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BLYTHE RIVER PROJECT
EXPLORATION PROGRAM
NW TASMANIA
2011

Prepared for: Forward Mining Limited

Tim Callaghan, June 2011

EXECUTIVE SUMMARY

A 2 year exploration program is proposed to develop the Blythe River Iron Project through to production. The exploration program has two primary aims:

- Increase the resource base of the Kara No 2 Skarns.
- Investigate the district for future expansion opportunities.

The Kara No2 skarns form the basis of early production for the Blythe River Iron Project and as such should be the focus of exploration and feasibility studies over the next two years. Infill drilling of the Kara No2 North skarn is a priority for Reserve definition as well as providing information for Prefeasibility Studies. The deposit contains an Inferred Resource of 16.6Mt @ 37.4% Fe. Exploration drilling may add an additional 2-5Mt¹ to the south.

The Kara No 2 East skarn is the best target to significantly increase the project resource base with a high probability of adding an additional 5-10Mt¹. Other targets such as Kara No 2 South, Button Grass and the Kara No 2 South Magnetic Anomaly should be included in the ML application and systematically explored as the project develops.

Sutton's Skarn will not be included on the initial ML application and exploration should be delayed until expenditure is required on EL18/2007. Most expenditure for this tenement will be met by work completed prior to the ML application.

The Hampshire district is the next most developed area with the Hampshire skarn deposit sufficiently drilled to calculate an Indicated Resource. Resource Estimation is required to facilitate application for an RL to ensure tenure. The deposit contains a possible resource of 1Mt @ 40% Fe,¹ of which 50-60% may be amenable to open cut mining providing additional high grade feed to the project. Exploration of the southern trend of the deposit is warranted to investigate this area as a potential second production area, hosting a possible target in the range of 3-10Mt¹.

There are numerous exploration opportunities for other 1-10Mt¹ deposits of similar style within the current tenement package, particularly the Highclere, Kiwis, Camena and Valentines Peak targets. Most of these prospects have identified magnetite skarn mineralisation requiring resource definition drilling. Expenditure and exploration work needs to be maintained at a level sufficient to ensure tenure.

There is also potential to define and exploit small tonnage, high grade hematite resources if they are considered amenable to the project such as the Blythe River Hematite deposit located on EL6/2005 Cuprona.

An estimated expenditure of \$1.9M is required to complete the proposed 2 year program. However some of the targets can be deferred as tenement expenditure will be met by

¹ Non JORC Resource

Prefeasibility studies on Kara No2 North, thus reducing the exploration expenditure to \$1.5M.

CONTENTS

1	Introduction	5
2	Tenure	6
3	Geology	8
4	Iron Prospects	11
5	Kara No 2 Skarns	13
5.1	Kara No 2 North	15
5.2	Kara No 2 South	17
5.3	Kara No 2 East	18
5.4	Button Grass	19
5.5	Other Kara No 2 opportunities	19
6	Hampshire District	21
7	Highclere District	24
8	Natone District	25
8.1	Kiwis	25
8.2	Camena	25
8.3	Blythe River Hematite	27
9	Other Resource Opportunities	28
10	Proposed Exploration Expenditure	29
11	Discussion and Recommendations.	31

LIST OF FIGURES

Figure 1	Blythe River Project EL location	7
Figure 2	Blythe River Project location, Fe Prospects and MRT 250k Geology	9
Figure 3	ERA781 location, TMI and Prospect Locations	10
Figure 4	Kara No 2 location, Geology and proposed infrastructure	14
Figure 5	Kara No 2 Skarn location, TMI and proposed infrastructure.	15
Figure 6	Kara No 2 North geology and drill holes	16
Figure 7	5425430N Proposed drill holes	17
Figure 8	Kara No 2 East current drilling and proposed grid lines	20
Figure 9	Hampshire District TMI and Prospect locations	22
Figure 10	Hampshire district prospects and Regional Geology.	23
Figure 11	Kiwi's and Camena gravity anomalies	26

LIST OF TABLES

Table 1	Tenure of Blythe River Project	6
Table 2	Iron Prospects within the Dial Trough.	11
Table 3	Blythe River Iron Project Exploration Budget	29

1 INTRODUCTION.

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). The project is covered by six Exploration License's held by either Iron Mountain Mining Ltd (IRM) or Red River Resources Ltd (RVR) and currently managed by Forward Mining Ltd. Forward Mining have an option to purchase the tenements pending funding arrangements.

Granite related Fe - Sn - WO₃ is commonly associated with Late Devonian Granitoid bodies throughout Northern and Western Tasmania. Tasmania Mines operating Kara Mine has contained reserves of 10Mt @ >30% Fe and by product WO₃,² is typical of this style of deposit.

This report outlines proposed exploration programs for a 2 year period, commencing late 2011. The program has two primary aims:

- Increase the resource base of the initial production operation from the Kara No 2 Skarns.
- Investigate the district for future expansion opportunities.

The Kara No 2 skarns form the resource base for the proposed development of a 1Mtpa magnetite facility. An Inferred Resource of 16.6Mt @ 37.4% Fe, 0.09% Sn and 0.08% WO₃ has been estimated for the Kara No2 North Skarn. Additional drilling of the Kara No 2 Skarn is required to define Indicated Resources and Reserve, as well as for completion of pre-production feasibility studies.

² Tasmania Mines Annual Report, 2009

2 TENURE

Table 1 lists the current tenement details and the status of surrounding tenements. Figure 1 contains tenement locations and significant Fe deposits within the district.

The Blythe River Project is covered by six EL's held by either IRM or RVR. The three main EL's covering the most advanced prospects are EL35/2006, EL18/2007 and EL53/2007. Tasmania Mines' Kara Mine ML and a small ML are located within the EL boundaries.

TABLE 1. TENURE OF BLYTHE RIVER PROJECT		
EL	Held By	Size
EL6/2005	IRM	22km ²
EL15/2006	IRM	30km ²
EL25/2009	RVR	33km ²
EL35/2006	RVR	89km ²
EL18/2007	RVR	103km ²
EL53/2007	IRM	47km ²

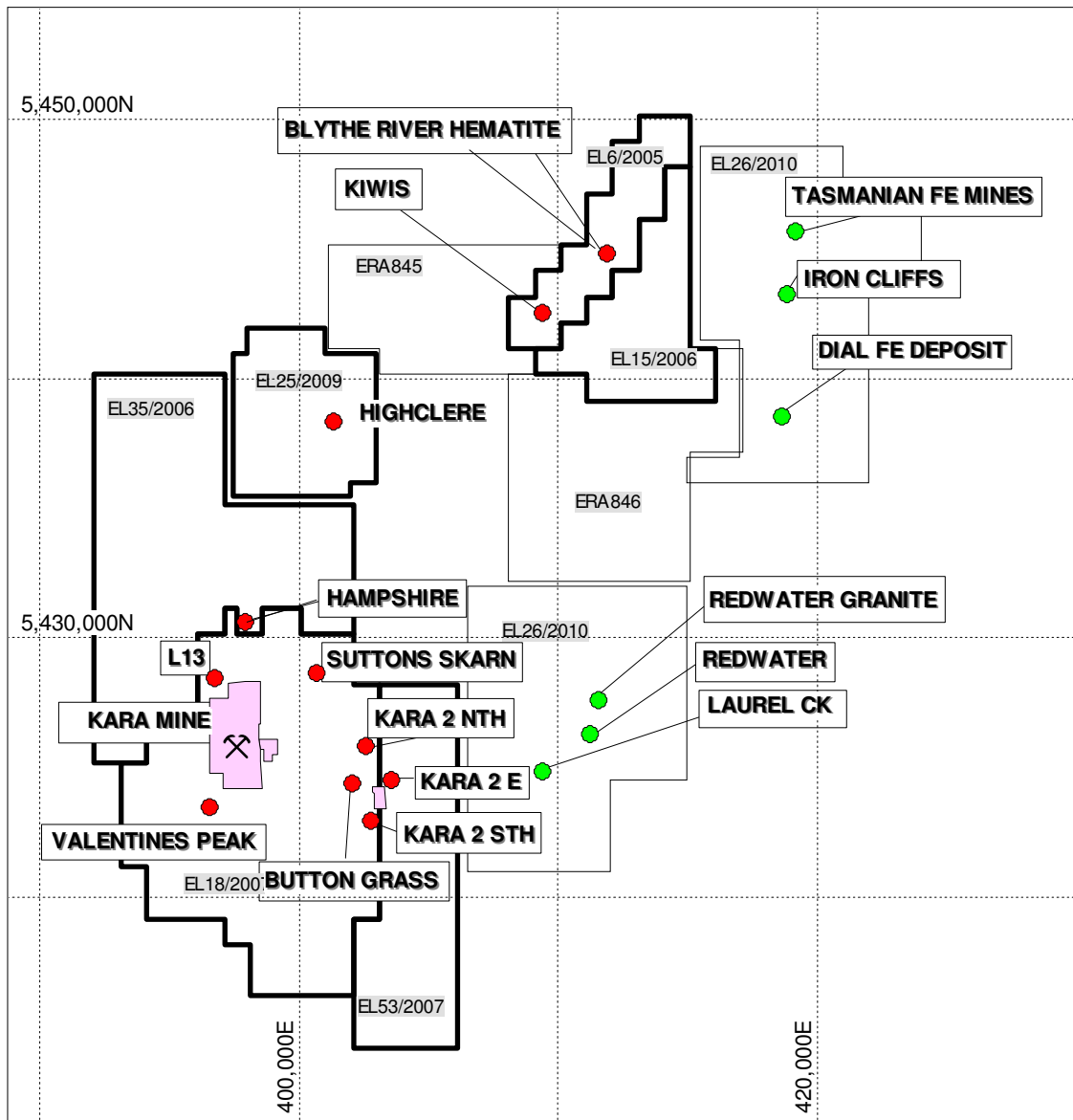


Figure 1. Blythe River Project EL location, major prospects (red) and other potential prospects (green).

3 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 Housetop 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 phyric 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.

Gordon Group Limestone

Conformably overlying the Owen Group is the Gordon Group limestone and dolomite sequence. This unit is the host of the Kara and Hampshire magnetite skarns.

Housetop Granite

The Housetop 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 Housetop 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- WO_3 mineralisation at Kara. Tasmanian Devonian granites association with Magnetite, Sn- WO_3 , Pb-Zn-Ag and Au mineralisation is well documented.

Tertiary Basalt

Basaltic flows dominate the Northern parts of 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.

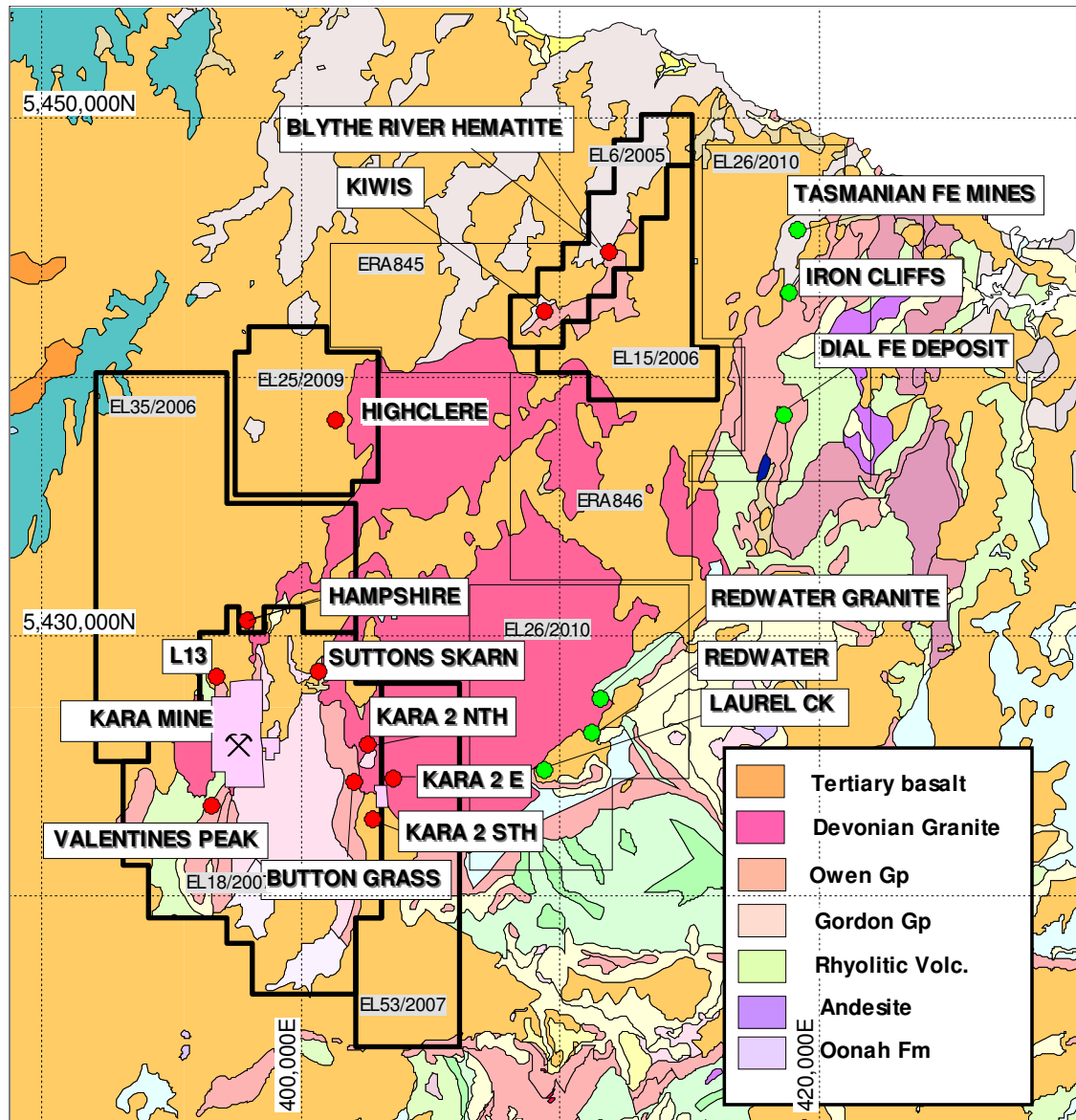


Figure 2. Blythe River Project location, Fe Prospects and MRT 250k Geology.

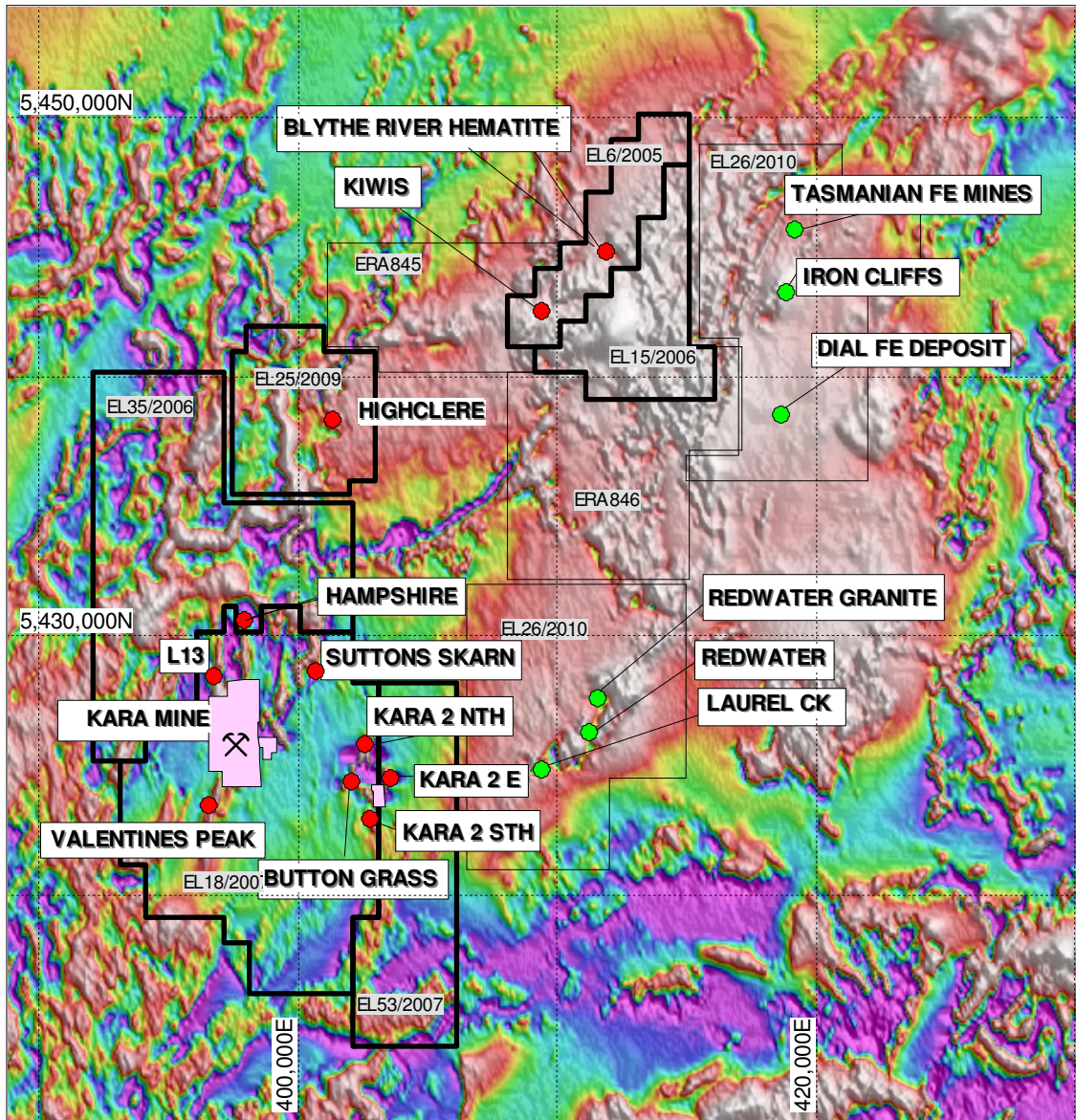


Figure 3. Blythe River Project location, TMI and Prospect Locations.

4 IRON PROSPECTS

Two distinct styles of Iron Mineralisation have been identified in the district with numerous prospects of each style identified (Table 2).

Type 1 Devonian Magnetite-WO₃-Sn Skarn.
Type 2 Hematite - Silica replacement bodies.

The Blythe River Iron Project is currently focused on Magnetite Skarn mineralisation in close proximity to the Housetop Granite. Other Hematite-silica replacement iron deposits occur in the district and may represent future expansion opportunities.

TABLE 2. IRON PROSPECTS WITHIN THE DIAL TROUGH.			
Type	Style of Mineralisation	Prospect	Commodity
1	Devonian Skarn	Natone (Kiwi's?)	Fe-(Mag-Po)
		Kara Mine*	Fe (Mag-WO ₃)
		Kara No 2 North	Fe (Mag-Sn)
		Kara No 2 South	Fe (Mag-Sn)
		Kara No 2 East	Fe (Mag-Sn)
		Button Grass	Fe (Mag-Sn)
		Hampshire	Fe (Mag-WO ₃)
		Highclere	Fe (Mag-WO ₃)
		Valentines Peak	Fe (Mag-WO ₃)
		Red water Ck*	Fe (Mag-WO ₃)
		Laurel Ck*	F Fe (Mag-WO ₃)
		Hampshire	Fe (Mag-WO ₃)
2	Hematite-silica replacement Uncertain age, structural/stratigraphic control	Penguin Creek*	Fe
		Iron Cliffs*	Fe-(Py)
		Dial*	Fe
		Blythe River	Fe
		Cuprona*	Fe

* Not currently on Blythe Project Tenements

Type 1 Devonian Skarn

The importance of Devonian granite related skarns within Tasmania has re-emerged after 20 years of dormancy with the resurgence of Sn and WO₃ prices and to a lesser extent Fe prices. The Blythe River Iron Project has demonstrated potential for these types of deposits. With the exception of recent activity by IRM and Tasmania Mines there has been no serious exploration effort since the 1970's. The Kara Mine and recently IRM and Venture Minerals exploration of the Mt Lindsay project further west highlight the discovery potential for these under explored targets. Other demonstrable opportunities for similar styles of mineralisation exist around the Heemskirk Granite near Zeehan.

The Kara/Hampshire Magnetite deposits are proximal calc-silicate hosted skarn deposits formed from metasomatism of the Ordovician Gordon Limestone where it has come into direct contact with the Devonian Housetop Granite. Calc-silicate skarn typically consist of a proximal diopside-amphibole-(garnet)-magnetite skarn grading to diopside-magnetite skarn and a more distal marble skarn. Retrograde epidote-chlorite alteration of early high

temperature diopside-amphibole skarns is common. Magnetite occurs as coarse disseminations and stock work veins generally associated with diopside skarn and amphibole skarn.

Type 2 Hematite Ironstone Deposits

Prominent hematite-limonite dominated deposits occur in the district and are composed essentially of epigenetic hematite-silica replacement of coarse sediments, particularly the basal Cambro-Ordovician conglomerates in contact with the Burnie-Oonah formation. The deposits apparently have strong structural control forming sub vertical bodies. Limited geochemical data and shallow drilling suggests they do not contain significant base or precious metals with the exception of the Iron cliffs deposit which contains trace Pb, Zn, Cu, Ba and Ag.

The lack of significant modern exploration and understanding of the genesis of these enigmatic deposits makes them an interesting target, perhaps a surficial expression of what may be occurring at a deeper level within the basin.

These bodies have the potential to provide small high grade ($\text{Fe} > 65\%$) Hematite resources. The Blythe River deposit is the largest known deposit of this style.

5 KARA NO 2 SKARNS

The Kara No 2 Magnetite Skarns are likely to provide the resource base for initial production of the Blythe River Iron Project. The Kara No 2 Skarns consist of four known deposits, Kara No 2 North, Kara No 2 East, Kara No 2 South and Button Grass located in a cluster on the boundary of EL 18/2007 and EL53/2007. Tasmanian Mines have a small ML located within the vicinity of these deposits (Figures 1-4).

A 1Mtpa magnetite project has been proposed, based on the Kara No 2 Skarns. An Inferred Resource of 19.7Mt @ 37.3% Fe and 0.09% Sn and 0.08% WO₃ has been estimated for the Kara No2 North Deposit (Callaghan, 2011). The other nearby skarns will provide additional resources to the project as it develops.

The Kara No 2 Skarns require additional geological mapping and geological interpretation. This will facilitate resource/reserve definition, identification of areas with the potential to extend mine life and also the identification of suitable areas for mine site infrastructure.

5.1 Kara No 2 North

The Kara North Prospect is currently the largest of the Blythe River Iron Project prospects. The deposit consists of a north-south striking, gently south plunging asymmetric syncline of Ordovician Gordon Group limestone and lesser Moina Sandstone lying directly on top of the Housetop Granite. The western limb is vertical and the eastern limb is gently shelving (Figure 7).

The deposit occurs over a strike length of 800m and is approximately 100m wide at the shallow northern end, grading to in excess of 500m width as it plunges south. Mineralisation outcrops in the northern end and on the syncline limbs and extends to over 120m depth at the south end. The deposit remains open to the south for a limited distance as suggested by aeromagnetic images, but is closed off at approximately 5,425,100N (Figure 6). There is potential to add 2-5Mt at the deeper southern end of the deposit.

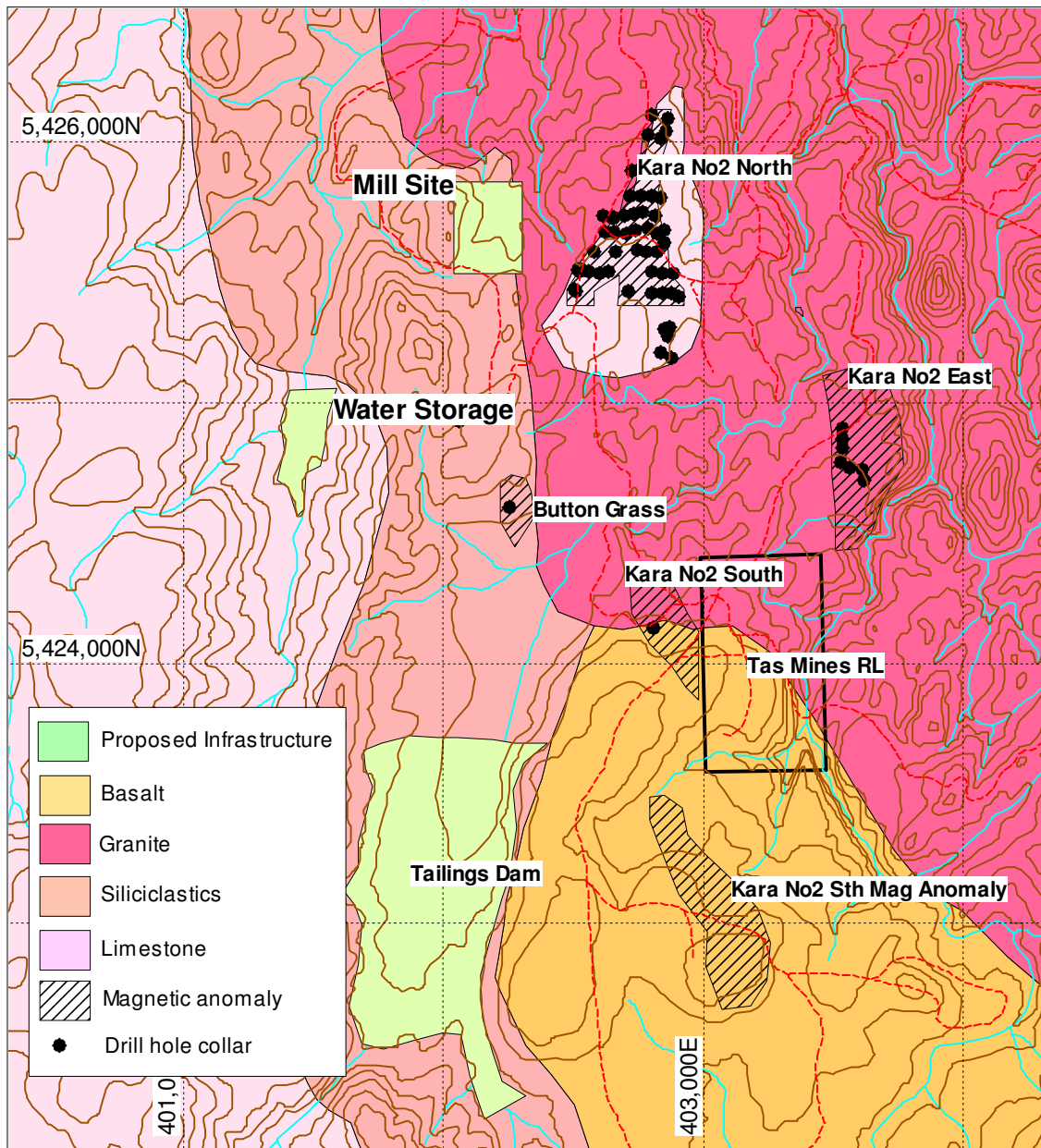


Figure 4. Kara No 2 Skarn location, MRT Geology and proposed infrastructure.

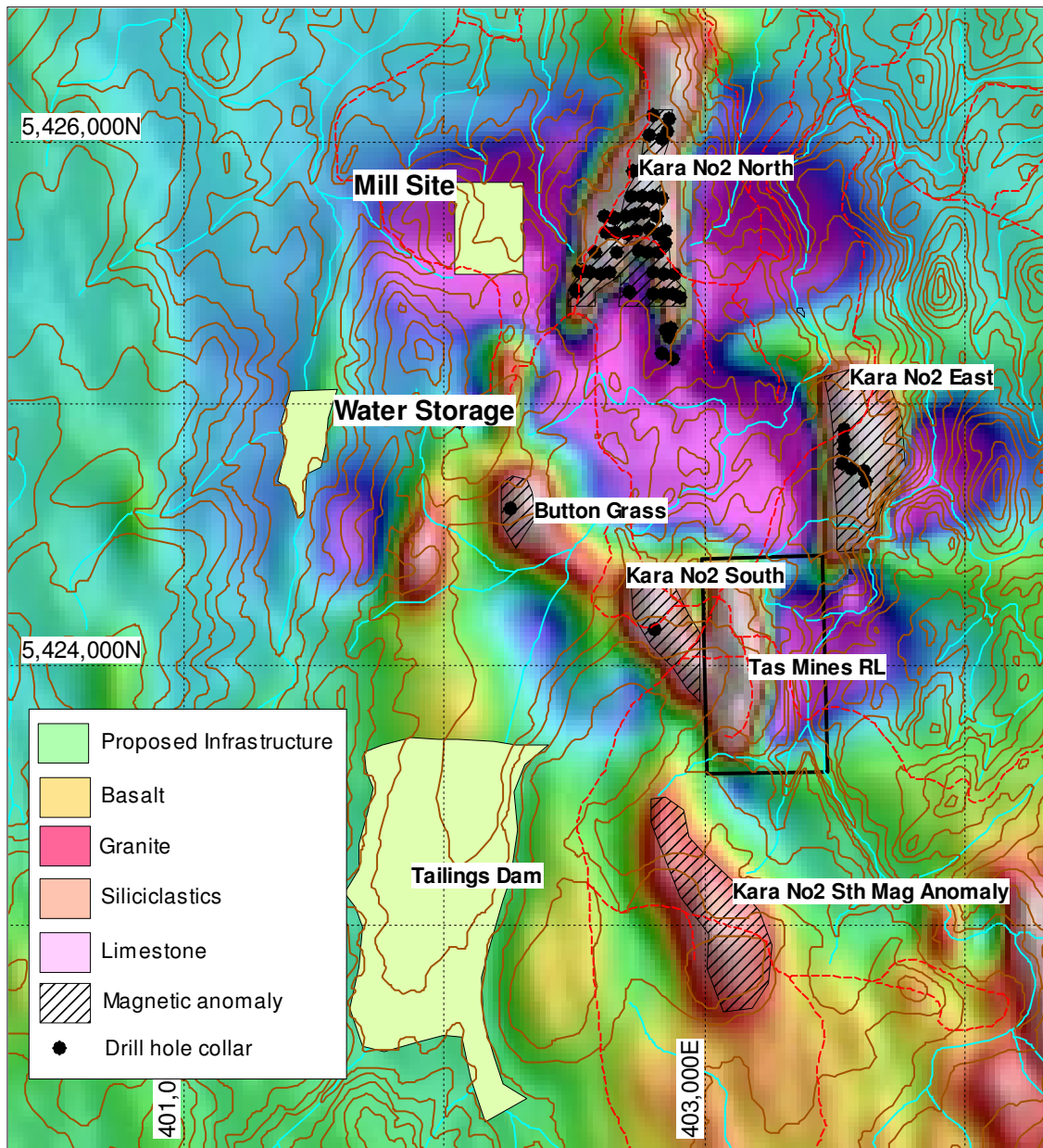


Figure 5. Kara No 2 Skarn location, TMI and proposed infrastructure.

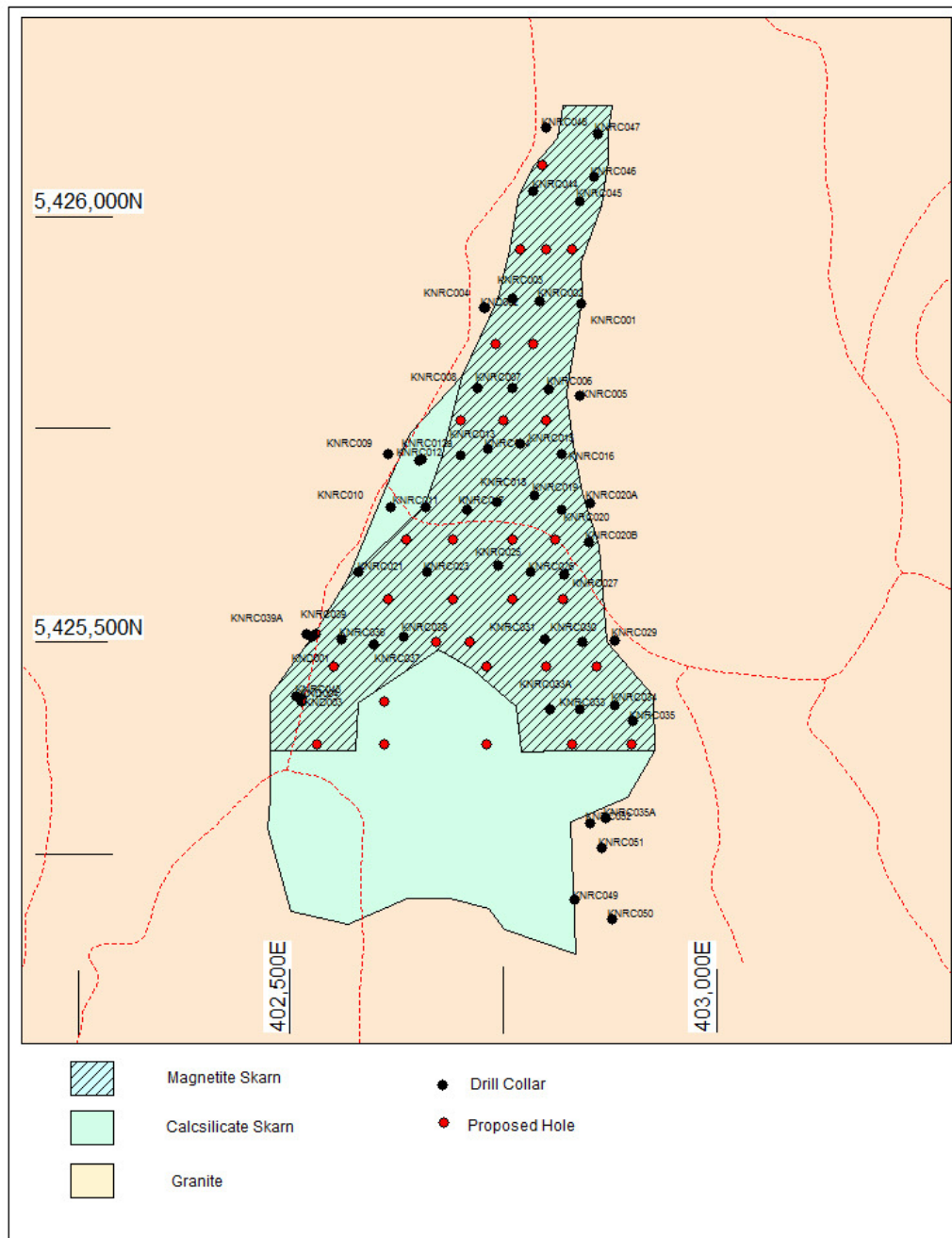


Figure 6. Kara No 2 North geology, existing drilling and proposed infill drilling.

Thick (10-60m) magnetite skarn mineralisation has been intersected in many drill holes, with a relatively consistent lens of mineralisation occurring directly over the granite, forming a shallow south plunging synform. Other less continuous lenses of magnetite

skarn mineralisation are present but have not been modeled in this resource estimate due to their limited extent and gradational nature. These satellite lenses of mineralisation may possibly be recoverable during open pit mining operations.

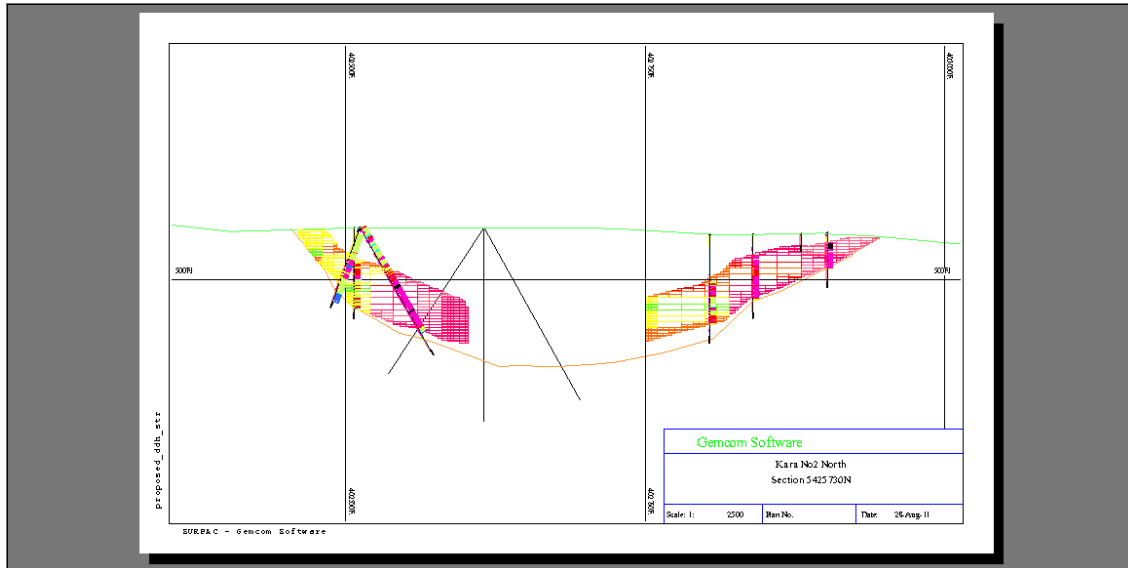


Figure 7. 5425430N Proposed drill holes.

A total of 51 RC holes for 2204m and 4 diamond holes for 444.9m have been completed on the prospect (Figure 6). The deposit has been drilled on approximately 100m spaced east-west lines with drill spacing on lines of approximately 50m. Infill drilling to a 50 x 50m pattern is recommended, requiring an additional 4000m of diamond drilling, including geotechnical and metallurgical drilling. The Infill drilling program is required to convert the Inferred Resource to a Measured and Indicated Resource as well as testing the southern extension of the deposit. The increased resource definition is required for detailed pit design and the estimation of a Mining Reserve. The program can be staged over a number of years with routine infill drilling resulting in incremental Reserve increases.

Resource extension drilling at the south end of the deposit may add an additional 2-5Mt.

This is a **High Priority** Target with **High Prospectivity**.

5.2 Kara No 2 South

The Kara No 2 South prospect is located approximately 3kms south of the Kara No 2 North deposit on EL 18/2007 (Figure 1-6).

The prospect is located in low undulating terrain dominated by low re-growth eucalypt forest on crown land managed by Forestry Tasmania. Access roads are well formed unsealed forestry roads. A ground magnetic survey was made on a west-northwest oriented grid to target follow up RC drilling.

Only one RC hole for 45m was drilled on the prospect which failed to intersect any significant magnetite mineralisation before finishing in the granite basement.

The prospect is poorly understood and requires additional reconnaissance mapping, sampling and systematic first pass drilling (approximately 20 x 50m drill holes for 1000m). The deposit lies immediately south of a small ML owned by Tasmania Mines that has been historically used for magnetite production confirming the prospectivity of the anomaly (Figure 4-5).

Kara No2 South is a **Moderate Priority Target** with **High Prospectivity**. The deposit will be included onto the ML and systematically explored and delineated as strategic requirements allow. An Exploration Target of 2-5Mt is expected from Kara No 2 South.

5.3 Kara No 2 East

The Kara No 2 East Prospect is the eastern most of the Kara No 2 Skarns, located on the boundary of EL18/2007 and EL53/2007. The prospect is located in relatively flat terrain dominated by low re-growth eucalypt forest on crown land managed by Forestry Tasmania. Access roads are well formed unsealed forestry roads. A limited ground magnetic survey utilizing existing roads and tracks was used to target follow up RC drilling. The ground magnetic survey has not adequately covered the prospect and a systematic grid is recommended for follow up exploration programs. Aeromagnetic interpretation suggests the anomaly extends north south for approximately 1km. The ground magnetic survey has only covered the northern half on limited forestry roads.

A small reconnaissance drilling program consisting of 7 RC holes for 221m has been completed on the prospect. The drilling program has successfully identified magnetite skarn mineralisation dipping gently south. Significant magnetite intersections include:

KERC001	0 - 10m	10m @ 44.5% Fe
KERC003	24 - 28m	4m @ 41.1% Fe
KERC006	22 - 34m	12m @ 36.2% Fe
KERC007	0 - 10m	10m @ 40.0% Fe

The aeromagnetic anomaly strike extent suggests the prospect has the potential to host a 5-10Mt deposit of similar grades to the Kara No 2 North deposit (35% Fe as Fe₃O₄).

It is recommended that the entire aeromagnetic anomaly be gridded on 100m spaced east-west lines, mapped and ground magnetics completed. The grid lines should be cleared with an excavator to allow access for a drilling program of 50 holes of approximately 50m depth (total 2500m). The program should be designed for first pass resource delineation. Approximately 3km of access roads are required (Figure 8).

This is a **High Priority** target with **High Prospectivity** as it is likely to add significant open pitable resources to the project. Definition drilling will maintain expenditure on EL53/2007 Mt Everett before it is incorporated onto the ML.

5.4 Button Grass

The Button Grass Prospect is located 1.5km south of the Kara North Prospect on a low open button grass plain (Figure 4). Access is limited to boggy bush tracks.

The deposit is poorly understood with no surface map or systematic cross sections available. A ground magnetic survey completed on a 25m spaced east-northeast oriented grid has adequately defined the prospect extents, although the ground magnetic anomaly remains open to the north. Aeromagnetic surveys suggest the deposit is fairly limited.

One diamond drillhole has been completed for 233m. The hole intersected diopside magnetite skarn from approximately 50m below surface. The anomaly is limited to a strike extent of 150m and possibly consists of a magnetite load with dimensions of 150m by 15m possibly containing a resource of <1Mt of 35-40% Fe as Fe_3O_4 if it extends from surface to 100m depth.

This prospect is only likely to provide a small amount of additional resources to the project. Limited additional surface mapping and sampling is warranted.

This should be regarded as a **Low Priority** target with **Moderate Prospectivity**. The prospect will be included on the ML application and can be explored in the future.

5.5 Other Opportunities in the Kara No 2 Area.

Other grass roots exploration opportunities in the immediate vicinity of the Kara No 2 skarns will have significant benefit to the proposed operation. Magnetic anomalies associated with the right geological setting within a 2-3km radius include the Sutton's Skarn prospect and a prominent aeromagnetic anomaly located to the south of the project area under basalt cover the Kara No 2 Southern Magnetic Anomaly (Figures 4 and 5). The size of the aeromagnetic anomalies associated with these deposits suggests they may provide an additional 2-5Mt each to the project.

These targets should be regarded as **Low Priority** target with **Moderate Prospectivity**.

The prospects are only rated as Low Priority as expenditure on the EL's will be met and is not required immediately. If additional tonnes are required in the near term their priority will be lifted.

Recommended work includes literature reviews, reconnaissance mapping and ground magnetic surveys.

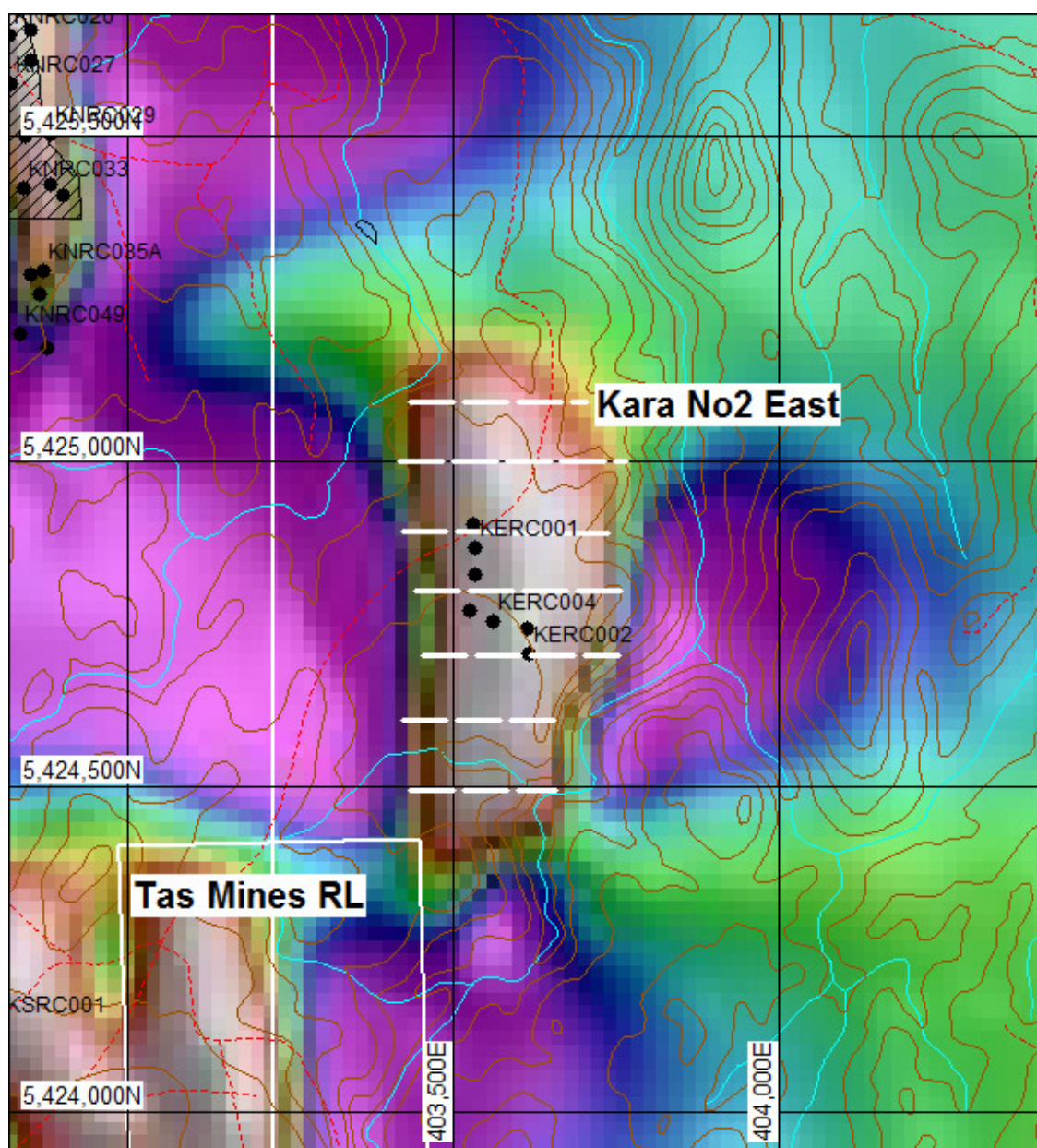


Figure 8 Kara No 2 East current drilling and proposed grid lines.

6 HAMPSHIRE DISTRICT

The Hampshire magnetite skarn is located 4km directly north from the Kara Mine. The deposit is located in flat terrain on recently cleared and replanted forestry plantation owned by Gunn's Limited. The deposit is located adjacent to the Guildford Link Road and the Emu Bay Railway and may be partially within the railway easement. The deposit occurs on the southern boundary of EL35/2006. The aeromagnetic anomaly associated with the deposit extends south towards the Kara mine onto EL18/2006.

The Hampshire district is possibly the second most prospective area on the tenement package with several kilometers of intermittent known magnetite skarn extending south towards the Kara Mine Lease (Figure 9).

The Hampshire deposit has 31 RC drill holes for 1537m. The deposit has been drilled on an approximately 40m by 40m pattern, sufficient for resource estimation. The contained resource from surface to 60m depth is in the order of 0.8-1.0Mt at 43% Fe as Fe_3O_4 .

The deposit contains a shallow west dipping lens of magnetite-calc silicate skarn extending over 250m in strike length and 100m of width. The deposit is generally around 5-8m in width and consistently mineralised. The ore width of 5-6m and westerly dip suggests approximately 50% of this resource would have acceptable stripping ratios (3:1 or better) for open pit mining.

There is the potential for additional resources in the immediate district as the aeromagnetic anomaly remains open to the south. Poorly explored parallel magnetic anomalies associated with known magnetite mineralisation exist to the west of the prospect (Figure 9 - 10).

Recommendations for further work include resource estimation of the Hampshire deposit, reconnaissance mapping and ground magnetic surveys of the two southern trending aeromagnetic anomalies possibly followed up with drilling if warranted.

Resource estimation will maintain expenditure for EL35/2006 "Hampshire 1". The exploration work to the south is on the same EL as the Kara No 2 deposits and is therefore not a priority from an expenditure commitment perspective. However to build a second production area it should be viewed as a **Moderate Priority**. Prospectivity can be considered as moderate with a possible target in the order of 3-10Mt.

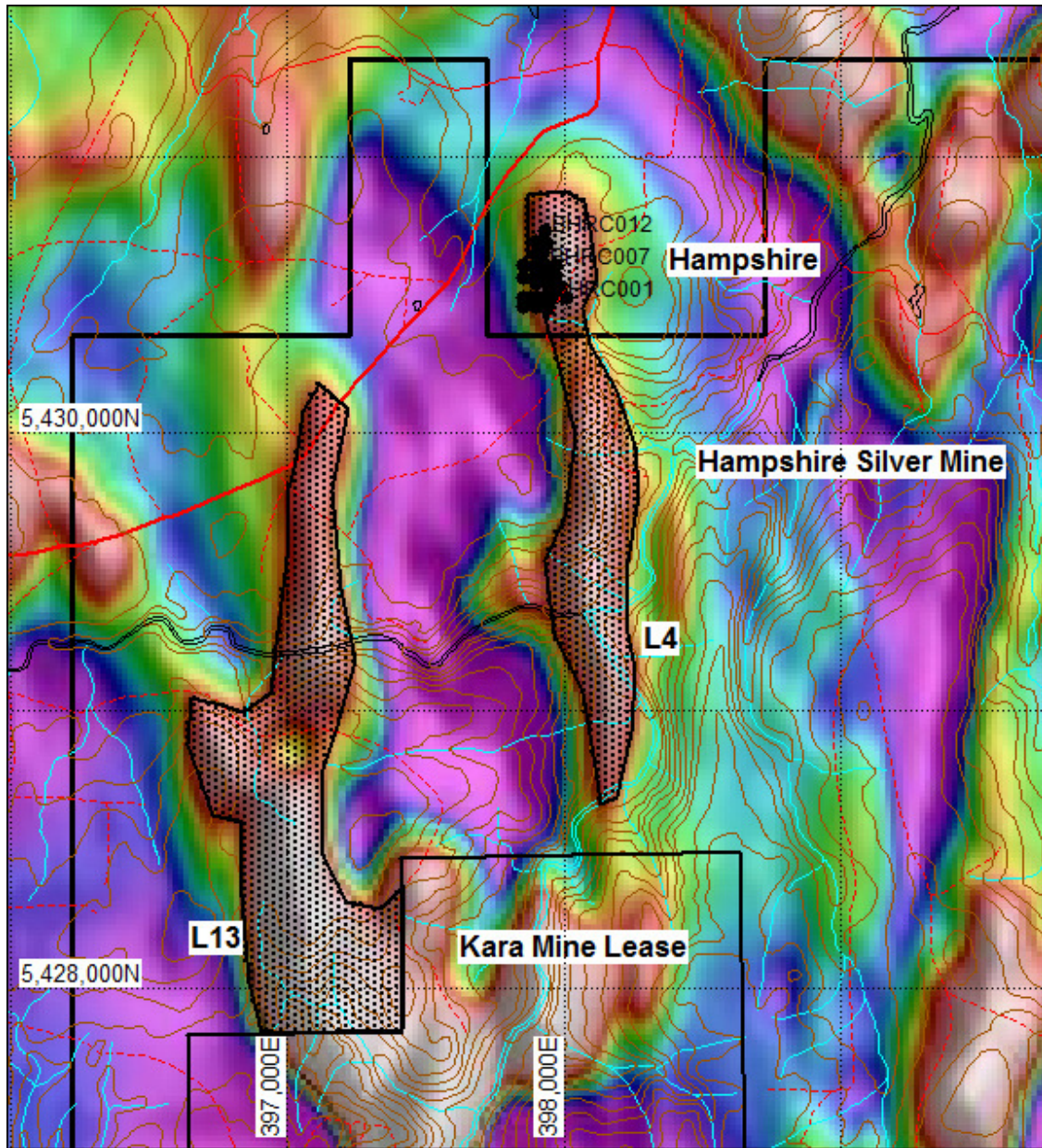


Figure 9. Hampshire District TMI and Prospect locations.

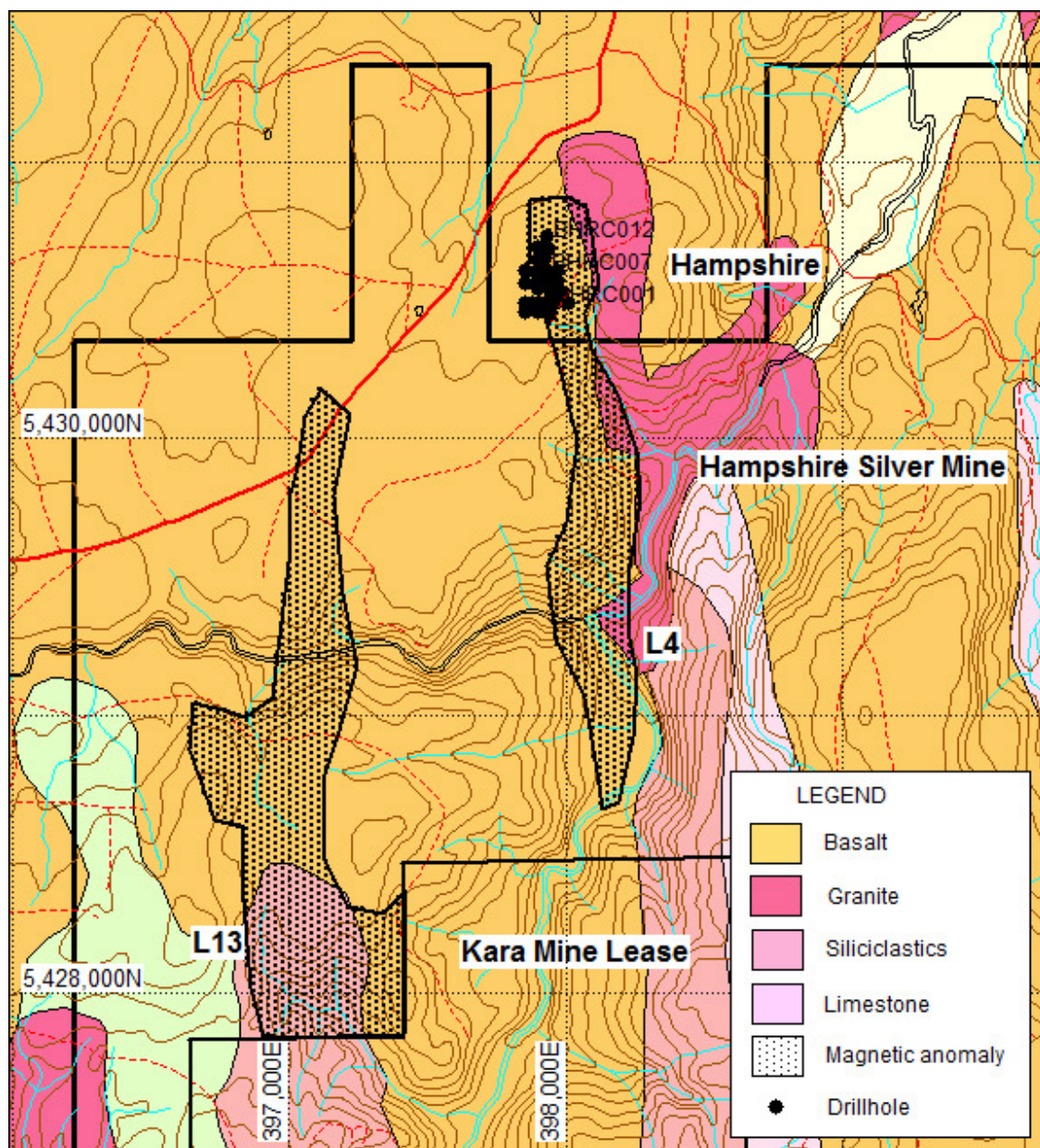


Figure 10. Hampshire district prospects and Regional Geology.

7 HIGHCLERE DISTRICT

The Highclere magnetite skarn is located on EL25/2009 in the north of the Blythe River Project area (Figure 2 and 3). Previous Exploration was aimed at finding Sn-WO₃ skarns and was not focused on Magnetite potential. Several magnetite skarns have been identified on the tenement that require follow up exploration.

An initial work program of data compilation and reconnaissance mapping, sampling and ground magnetics is recommended.

This area should be regarded as **Moderate Priority** and **High Prospectivity**.

8 NATONE DISTRICT

Kiwi's prospect is located on EL 6/2005, approximately 20km north of the Kara area. The area is located in undulating hilly country, close to the rural community of Natone. Adjacent to Kiwi's prospect is the Camena EL15/2006 hosting a large, coincident magnetic and gravity anomaly. Both of these tenements require annual renewal which can become onerous with regard to expenditure commitments.

8.1 Kiwi's Prospect

IRM and RVR exploration of Kiwi's deposit includes aeromagnetic interpretation, a ground magnetic survey, a gravity survey, 5 diamond drill holes for 721.7m and 5 RC drill holes for 272m. The gravity survey was conducted over EL 6/2005 and former EL 15/2006. Prominent gravity highs are associated with the magnetic anomalies and known magnetite bodies on EL 6/2005.

The Diamond Drilling program was designed to follow up on magnetite mineralisation identified by Shell Exploration in the 1980's but failed to intersect any significant magnetite.

The RC drilling of Kiwi's prospect intersected high grade magnetite (14m @ 55.6% Fe) at shallow levels. Deposit dimensions are unclear. The prospect is likely to host small tonnage high grade magnetite (200,000-300,000t @ >40% Fe). The proximity of the Natone Township may be a concern for mining activities. Further exploration work including data compilation and interpretation is required to adequately quantify the resource potential of the area.

This prospect is considered **Low Priority** for the next few years as it is unlikely to provide immediate benefit to the project.

8.2 Camena Anomaly

The Camena Anomaly is located on EL15/2006 and is characterized by a large aeromagnetic high, supported by a coincident gravity anomaly. Much of the Tenement is covered by Tertiary basalt with only a small amount of Owen Group sediments outcropping in the NW corner.

Work completed by Iron Mountain has included an aeromagnetic interpretation and a gravity survey. Although speculative, the anomalies have the potential to be a buried magnetite skarn beneath the Basalt. The sheer size of the anomaly makes it an interesting target.

The Tertiary basalt flows filled palaeotopographic lows such as old river valleys and can be very deep. The depth to basement is unknown.

A proposed work program includes modeling of the geophysical data, ground mapping possibly followed by ground magnetic surveys. If warranted a stratigraphic drill hole may be drilled either this year or the following year.

This EL requires expenditure and should be regarded as **Moderate Priority**. The tenement should be assessed to see if it should be held or relinquished after the exploration program.

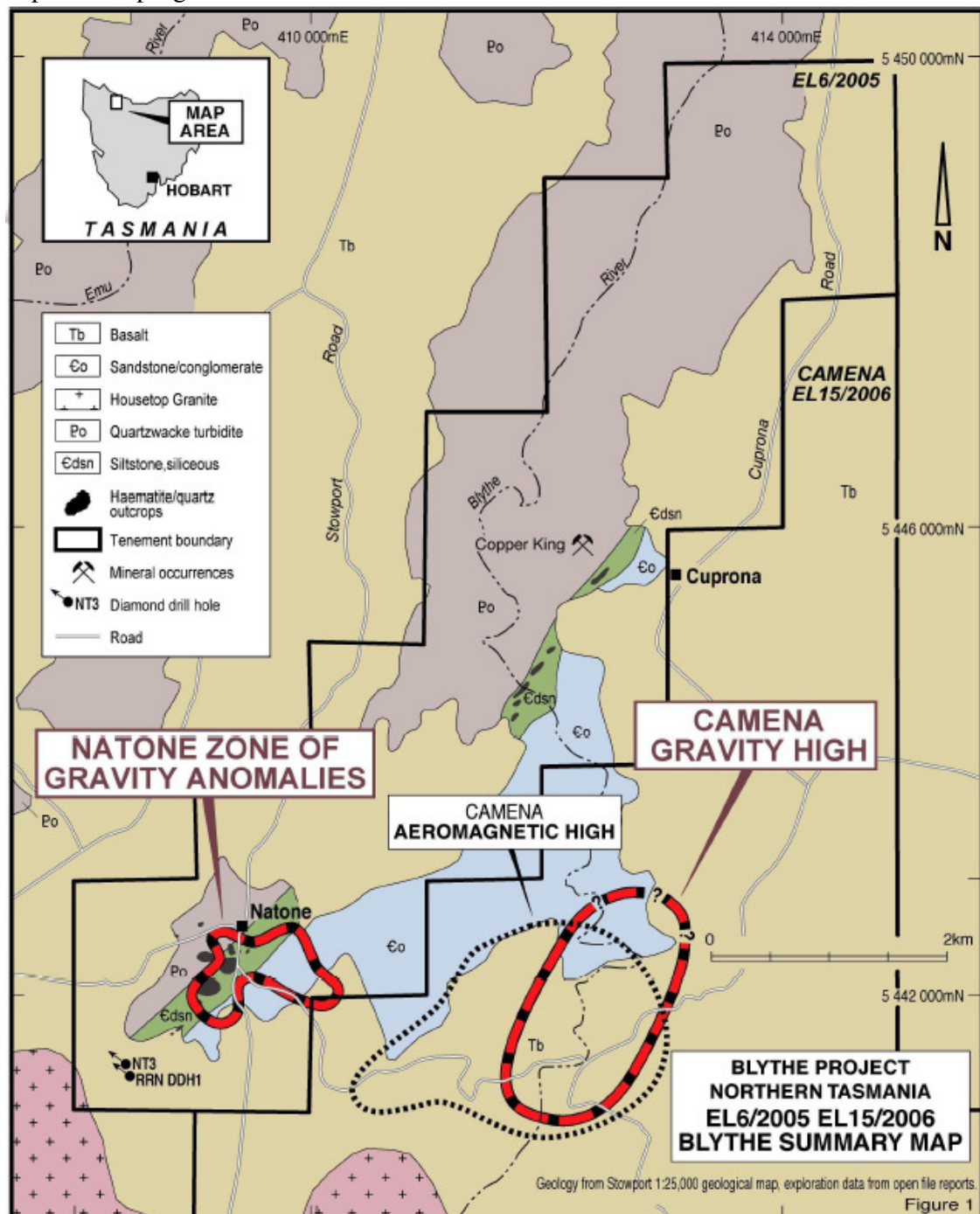


Figure 11. Natone and Camena gravity anomalies, EL6/2005 and former EL16/2006.

8.3 Blythe River Hematite

The Blythe River Hematite body is part of a group of enigmatic, poorly understood hematite-silica replacement bodies found within the Dial Range Trough. No work has been completed on this deposit by IRM.

This style of deposit appears to have formed by replacement of sediments on the Proterozoic-Ordovician contact forming massive, elongate hematite and silica bodies.

Prospecting and mining reports from the late 1800's and early 1900's report numerous very high grade assays generally around 68% Fe from particularly pure Hematite samples. Resource estimates from costean and crosscut adits from this period estimate the resource to contain 36Mt of very pure Hematite averaging 68% Fe (Darby, 1900). A 1958 investigation by Rio Tinto suggested a more modest resource of 10Mt was more likely (Atkinson, 1958) although it is likely Atkinson had less access to the old mine workings.

An initial program of mapping, sampling and possibly limited drilling is recommended for this prospect.

The Camena and Kiwi's prospects are considered to be **Low Priority**. The Blythe Hematite deposit is considered **Moderate Priority**. A limited work program is recommended to maintain tenure on EL's 6/2005 and 15/2006 for the medium term.

9 OTHER RESOURCE OPPORTUNITIES

The Geology surrounding the Housetop Granite and Dial Range Trough is poorly understood and many opportunities for Magnetite-Sn-WO₃ mineralisation exist on the tenement package offered within the Blythe River Iron Project. There are known magnetite occurrences outcropping on the recently acquired EL25/2009 such as the Highclere skarn that require preliminary exploration.

Grass roots exploration opportunities exist to the south of the Kara Mine on EL 18/2007 at the Valentines Peak Prospect. Several magnetite anomalies are present and limited drilling intersected minor high grade mineralisation. Follow up work including a review of existing data is required.

Magnetite-WO₃ mineralisation is associated with the eastern margin of the Housetop Granite at Red Water Creek, Red Water and Laurel Creek. These prospects have seen little systematic exploration for their magnetite potential, with early exploration by Comalco, Shell and Geopeko focused on the Sn-WO₃ potential only. These prospects are currently held by Iron Search Pty Ltd on EL27/2010 (Figure 1-3).

There is potential for Hematite Iron deposits on EL26/2010 (Figure 1, 2 and 3) recently acquired by Iron Search Pty Ltd. This EL covers the known, but under explored Hematite deposits of the Penguin Creek, Tasmanian Iron Mines, Iron Cliffs and Dial Iron Deposit. Minor production from Penguin Creek/Tasmanian Iron Mines is reported to have been approximately 40,000t of hematite at 65% Fe (Atkinson, 1958). Many of these deposits are of limited size but may contribute to a district Iron Project and warrant future investigation.

10 PROPOSED EXPLORATION EXPENDITURE

A detailed breakdown of exploration expenditure is listed in Table 3. An expenditure of \$1.9M is required to complete the entire program. However some of the expenditure can be deferred on prospects that will included on the ML or are met through expenditure on other prospects on the tenement resulting in a minimum spend of \$1.5M.

Tenement	Project	Activity	Unit	Unit cost	Total	Priority	Comments
EL18/2007	Kara No 2 North	Drilling m	4,000	\$170	\$680,000	High	Required for Prefeasibility studies Will form the basis of required expenditure prior to ML application.
		Assaying	2,000	\$35	\$70,000		
		Earthworks	15	\$1,200	\$18,000		
		Core processing	70	\$400	\$28,000		
		Geology supervision	70	\$800	\$56,000		
		Vehicle	70	\$150	\$10,500		
		Consumables	1	\$40,000	\$40,000		
		Total			\$902,500		
53/2007	Kara No 2 East	Drilling m	2,500	\$170	\$425,000	High	Increase Resource Base EL requires expenditure. Will become part of ML
		Assaying	1,200	\$35	\$42,000		
		Earthworks	8	\$1,200	\$9,600		
		Core processing	40	\$400	\$16,000		
		Geology supervision	40	\$800	\$32,000		
		Vehicle	40	\$150	\$6,000		
		Consumables	1	\$20,000	\$20,000		
		Total			\$550,600		
EL18/2007	Kara No 2 South	Drilling m	1,000	\$170	\$170,000	Low	On ML application, can be deferred
		Assaying	500	\$35	\$17,500		
		Earthworks	4	\$1,200	\$4,800		
		Core processing	15	\$400	\$6,000		
		Geology supervision	15	\$800	\$12,000		
		Vehicle	15	\$150	\$2,250		
		Consumables	1	\$10,000	\$10,000		
		Total			\$222,550		
EL18/2007	Button Grass	Data Compilation	1	\$800	\$800	Low	On ML application, can be deferred
		Total			\$800		
EL18/2007	Southern Mag Anomaly	Reconnaissance	1	\$800	\$800	Low	On ML application, can be deferred
		Ground Magnetis	4	\$400	\$1,600		
		Vehicle	4	\$150	\$600		
		Total			\$3,000		
EL18/2007	Suttons Skarn	Data Review	2	\$800	\$1,600	Low	On EL 18/2007, can be deferred as expenditure will be met.
		Reconnaissance	2	\$800	\$1,600		
		Field Duties	2	\$400	\$800		
		Assaying	20	\$35	\$700		
		Vehicle	2	\$150	\$300		
		Total			\$5,000		
EL35/2006	Hampshire	Resource Estimation	12	\$1,000	\$12,000	Moderate	Requires expenditure on EL
		Data Review	2	\$800	\$1,600		
		Reconnaissance	8	\$800	\$6,400		
		Field Duties	8	\$400	\$3,200		
		Assaying	30	\$35	\$1,050		
		Vehicle	8	\$150	\$1,200		
		Total			\$25,450		
EL25/2009	Highclere	Data Review	6	\$800	\$4,800	Moderate	Requires expenditure on EL
		Reconnaissance	4	\$800	\$3,200		
		Ground Magnetis	4	\$400	\$1,600		
		Vehicle	8	\$150	\$1,200		
		Assaying	30	\$35	\$1,050		
		Total			\$11,850		
EL6/2005	Kiwi's Prospect	Data Review	6	\$800	\$4,800	Low	Requires expenditure on EL
		Reconnaissance	2	\$800	\$1,600		
		Vehicle	2	\$150	\$300		
		Total			\$6,700		

Tenement	Project	Activity	Unit	Unit cost	Total	Priority	Comments
EL15/2006	Camena Anomaly	Geophysical Modelling	1	\$15,000	\$15,000	Moderate	Requires expenditure on EL Drilling only if warranted.
		Reconnaissance	4	800	\$3,200		
		Drilling m	300	\$170	\$51,000		
		Assaying	60	\$35	\$2,100		
		Earthworks	2	\$1,200	\$2,400		
		Core processing	2	\$400	\$800		
		Geology supervision	5	\$800	\$4,000		
		Vehicle	5	\$150	\$750		
		Consumables	1	\$5,000	\$5,000		
		Total			\$84,250		
EL6/2005	Blythe River Hematite	Data Review	6	\$800	\$4,800	Moderate	Requires expenditure on EL Drilling only if warranted.
		Reconnaissance	4	\$800	\$3,200		
		Drilling m	300	\$170	\$51,000		
		Assaying	60	\$35	\$2,100		
		Earthworks	2	\$1,200	\$2,400		
		Core processing	2	\$400	\$800		
		Geology supervision	5	\$800	\$4,000		
		Vehicle	5	\$150	\$750		
		Consumables	1	\$5,000	\$5,000		
		Total			\$74,050		

The majority of the expenditure is required on the Kara No 2 North and Kara No 2 East deposits accounting for \$1.45M of the minimum \$1.50M spend.

11 DISCUSSION AND RECOMMENDATIONS

The Kara No 2 skarns form the basis of early production for the Blythe River Iron Project and as such should be the focus of exploration and feasibility studies over the next two years. Infill drilling of the Kara No2 North skarn is a priority for Reserve definition as well as providing information for Prefeasibility Studies. The deposit contains an Inferred Resource of 16.6Mt @ 37.4% Fe. Exploration drilling may add an additional 2-5Mt³ to the south.

The Kara No 2 East skarn is the best target to significantly increase the project resource base with a high probability of adding an additional 5-10Mt³. Other targets such as Kara No 2 South, Button Grass and the Kara No 2 South Magnetic Anomaly should be included in the ML application and systematically explored as the project develops.

Sutton's Skarn will not be included on the initial ML application and exploration should be delayed until expenditure is required on EL18/2007. Most expenditure for this tenement will be met by work completed prior to the ML application.

The Hampshire district is the next most developed area with the Hampshire skarn deposit sufficiently drilled to calculate an Indicated Resource for this deposit followed by application for an RL or ML to ensure tenure. The deposit contains a possible resource of 1Mt @ 40% Fe,³ of which 50-60% may be amenable to open cut mining providing additional high grade feed to the project. Exploration of the two southern trend of the deposit is warranted to investigate this area as a potential second production area, hosting a possible target in the range of 3-10Mt³.

There are numerous exploration opportunities for 1-10Mt³ deposits of similar style within the current tenement package, particularly the Highclere, Kiwis, Camena and Valentines Peak targets. These are essentially grass roots targets with identified magnetite skarn. Expenditure and exploration work needs to be maintained at a level sufficient to ensure tenure.

There is also potential to define and exploit small tonnage, high grade hematite resources if they are considered amenable to the project. The Blythe River Iron is one such deposit located on EL6/2005 Cuprona.

An estimated expenditure of \$1.9M is required to complete the entire 2 year program. However some of the targets can be deferred as expenditure will be met on these tenements by work completed in Prefeasibility studies, reducing the exploration expenditure to \$1.5M.

³ Non JORC Resource

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ADDITIONAL NOTES

LIMITATIONS AND CONSENT

The report is provided to Forward Mining Limited in the context of an independent review of the Blythe River Project Tenure, Geology and Resource Potential 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 the 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 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 a competent Person as defined in the JORC Code. None of the Mineral Resources quoted in this report are JORC resources as they have not been rigorously estimated to Industry Standards.

This report contains Exploration Targets which are conceptual in nature where there has been insufficient exploration to define full mineral resources and it is uncertain that further exploration will result in the determination of a Mineral Resource.

STATEMENT OF INDEPENDENCE

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