous. Further exploration will be hampered by the Tertiary basalt cover.

9.3 OTHER

In the 1980's several other magnetic anomalies were drilled at Nolan's Hill, (two drill holes) south of Buckby's prospect (one drill hole) and in the Guide River (one drill hole) by Comalco and Shell. The magnetic anomalies were found to be associated with magnetite bearing Tertiary basalt and no further investigation was undertaken.

10 DISCUSSION

The Highclere Iron Prospect is a small roof pendant of remnant calc-silicate skarn located in a synclinal structure over Housetop Granite. It is estimated to have a strike length of around 300m from gravity, ground magnetic and IP surveys carried out by previous explorers.

Drilling to date has identified near surface deeply weathered clay after calc silicate skarn containing irregular lenses and remnant lag deposits of oxidised hematite-magnetite-limonite. One drill hole (H6) intersected unweathered magnetite at a down hole depth greater than 50m. Mines Dept drilling returned high grade Fe analyses from surficial magnetite-hematite mineralisation but core recoveries were poor, suggesting some clays may have been washed away during drilling. Triple tube coring used in recent drilling produced good recoveries and better representative sample of the oxidised mineralisation. This drilling confirmed high iron grades in the skarn with several different iron species – magnetite, hematite, goethite, limonite and iron rich clays.

The magnetic anomaly extends to the north beneath Tertiary basalt cover. Hole H8 intersected significant mineralisation below 14m down hole. Additional drilling is planned in 2014-2015 to test the anomaly beneath the Tertiary basalt cover.

The Highclere Iron prospect has the potential to host a resource of 1 -2 Mt., sufficient to warrant the planned future exploration programmes.



11 PROPOSED WORK PROGRAMME

Lottah Mining are planning to drill 4 holes to a depth of 50m in order to infill some of the previous drilling. The work is expected to start in May 2014.

Hole ID	MGA 94_E	MGA 94_N	RL (m)	Dip	Az	TD (m)
14HC010DD	401572	5438433	373	-90	0	50
14HC011DD	401523	5438381	386	-90	0	50
14HC012DD	401450	5438380	385	-90	0	50
14HC013DD	401546	5438412	385	-90	0	50

Table 5 Proposed Drill Hole Details, 2014 – 2015 Drill Programme

The 2014 – 2015 work programme is estimated to cost in the order of \$75,000 comprising:

Drilling:	\$36,000
Core analysis and associated costs:	\$14,000
Ground magnetic survey:	\$25,000
Estimated total cost 2014 – 2015 :	\$75,000

12 ENVIRONMENTAL

Appendix 1 to this report includes photographs of the rehabilitated drill sites from the 2013 drilling programme .



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APPENDIX 1

Photographs of Rehabilitated Drill Holes









