

VIETNAM EMERGING CAPITAL LIMITED

ABN 69 123 981 537

NOTICE OF GENERAL MEETING

EXPLANATORY MEMORANDUM

PROXY FORM

Date of Meeting	Friday 7 January 2011
Time of Meeting	10.00 am
Place of Meeting	Vietnam Emerging Capital Limited Level 28 31 Market Street Sydney NSW 2000

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Chairman (+61 2) 9267 4633.

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TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The Extraordinary General Meeting of the Shareholders to which this Notice of Extraordinary General Meeting relates will be held at 10:00am (EST) on Friday 7 January 2011 at:

Vietnam Emerging Capital Limited,
Level 28, St Martins Tower,
31 Market Street,
Sydney, NSW 2000.

YOUR VOTE IS IMPORTANT

The business of the Extraordinary General Meeting affects your shareholding and your vote is important.

VOTING IN PERSON

To vote in person, attend the Extraordinary General Meeting on the date and at the place set out above.

VOTING BY PROXY

To vote by proxy, please complete and sign the enclosed Proxy Form and return by:

- (a) post to Vietnam Emerging Capital Limited, Level 28, 31 Market Street, Sydney, NSW 2000; or
- (b) facsimile to the Company on facsimile number +612 9267 4388,

so that it is received not later than 10:00am (EST) on 5 January 2011.

Proxy Forms received later than this time will be invalid.

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is given that an Extraordinary General Meeting of Shareholders of Vietnam Emerging Capital Limited ('the Company') or ('VECL') will be held at Level 28, 31 Market Street, Sydney, NSW 2000 at 10:00 am on Friday 7 January 2011 to consider and, if thought fit, to pass the Resolutions set out below.

The Explanatory Statement to this Notice of Extraordinary General Meeting provides additional information on each of the Resolutions. The Explanatory Statement and the Proxy form part of this Notice of Extraordinary General Meeting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cwlth.) that the persons eligible to vote at the Extraordinary General Meeting are those who are registered Shareholders at 7.00 pm (Sydney time) on 5 January 2011.

Terms and abbreviations used in this Notice of Extraordinary General Meeting and the Explanatory Statement are defined in the Glossary.

AGENDA

Resolution 1 - Change in activities

To consider and if thought fit, to pass, without amendment, the following resolution as an ordinary resolution:

"That the Shareholders approve the change in the nature and scale of activities of the Company as described in the Explanatory Memorandum."

Resolution 2 – Approval of issue of Shares to Starwolf Resources Pty Ltd

To consider and if thought fit, to pass, without amendment, the following resolution as an ordinary resolution:

"Subject to Resolutions 1, 3, 4 and 5 being passed, that, for the purposes of NSX Listing Rule 6.25 and for all other purposes, the Company be authorised to issue 6,380,000 Shares to Starwolf Resources Pty Ltd in consideration for the acquisition of Exploration Licence E04/1589 from Starwolf Resources Pty. Ltd on the terms set out in the Explanatory Memorandum."

VOTING EXCLUSION STATEMENT

The Company will disregard any votes cast on this Resolution by:

- Starwolf Resources Pty Ltd; and
- any associate of Starwolf Resources Pty Ltd.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

Resolution 3 – Approval of Issue of Shares and Options to Ausinca International Enterprise Pty Ltd

To consider and if thought fit, to pass, without amendment, the following resolution as an ordinary resolution:

"Subject to Resolutions 1, 2, 4 and 5 being passed, that, for the purposes of item 7 of section 611 of the Corporations Act and NSX Listing Rule 6.25 and for all other purposes, the Company be authorised to issue 20,000,000 Shares and 10,000,000 Options to Ausinca International Enterprise Pty Ltd on the terms set out in the Explanatory Memorandum."

VOTING EXCLUSION STATEMENT

The Company will disregard any votes cast on this Resolution by:

- Ausinca International Enterprise Pty Ltd; and
- any associate of Ausinca International Enterprise Pty Ltd.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

Resolution 4 – Approval of Issue of Shares and Options to Timah Pasir Sdn. Bhd.

To consider and if thought fit, to pass, without amendment, the following resolution as an ordinary resolution:

"Subject to Resolutions 1, 2, 3 and 5 being passed, that, for the purposes of item 7 of section 611 of the Corporations Act and NSX Listing Rule 6.25 and for all other purposes, the Company be authorised to issue 20,000,000 Shares and 10,000,000 Options to Timah Pasir Sdn. Bhd. on the terms set out in the Explanatory Memorandum."

VOTING EXCLUSION STATEMENT

The Company will disregard any votes cast on this Resolution by:

- Timah Pasir Sdn. Bhd; and
- any associate of Timah Pasir Sdn. Bhd;

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

Resolution 5 – Approval of Issue of Shares and Options to Lighthouse Capital Sdn. Bhd.

To consider and if thought fit, to pass, without amendment, the following resolution as an ordinary resolution:

"Subject to Resolutions 1, 2, 3 and 4 being passed, that, for the purposes of NSX Listing Rule 6.25 and for all other purposes, the Company be authorised to issue 6,000,000 Shares and 3,000,000 Options to Lighthouse Capital Sdn. Bhd. on the terms set out in the Explanatory Memorandum."

VOTING EXCLUSION STATEMENT

The Company will disregard any votes cast on this Resolution by:

- Lighthouse Capital Sdn. Bhd; and
- any associate of Lighthouse Capital Sdn. Bhd;

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

Resolution 6 – Change of name

To consider and if thought fit, to pass, without amendment, the following Resolution as a special resolution:

"That the name of the Company be changed to Timah Resources Limited."

NOTE

Under the Corporations Act, in order for Resolution 6 to be passed, it needs to be approved by at least 75% of the votes cast by Shareholders present at the EGM either in person or by proxy.

DATED: 30 NOVEMBER 2010

BY ORDER OF THE BOARD



**ROBERT LEES
COMPANY SECRETARY
VIETNAM EMERGING CAPITAL LIMITED**

NOTES:

1. Explanatory Memorandum

The Explanatory Memorandum accompanying this Notice of Extraordinary General Meeting is incorporated in and comprises part of this Notice of Extraordinary General Meeting, and should be read in conjunction with this Notice of Extraordinary General Meeting.

This Explanatory Memorandum is to assist Shareholders in understanding the background to and the legal and other implications of the Notice and the reasons for the Resolutions proposed. Both documents should be read in their entirety and in conjunction with each other.

Shareholders are specifically referred to the Glossary which contains definitions of capitalised terms used both in this Notice of Extraordinary General Meeting and the Explanatory Memorandum.

If you do not understand this Explanatory Memorandum or are in doubt about the action to be taken, you should consult your solicitor, accountant, investment advisor or other professional advisor immediately.

2. 'Snap Shot' Time

The Company may specify a time, not more than 48 hours before the Meeting, at which a 'snap-shot' of Shareholders will be taken for the purposes of determining Shareholder entitlements to vote at the Meeting.

The Company has determined that a person's entitlement to vote at the Meeting will be the entitlement of that person set out in the register of members as at 7.00 pm (Sydney time) on 5 January 2011.

This means that any Shareholder registered at 7.00 pm (Sydney time) on 5 January 2011 is entitled to attend and vote at the Meeting.

3. Proxies

A Shareholder entitled to attend this Meeting and vote is entitled to appoint a proxy to attend and vote for the Shareholder at the Meeting. A proxy need not be a Shareholder. If the Shareholder is entitled to cast two or more votes at the Meeting the Shareholder may appoint two proxies and may specify the proportion or number of votes which each proxy is appointed to exercise. A form of proxy accompanies this Notice.

4. Corporate Representative

Any corporate Shareholder who has appointed a person to act as its corporate representative at the Meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that Company's representative. The authority may be sent to the Company and/or registry in advance of the Meeting or handed in at the Meeting when registering as a corporate representative.

Explanatory Memorandum

Glossary of terms

In the Notice of Extraordinary Meeting and Explanatory Memorandum, the following words and expressions have the following meanings:

ASIC means the Australian Securities and Investments Commission.

ASX means the Australia Securities Exchange.

Chairman means the Chairman of the Company, being, at the date of this Notice, Jack Tan.

Company means Vietnam Emerging Capital Limited ABN 69 123 981 537.

Corporations Act means *Corporations Act 2001 (Cth)* and the Corporations Regulations (as defined in the Corporations Act).

Directors means the directors of the Company.

EGM or **Extraordinary General Meeting** or **Meeting** means the extraordinary general meeting of the Company convened in accordance with the Notice.

Explanatory Memorandum means the Explanatory Memorandum accompanying the Notice.

Exploration Licence E04/1589 means Exploration Licence E04/1589 as more fully described in the Explanatory Memorandum in relation to Resolution 2.

Financial Statements means the audited financial statements of the Company for the year ended 30 June 2010.

Fundraising means the fundraising of \$460,000 to be raised by the Company from the Proposed Investors in accordance with Resolutions 3, 4 and 5.

Fundraising Resolutions means each of Resolutions 3, 4 and 5.

Independent Expert means Moore Stephens.

Independent Expert's Report means the report of the Independent Expert, for the purposes of Resolutions 2, 3, 4 and 5, as attached as **Attachment A** to this Explanatory Memorandum.

Independent Geologist means Corad Pty Ltd (ACN 009 189 744).

Independent Geologist Report means the report of the Independent Geologist for the purposes of Resolution 2, as attached as **Attachment B** to this Explanatory Memorandum.

Information Memorandum means the information memorandum that the Company is required to provide to the NSX and Shareholders under Listing Rule 4.4(2) in relation to the proposed change of activities contemplated by Resolution 1, a copy of which is attached as **Attachment C** to this Explanatory Memorandum.

JORC means the Joint Ore Reserves Committee.

Lac Trung means Lac Trung Development Joint Stock Investment Company.

Listing Rules or **NSX Listing Rule** means the official listing rules of the NSX.

Notice or **Notice of Extraordinary General Meeting** or **EGM Notice** means the Notice of EGM included in this document.

NSX means National Stock Exchange of Australia.

Option means a right to purchase Shares in the Company on the terms set out in Schedule 1.

Proposed Investors means each of Timah Pasir Sdn. Bhd (a company registered in Malaysia), Ausinca International Enterprise Pty Ltd (ACN 111 241 386) and Lighthouse Capital Sdn. Bhd (a company registered in Malaysia).

Resolution means a resolution put to the Shareholders at the EGM.

Securities has the meaning set out in the Corporations Act.

Share means a share in the capital of the Company, the terms of which are contained in the constitution of the Company.

Shareholders means the current holders of the Shares in the Company.

Starwolf means Starwolf Resources Pty Limited (ACN 118 223 877).

Background to the Resolutions

The Company was originally formed to invest in the emerging Vietnamese economy. It invested in 2 asset classes, listed shares and property.

The listed shares were shares in companies listed on the HCM stock exchange, the Vietnam Stock Exchange. These were in a number of industries, including the pharmaceutical sector. The Board has since resolved to sell the entire share portfolio, which it has now done.

The property investment was made by the Company taking a 40% interest (initially, 20% and then a further 20%) in the company, Lac Trung. Lac Trung was incorporated to develop an office block in Quang Trung Software City, District 12, Ho Chi Minh City, to rent. The building, to be known as Lac Hong Training and Software Development Centre, was proposed to comprise 12 floors plus a basement with a net lettable area of 26,400 square metres. The other shareholders in Lac Trung are Lac Hong Informatics Joint Stock Company (40%) and Hoang Ngan Concrete Construction Joint Stock Company (20%). To enable it to complete the development, Lac Trung had to raise project finance based on committed tenants. The Company committed to assist Lac Trung secure appropriate tenants and has entered into negotiations with interested parties for this purpose. However, both Lac Trung and the Company have found that securing funding for this size and type of project is difficult as the equity markets have very limited appetite for this type and area of investment. The Board is of the view that it may not in fact be possible for Lac Trung to ever secure this funding under the current conditions. In the Financial Statements, the carrying value of Lac Trung has been fully impaired.

In its most recent Financial Statements, the Company is recorded as having made an operating loss of \$303,927 for the year ended 30 June 2010. The Directors determined that it was appropriate for the Financial Statements to be prepared on a "going concern" basis on the basis that the Directors guaranteed to provide continued financial support to the Company for 12 months from the date of the Financial Statements and on the basis that they believed they could secure additional equity for the Company. However, it was noted in the Financial Statements that the going concern basis may not be appropriate if the Directors do not provide their continuous financial support or if the proposed equity raising is not successful.

It is important to note that the Chairman's expertise lies in developing and listing minerals exploration and mining companies. He has been a founding director of Norton Gold Fields Limited (ASX: NGF), Rocklands Richfield Limited (ASX: RCI) and Orocobre Limited (ASX: ORE). He is Chairman of Overseas & General Limited (ASX: OGL), a listed company currently in the process of changing its direction from commercial cultivation of hardwood timbers to a mining company.

In the light of the financial position of the Company as set out in the Financial Statements, the difficulties the Company has faced in its property investment and its lack of success in its objectives of investing in the emerging Vietnamese economy, the Directors are of the view that it is no longer in the interests of shareholders for the Company to pursue its investment in Lac Trung or any other sector of the Vietnamese economy.

Having considered alternative available investment opportunities, the Board has formed the view that the best opportunities for the Company lie in the mining and resources sectors.

To this end, the Company has identified an opportunity to acquire a prospective iron ore tenement located on Bathurst Island, Western Australia currently owned by Starwolf Resources Pty Limited. The Company has secured the right to acquire Exploration Licence E04/1589 from Starwolf, subject to Shareholder approval and compliance with the NSX Listing Rules. The Company is also actively looking for other iron ore assets it could acquire to add to a mining exploration portfolio.

On this basis, under Resolution 1, the Company is seeking the approval of Shareholders (in accordance with the NSX Listing Rules) to a change in the nature and scale of the Company's

business from a company investing in the emerging Vietnamese economy to a company engaged in mining exploration and production.

Subject to Resolution 1 being passed by Shareholders, Shareholders will then be asked, under Resolution 2, to approve the issue of Shares to Starwolf as consideration for the acquisition of Exploration Licence E04/1589.

To enable the Company to fully exploit the opportunities associated with the acquisition of Exploration Licence E04/1589, the Directors have also secured commitments to provide the Fundraising from the Proposed Investors. None of the Proposed Investors are related parties of the Company or any of the Directors and each is independent of one another. Under the Fundraising, the Proposed Investors will subscribe an aggregate of \$460,000 for 46,000,000 Shares at a price of 1 cent per Share. Each Share will also have a free attaching Option (in the ratio of 1 Option for every 2 Shares issued) being, in aggregate, 23,000,000 Options with an exercise price of \$0.30 per Option – the terms of the Options are set out in Schedule 1. The Fundraising Resolutions are conditional on one another and each of Resolutions 1 and 2 being passed.

The Directors intend to undertake a further capital raising of approximately \$2,500,000 in 2011, which will include moving the Company's listing from the NSX to the ASX.

Two of the Proposed Investors, Ausinca and Timar Pasir, will each be issued a number of Shares that will exceed 20% of the aggregate number of Shares on issue immediately following the issue, assuming that all of the Resolutions are passed. As each of Ausinca and Timar Pasir will acquire interests in Securities of the Company that will exceed 20% of the aggregate number of Securities on issue immediately following the issue, the Company is required to seek the approval of Shareholders to the issue of the Shares and a waiver for each of Ausinca and Timar Pasir to comply with the requirements of Chapter 6 of the Corporations Act (the takeover rules) under 2 separate resolutions, Resolutions 3 and 4.

To enable the Company to retain capacity to make further Share issues, the Company seeks Shareholder approval under each of the proposed issues of Shares and Options to the Proposed Investors under Resolutions 3, 4 and 5 in accordance with NSX Listing Rule 6.25.

Resolutions 1 to 5 are **Ordinary Resolutions**. Shareholders should note that each of Resolutions 2, 3, 4 and 5 is conditional on each of the others and Resolution 1 being passed.

Finally, to recognise the change in the nature of the Company's activities, the Directors are seeking the approval of Shareholders under Resolution 6 to change the name of the Company to "Timah Resources Limited".

Resolution 6 is a **Special Resolution** requiring approval by a special majority of at least 75% of those members present at the meeting either in person or by proxy.

Resolution 1 - Change in activities

In order for the Company to change the nature and scale of its activities in the manner contemplated below, the Company seeks the approval of Shareholders under Resolution 1.

Approval under Listing Rule 6.41

NSX Listing Rule 6.41 provides that where an entity listed on the NSX proposes to make a significant change to the nature or scale of its activities, it must provide full details to NSX as soon as practicable and comply with the following:

- (a) provide to NSX additional information regarding the change;
- (b) obtain the approval of members for the change; or
- (c) meet the requirements of Chapter 4 as if applying for a listing.

The Company has consulted with NSX on the proposed change of its activities and the NSX has confirmed to the Company that the proposed change in the Company's activities will require the Company to:

- (i) prepare and deliver to the NSX an Information Memorandum which complies with NSX Listing Rule 4.4(2); and
- (ii) obtain Shareholder approval for the purposes of NSX Listing Rule 6.41.

The Company has prepared and lodged with NSX the Information Memorandum, a copy of which is attached to the Explanatory Memorandum as **Attachment C**.

The NSX also requires the Company to disclose to the NSX an updated complete list of Shareholders (including by distribution of Shareholders) following the issue of all Shares and Options under the Resolutions.

Current activities of the Company

Since its listing on the NSX in March 2008, the principal activity of the Company has been an investment company raising capital to invest in listed Vietnamese securities, including equity investment in unlisted property development companies.

At the date of this Notice, the only asset of the Company is a 40% interest in Lac Trung. The purpose of the Lac Trung investment was to build an office block to rent. To secure loan funding for the project, tenants needed to be secured. While the Company has entered into negotiations with interested parties to sell the project, funding for this size and type of project is difficult to secure.

Since its most recent accounts date, the Company has divested all of the securities it held that were listed on the Vietnam Stock Exchange.

Need for change of activities

The key reason for the need for a change of activities of the Company is that the Directors have unsuccessfully attempted to secure further funding for the Company. As noted above, the equity markets have very limited appetite for investments of the nature and type that have been made by the Company in listed securities and the Lac Trung investment in Vietnam.

In addition, the Chairman's expertise in developing and listing minerals exploration and mining companies has led the Directors to explore opportunities for the Company in mining and resources generally.

Proposed change

As detailed below in relation to Resolution 2, the Company has secured a commitment to acquire Exploration Licence E04/1589 and is actively looking for other iron ore assets to acquire.

Shareholders should note that the Company will not be able to complete the acquisition of Exploration Licence E04/1589 or the Fundraising unless Resolution 1 is passed.

Information Memorandum

Shareholders are referred to the Information Memorandum attached to the Explanatory Memorandum (as **Attachment C**) for more information on the proposed change to the activities of the Company, including the reasons for and effect of the proposed change in activities. The Information Memorandum also contains information required by Listing Rule 4.4(2).

Directors' Recommendation

Each of the Directors unanimously recommends that Shareholders vote in favour of Resolution 1.

Resolution 2 – Approval of issue of Shares to Starwolf

Background

The Company has entered into an agreement dated 14 May 2010 as amended by an agreement dated 12 November 2010 with Starwolf in relation to the acquisition of a Western Australian exploration licence, Exploration Licence E04/1589. Further details of Exploration Licence E04/1589 are set out below.

In consideration for the acquisition of Exploration Licence E04/1589, the Company is proposing to issue 6,380,000 Shares to Starwolf – the terms of the issue of the Shares are set out below.

Information required under Listing Rule 6.25(1)

NSX Listing Rule 6.25(1) provides that, subject to certain restrictions, the Company must not, without the prior approval of Shareholders, issue Securities during any 12 month period if the number of those Securities exceeds 15% of the total ordinary securities on issue at the commencement of that 12 month period. Even though the proposed issue of Shares to Starwolf will constitute up to 9.35% of the issued capital of the Company (assuming issue of all Shares under the Fundraising), the Company is seeking the approval of Shareholders under NSX Listing Rule 6.25(1) for the issue of 6,380,000 Shares to Starwolf in order to preserve the Company's ability to issue shares in the next 12 months in accordance with NSX Listing Rule 6.25(1).

Details of the Share issue to Starwolf are as follows:

- (a) 6,380,000 Shares are to be allotted;
- (b) the Shares are to be issued to acquire Exploration Licence E04/1589;
- (c) the Shares are to be issued on the same terms and rank equally with other Shares on issue;
- (d) the allottee is Starwolf Resources Pty Ltd;
- (e) the allottee is not, for the purposes of the Corporations Act or the NSX Listing Rules, a related party of the Company; and
- (f) the Shares will be issued and allotted within 1 month after the date of the meeting.

Summary of Exploration Licence E04/1589 opportunity

The main points of interest concerning Exploration Licence E04/1589 are as follows:

- Exploration Licence E04/1589 has been granted and Starwolf has 100% ownership of the tenement;
- it is highly prospective geology for Iron Ore (same geology as neighbouring mines);
- Exploration Licence E04/1589 is very close to Asian markets;
- Exploration Licence E04/1589 is along the same strike as existing mines (Cockatoo and Koolan Islands);
- reconnaissance sampling of Exploration Licence E04/1589 was undertaken in May 2008;
- according to the Independent Geologist's Report, the average Fe value recorded so far at Bathurst Island is 32.8% (including non-mineralised samples) but the highest value recorded was 56.7% Fe (which is just below DSO iron grade);

- there were negligible gangue elements found i.e. low alumina, phosphorous and sulphur, except for silica;
- further mapping and sampling programme planned; and
- there is significant interest in DSO iron ore from local markets and Australian exploration companies.

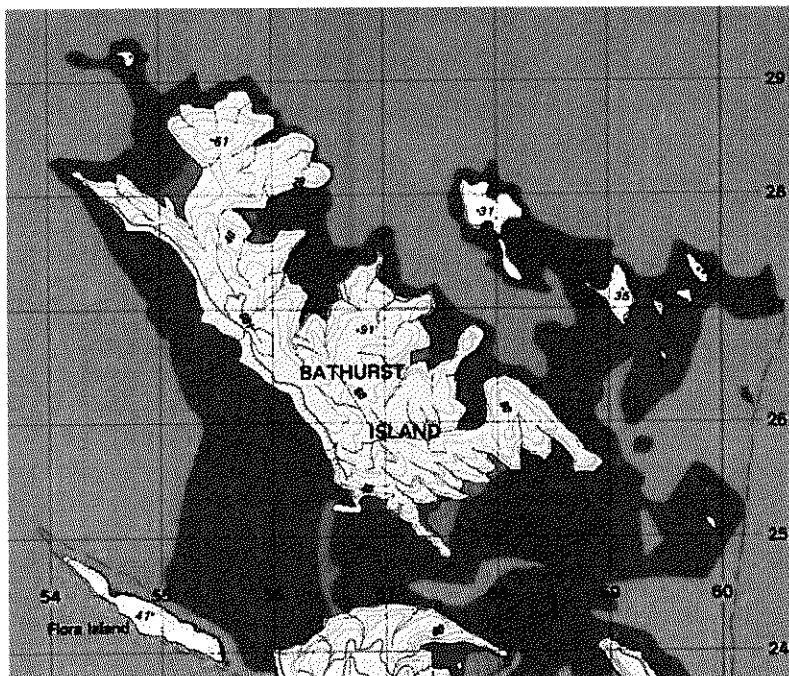
Description of Exploration Licence E04/1589

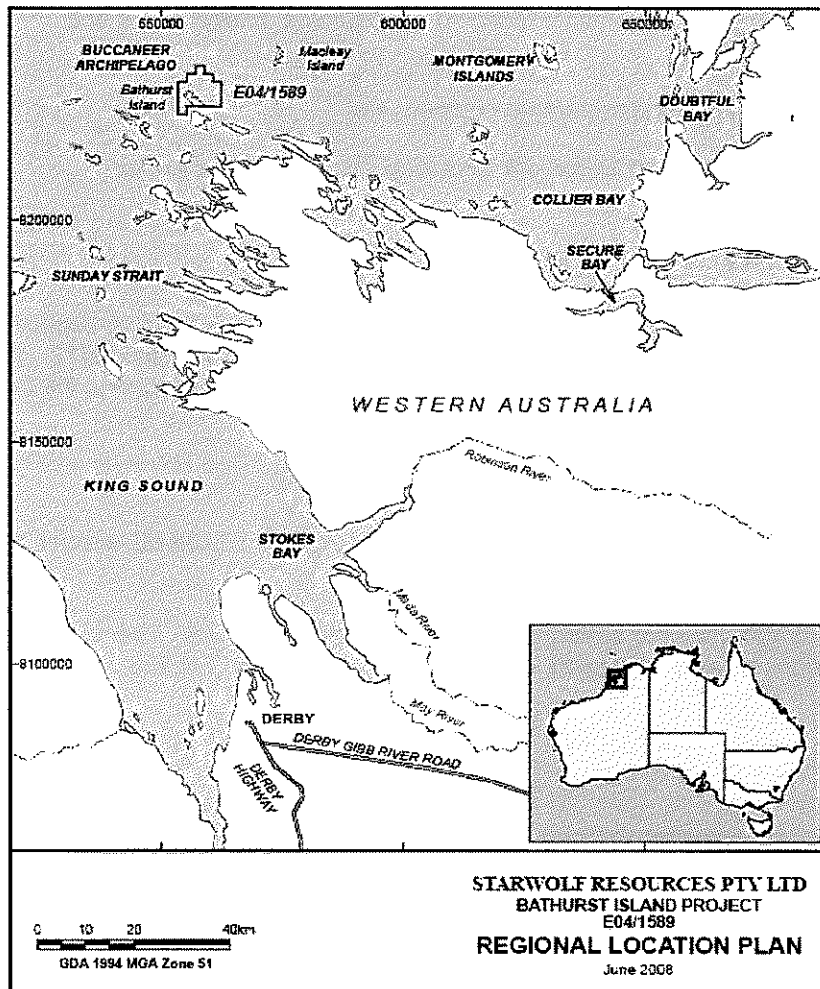
Starwolf applied for and was granted Exploration Licence E04/1589 over the highly prospective Bathurst Island and the lease was granted on 10 August 2007 and expires 9 August 2012. The tenement covers an area of approximately 65 km² within the Buccaneer Archipelago in the far north-west Kimberley Region of Western Australia.

Starwolf holds a 100% direct interest in Exploration Licence E04/1589.

The annual rental for Exploration Licence E04/1589 for the year 2011 is \$3,768.60, which has been fully paid.

The aggregate expenditure for the year ended 9 August 2010 was \$78,785.00. The minimum expenditure on exploration activities obligation for the year to 9 August 2011 is \$30,000.00.





Independent Geologist

In May 2008, Starwolf commissioned the Independent Geologist to conduct an initial reconnaissance field trip to Bathurst Island. The objective of the trip was to determine if there was any sign of iron mineralisation on the island. The field trip confirmed the presence of Direct Shipping Ore (**DSO**) grade iron ore and the prospectivity of the island for further high grade discoveries. Sampling confirmed extensive iron mineralisation with the highest value recorded near to DSO grades.

The Independent Geologist then conducted an Exploration Scoping Study for a two stage exploration program designed to investigate the logistics of carrying out a limited program of stratigraphic drill holes spaced evenly throughout the island to investigate the presence of high grade ore.

This was followed by a joint aeromagnetic and radiometric survey which was undertaken with Pluton Resources over Bathurst and Irvine Islands.

The regional mapping of both Bathurst Island and neighbouring islands has shown that the local geology of Bathurst is similar to Irvine Island (Pluton Resources), Cockatoo Island (Cliffs Minerals) and Koolan Island (Mt Gibson Iron).

All of the neighbouring iron deposits are being actively explored to increase resource and reserve inventories or to extend current mine lives. Only a small part of Bathurst Island has been sampled to date.

The Independent Geologist Report is attached as **Attachment B** to this Explanatory Memorandum.

Planned exploration activities

The Independent Geologist has indicated that iron ore is present in Exploration Licence E04/1589. However, the extent of the presence and its quality and grade is not yet certain and requires significant additional exploration to confirm.

The exploration programme leading up to the generation of a JORC compliant resource is to be split into two manageable parts. The first part, called the Phase 1 programme, is planned to obtain clear access to Bathurst Island for a reconnaissance drilling programme and then to carry out that drilling programme. This drilling programme is designed to identify and target the areas that may later be infill drilled on a closer spaced pattern which will then generate the resources figures.

The results of the Phase 1 drilling programme will be used to determine if the Phase 2 programme should be implemented. The Phase 2 programme is predominantly an infill drilling programme designed to increase the density of information at a chosen site to generate a JORC compliant resource.

The Directors intend to raise further capital in 2011 to fund the exploration programme which will include drilling on Exploration Licence E04/1589. The budget for exploration is \$1.8m over 2 years with a further \$700,000 budgeted for other working capital requirements of the Company over 2011 and 2012. The Directors intend to raise \$2.5m in early to mid 2011 via a prospectus and application will be made at that time to transfer the listing of the Company to the ASX.

The success of the Company in raising further capital and moving the listing of the Company to the ASX is dependent on a number of factors, including the appetite of investors and regulatory approvals, and there is, therefore, a risk that these objectives may not be achieved.

Once listed on the ASX, it is likely that further capital will have to be raised for ongoing exploration, although this is not currently planned and will depend on the results of the 2011 and 2012 years exploration results.

Investment risks

The acquisition by the Company of Exploration Licence E04/1589 is a speculative investment and Shareholders should note the following risks.

(a) Industry risks

Minerals exploration, project development and mining, by their very nature, contain elements of significant risk. The success of these activities is dependent on many factors including:

- the discovery of economically recoverable ore reserves;
- successful conclusions to bankable feasibility studies;
- access to adequate capital for project development;
- design and construction of efficient mining and processing facilities within capital expenditure budgets;
- securing and maintaining title to tenements and compliance with the terms of those tenements;
- obtaining consents and approvals necessary for the conduct of exploration and mining – in particular the Independent Geologist's Report identifies specific environmental, heritage and native title consents that will need to be obtained – these are outlined in more detail below; and

- access to competent operational management and prudent financial administration, including the availability and reliability of appropriately skilled and experienced employees, contractors and consultants.

(b) Environmental, Heritage and Native Title

Heritage and environmental surveys will be required to be presented to the Department of Mines and Petroleum (**DMP**) for a Programme of Works approval.

Bathurst Island is subject to the Mayala Native Title Claim. The Kimberly Land Council administers the Mayala Claim. Consultation and involvement with the native title claimants will be required in order to obtain authorisations from the DMP to perform exploration activities.

An environmental flora and fauna survey will be carried out prior to the ground disturbance activities of the Phase 1 drilling programme (this will be required for DMP approvals prior to drilling being carried out).

Initial environmental enquiries have revealed the presence of a proposed marine park surrounding the bulk of the Buccaneer Archipelago in which Bathurst Island is located. The presence of a proposed marine reserve does not preclude exploration and/or mining, but new mining proposals submitted sometime in the future within the park boundary may attract other tenement and operating conditions that may affect the economics of the project.

(c) Other risk factors

Whether or not income will result from projects undergoing exploration and development programs depends on the successful establishment of mining operations. Factors including costs, actual mineralisation, consistency and reliability of ore grades and commodity prices affect successful project development and mining operations.

Adverse weather conditions over a prolonged period can adversely affect exploration and mining operations and the timing of revenues, particularly given the remote location of Bathurst Island.

The mining industry has become increasingly subject to legislative regulation, including, but not limited to, environmental responsibility and liability. The introduction of new laws and regulations or changes, to underlying policy, may adversely impact on the operations of the Company.

Director's Recommendation

Each of the Directors recommends that Shareholders vote in favour of Resolution 2 for the following reasons:

- (a) the Independent Expert has determined the proposed issue of Shares to Starwolf in consideration for the acquisition of the Exploration Licence is fair and reasonable to the non-associated Shareholders of the Company;
- (b) the completion of the Fundraising (together with the acquisition of the Exploration Licence) is critical to the ongoing viability of the Company – shareholders should refer to the Independent Expert's Report for more detail on the implications for the Company if the Fundraising (and the acquisition of the Exploration Licence) is not completed; and
- (c) the Fundraising is conditional on, amongst other Resolutions, Resolution 2 being passed.

Independent Expert's Report

Even though there is no statutory requirement for the Directors to obtain an independent expert's report for the purposes of Resolution 2, the Independent Expert has considered the proposed issue of Shares to Starwolf in the context of the Fundraising and the proposed change in the nature of the Company's business.

The Independent Expert's Report assesses whether the proposed issue of Shares to Starwolf, in consideration for the acquisition of Exploration Licence E04/1589, and the proposed issue of Shares and Options to the Proposed Investors, is fair and reasonable to the non-associated Shareholders of the Company. The advantages and disadvantages of the proposed issue of Shares to Starwolf are outlined in the Independent Experts' Report and are provided to enable non-associated Shareholders of the Company to determine whether they are better off if the proposed acquisition of the Exploration Licence and issue of Shares to Starwolf proceeds than if it does not. The Independent Expert also provides an overview of the mineral exploration industry and Bathurst Island and the Baccaneer Archipelago. Shareholders are referred to sections 4 and 5 of the Independent Expert's Report.

The Independent Expert has provided an opinion that it believes the proposed issue of Shares and Options, under the Fundraising and to Starwolf in consideration for the acquisition of Exploration Licence E04/1589, is fair and reasonable to non associated Shareholders.

Shareholders are urged to read the Independent Expert's Report to understand the scope of the report, the methodology of the valuation and the sources of information and assumptions made.

Resolution 3 – Issue of shares to Ausinca International Enterprise Pty Ltd (Ausinca)

Background

The Directors are seeking approval to issue 20,000,000 Shares and 10,000,000 Options to Ausinca International Enterprise Pty Ltd (**Ausinca**) on the following terms:

- (a) 20,000,000 Shares are to be allotted to Ausinca at a price of 1c per Share for an aggregate subscription price of \$200,000;
- (b) 10,000,000 Options exercisable at \$0.30 expiring 31 December 2013 are to be issued to Ausinca – further details of the terms of the Options are set out in Schedule 1;
- (c) the subscription for Shares and Options by Ausinca is conditional on Shareholders passing Resolutions 1, 2, 4 and 5;
- (d) the Shares to be issued to Ausinca are to be issued on the same terms and rank equally with other Shares on issue;
- (e) the Shares will be issued and allotted within 1 month after the date of the EGM; and
- (f) the proceeds of the subscription for the Shares are to be used for working capital purposes.

Compliance with Corporations Act and ASIC Regulatory Guide 74

Under Section 606(1) of the Corporations Act, a person must not acquire a relevant interest in issued voting shares in a public company if the person acquiring the interest does so through a transaction in relation to Securities entered into by or on behalf of the person and, because of the transaction, that person's or someone else's voting power in the company increases:

- (a) from 20% or below to more than 20%; or
- (b) from a starting point that is above 20% and below 90%.

The voting power of a person in a company is determined in accordance with Section 610 of the Corporations Act. The calculation of a person's voting power in a company involves determining the voting shares in the company in which the person and the person's associates have a relevant interest.

Item 7 of Section 611 of the Corporations Act provides an exception to the prohibition, whereby a person may acquire a relevant interest in a company's voting shares with shareholder approval.

As a result of the proposed issue of Shares and Options to the Proposed Investors and Starwolf (assuming all the Resolutions are passed), Ausinca will acquire a relevant interest in Securities of the Company in excess of 20%. Accordingly, Shareholder approval under Item 7 of section 611 of the Corporations Act is required for this issue of Shares and Options to Ausinca.

For the exemption of Section 611 Item 7 to apply, Shareholders must be given all information known to the person proposing to make the acquisition or their associates, or known to the Company that was material to the decision on how to vote on the resolution. In ASIC Regulatory Guide 74, ASIC has indicated what additional information should be provided to shareholders in these circumstances.

Identity of allottee and its associates

The allottee of the proposed Share issue is Ausinca International Enterprise Pty Ltd which, it is proposed, will be issued 20,000,000 Shares and 10,000,000 Options.

On completion of the issue of the Share and Options, Ausinca International Enterprise Pty Ltd will hold a relevant interest in the Company.

Voting power as a result of the acquisition

(a) *Current relevant interest of Ausinca*

As at the date of this Explanatory Statement, Ausinca has no relevant interest in any Securities of the Company.

(b) *Position of Ausinca and associates assuming that all Shares and Options under the Resolutions are allotted and are issued and Ausinca only exercises its Options*

The maximum number of Shares held by Ausinca and its associates after the issue of the Shares and Options under the Resolutions, and assuming only their Options are exercised, will be 30,000,000, representing a maximum voting power of 38.34% - assuming the capital structure is as set out at the end of this Explanatory Statement.

(c) *Position of Ausinca and associates assuming that all Shares and Options under the Resolutions are allotted and are issued and all Options are exercised*

The maximum number of Shares held by Ausinca and its associates after the issue of the Shares and Options under the Resolutions, and assuming that all Options are exercised, will be 30,000,000, representing a maximum voting power of 32.88% - assuming the capital structure is as set out at the end of this Explanatory Statement.

(d) *Position of Ausinca and associates assuming that all Shares and Options under the Resolutions are allotted and are issued and no Options are exercised*

The maximum number of Shares held by Ausinca and its associates after the issue of the Shares and Options under the Resolutions, and assuming that no Options are exercised, will be 20,000,000, representing a maximum voting power of 29.30% - assuming the capital structure is as set out at the end of this Explanatory Statement.

Further details of the voting power of Ausinca and its associates are set out in the tables at the end of this Explanatory Statement and in the Independent Expert's Report.

Intentions of Ausinca

The Company understands that Ausinca and its associates:

- (a) has no intention of making any significant changes to the business of the Company;
- (b) does not intend to redeploy any fixed assets of the Company;
- (c) does not have any present intention to inject further capital into the Company;
- (d) does not intend to transfer any property between the Company and itself or any person associated with any of them;
- (e) has no intention of making significant changes to the future employment of the Company's employees; and
- (f) has no current intention to change the Company's existing policies in relation to financial matters or dividends.

Value of Options

The Independent Expert has assessed the fair value of each Option in the range of \$nil to 0.1 cents. The Independent Expert has assessed the value of each Option using the Black-Scholes method. For further information about these valuations, please refer to section 6.3.2 of the Independent Expert's Report.

Information required under Listing Rule 6.25(1)

Under Listing Rule 6.25(1), the Company is required to obtain the approval of Shareholders, in general meeting, prior to the issue of Securities representing more than 15% of the issued capital of the Company in a rolling 12 month period.

On the basis that the issue of Shares and Options to Ausinca will constitute up to 38.34% of the issued capital of the Company, the Company requires the approval of Shareholders under NSX Listing Rule 6.25(1).

Details of the Share issue to Ausinca are as follows:

- (a) 20,000,000 Shares are to be allotted;
- (b) the Shares are to be issued in consideration of the payment of \$200,000;
- (c) the Shares are to be issued on the same terms and rank equally with other Shares on issue;
- (d) 10,000,000 Options exercisable at \$0.30 expiring 31 December 2013 are to be issued to Ausinca – further details of the terms of the Options are set out in Schedule 1;
- (e) the allottee is Ausinca International Enterprise Pty Ltd;
- (f) the allottee is not, for the purposes of the Corporations Act or the NSX Listing Rules, a related party of the Company; and
- (g) the Shares will be issued and allotted within 1 month after the date of the meeting.

Use of funds raised under Fundraising

The Directors propose to use the funds raised by the Fundraising for working capital purposes, including to progress the Company's acquisition of the Exploration Licence. In addition, the funds will be used to fund a further capital raising (as indicated above) and the proposed transfer of the Company's listing to the ASX.

Recommendations of Directors

Each of the Directors is of the opinion that the proposed issue of Shares and Options to Ausinca under Resolution 3 is in the best interests of Shareholders. Each of the Directors recommends Shareholders vote in favour of Resolution 3.

The Directors' recommendations are based on the following reasons:

- (a) the proposed issue of Shares and Options to Ausinca will provide working capital to enable the Company to, subject to Resolution 2 being passed, progress the Company's acquisition of Exploration Licence E04/1589 and secure further iron ore assets;
- (b) the Independent Expert has determined the proposed issue of Shares and Options to Ausinca is fair and reasonable to the non-associated Shareholders of the Company;
- (c) the completion of the Fundraising (together with the acquisition of the Exploration Licence) is critical to the ongoing viability of the Company – shareholders should refer to the Independent Expert's Report for more detail on the implications for the Company if the Fundraising (and the acquisition of the Exploration Licence) is not completed; and
- (d) the Fundraising and the acquisition of Exploration Licence E04/1589 are conditional on, amongst other Resolutions, Resolution 3 being passed.

Independent Expert's Report

While there is no statutory requirement for the Company to commission an independent expert's report in relation to Resolution 3, ASIC Regulatory Guide 74 (paragraph 74.11) states that directors may satisfy their statutory obligations to provide shareholders with information in relation to a proposal under item 7 of section 611 of the Corporations Act by commissioning an independent expert's report. In ASIC Regulatory Guide 111, ASIC recommends that an independent expert's report be prepared in relation to a proposal under item 7 of section 611 of the Corporations Act. For these reasons, and to ensure that Shareholders are fully informed about the proposed Fundraising and acquisition of Exploration Licence E04/1589, the Directors have commissioned the Independent Expert to prepare the Independent Expert's Report.

The Independent Expert's Report assesses whether the proposed issue of Shares and Options to the Proposed Investors and to Starwolf in consideration for the acquisition of Exploration Licence E04/1589 is fair and reasonable to the non-associated Shareholders of the Company. The advantages and disadvantages of the proposed issue of Shares and Options to Ausinca are outlined in the Independent Expert's Report and are provided to enable non-associated Shareholders of the Company to determine whether they are better off if the proposed issue of Shares and Options to Ausinca proceeds than if it does not.

The Independent Expert has provided an opinion that it believes the proposed issue of Shares and Options, under the Fundraising and to Starwolf in consideration for the acquisition of Exploration Licence E04/1589, is fair and reasonable to non associated Shareholders.

Shareholders are urged to read the Independent Expert's Report to understand the scope of the report, the methodology of the valuation and the sources of information and assumptions made.

Resolution 4 – Issue of Shares to Timah Pasir Sdn. Bhd. (Timah Pasir)

Background

The Directors are seeking approval to issue 20,000,000 Shares and 10,000,000 Options to Timah Pasir on the following terms:

- (a) 20,000,000 Shares are to be allotted to Timah Pasir at a price of 1c per Share for an aggregate subscription price of \$200,000;
- (b) 10,000,000 Options exercisable at \$0.30 expiring 31 December 2013 are to be issued to Timah Pasir – further details of the Options are set out in Schedule 1;
- (c) the subscription for Shares and Options by Timah Pasir is conditional on Shareholders passing Resolutions 1, 2, 3 and 5;
- (d) the Shares to be issued to Timah Pasir are to be issued on the same terms and rank equally with other Shares on issue;
- (e) the Shares will be issued and allotted within 1 month after the date of the EGM; and
- (f) the proceeds of the subscription for the Shares are to be used for working capital purposes.

Compliance with Corporations Act and ASIC Regulatory Guide 74

Under Section 606(1) of the Corporations Act, a person must not acquire a relevant interest in issued voting shares in a public company if the person acquiring the interest does so through a transaction in relation to Securities entered into by or on behalf of the person and, because of the transaction, that person's or someone else's voting power in the company increases:

- (a) from 20% or below to more than 20%; or
- (b) from a starting point that is above 20% and below 90%.

The voting power of a person in a company is determined in accordance with Section 610 of the Corporations Act. The calculation of a person's voting power in a company involves determining the voting shares in the company in which the person and the person's associates have a relevant interest.

Item 7 of Section 611 of the Corporations Act provides an exception to the prohibition, whereby a person may acquire a relevant interest in a company's voting shares with shareholder approval.

As a result of the proposed issue of Shares and Options to the Proposed Investors and Starwolf (assuming all the Resolutions are passed), Timah Pasir will acquire a relevant interest in Securities of the Company in excess of 20%. Accordingly, Shareholder approval under Item 7 of section 611 of the Corporations Act is required for this issue of Shares and Options to Timah Pasir.

For the exemption of Section 611 Item 7 to apply, Shareholders must be given all information known to the person proposing to make the acquisition or their associates, or known to the Company that was material to the decision on how to vote on the resolution. In ASIC Regulatory Guide 74, ASIC has indicated what additional information should be provided to shareholders in these circumstances.

Identity of allottee and its associates

The Allottee of the proposed Share issue is Timah Pasir Sdn. Bhd. which, it is proposed, will be issued 20,000,000 Shares and 10,000,000 Options.

On completion of the Share issue, Timah Pasir Sdn. Bhd will hold a relevant interest in the Company.

Voting power as a result of the acquisition

- (a) *Position of Timah Pasir and associates assuming that all Shares and Options under the Resolutions are allotted and are issued and Timah Pasir only exercises its Options*

The maximum number of Shares held by Timah Pasir and its associates after the issue of the Shares and Options under the Resolutions, and assuming only their Options are exercised, will be 30,000,000, representing a maximum voting power of 38.34% - assuming the capital structure is as set out at the end of this Explanatory Statement.

- (b) *Position of Timah Pasir and associates assuming that all Shares and Options under the Resolutions are allotted and are issued and all Options are exercised*

The maximum number of Shares held by Timah Pasir and its associates after the issue of the Shares and Options under the Resolutions, and assuming that all Options are exercised, will be 30,000,000, representing a maximum voting power of 32.88% - assuming the capital structure is as set out at the end of this Explanatory Statement.

- (c) *Position of Timah Pasir and associates assuming that all Shares and Options under the Resolutions are allotted and are issued and no Options are exercised*

The maximum number of Shares held by Timah Pasir and its associates after the issue of the Shares and Options under the Resolutions, and assuming that no Options are exercised, will be 20,000,000, representing a maximum voting power 29.30% - assuming the capital structure is as set out at the end of this Explanatory Statement.

Further details of the voting power of Timah Pasir and its associates are set out in the table at the end of this Explanatory Memorandum and the Independent Expert's Report.

Intentions of Timah Pasir

The Company understands that Timah Pasir and its associates:

- (a) has no intention of making any significant changes to the business of the Company;
- (b) does not intend to redeploy any fixed assets of the Company;
- (c) does not have any present intention to inject further capital into the Company;
- (d) does not intend to transfer any property between the Company and itself or any person associated with any of them;
- (e) has no intention of making significant changes to the future employment of the Company's employees; and
- (f) has no current intention to change the Company's existing policies in relation to financial matters or dividends.

Value of Options

The Independent Expert has assessed the fair value of each Option in the range of \$nil to 0.1 cents. The Independent Expert has assessed the value of each Option using the Black-Scholes method. For further information about these valuations, please refer to section 6.3.2 of the Independent Expert's Report.

Information required under Listing Rule 6.25(1)

Under Listing Rule 6.25(1), the Company is required to obtain the approval of Shareholders, in general meeting, prior to the issue of Securities representing more than 15% of the issued capital of the Company in a rolling 12 month period.

On the basis that the issue of the Shares and Options to Timah Pasir will constitute up to 38.34% of the issued capital of the Company, the Company requires the approval of Shareholders under NSX Listing Rule 6.25(1).

Details of the Share issue to Timah Pasir are as follows:

- (a) 20,000,000 Shares are to be allotted;
- (b) the Shares are to be issued in consideration of the payment of \$200,000;
- (c) the Shares are to be issued on the same terms and rank equally with other Shares on issue;
- (d) 10,000,000 Options exercisable at \$0.30 expiring 31 December 2013 are to be issued to Timah Pasir – further details of the Options are set out in Schedule 1;
- (e) the allottee is Timah Pasir Sdn. Bhd.;
- (f) the allottee is not, for the purposes of the Corporations Act or the NSX Listing Rules, a related party of the Company; and
- (g) the Shares will be issued and allotted within 1 month after the date of the meeting.

Use of funds raised under Fundraising

The Directors propose to use the funds raised by the Fundraising for working capital purposes, including to progress the Company's acquisition of the Exploration Licence. In addition, the funds will be used to fund a further capital raising (as indicated above) and the proposed transfer of the Company's listing to the ASX.

Recommendations of Directors

Each of the remaining Directors is of the opinion that the proposed issue of Shares and Options to Timah Pasir under Resolution 4 is in the best interests of Shareholders. Each of the Directors recommends Shareholders vote in favour of Resolution 4. The Directors' recommendations are based on the following reasons:

- (a) the proposed issue of Shares and Options to Timah Pasir will provide working capital to enable the Company to secure further iron ore assets;
- (b) the Independent Expert has determined the proposed issue of Shares and Options to Timah Pasir is fair and reasonable to the non-associated Shareholders of the Company;
- (c) the completion of the Fundraising (together with the acquisition of the Exploration Licence) is critical to the ongoing viability of the Company – shareholders should refer to the Independent Expert's Report for more detail on the implications for the Company if the Fundraising (and the acquisition of the Exploration Licence) is not completed; and
- (d) the Fundraising and the acquisition of Exploration Licence E04/1589 are conditional on, amongst other Resolutions, Resolution 4 being passed.

Independent Expert's Report

While there is no statutory requirement for the Company to commission an independent expert's report in relation to Resolution 4, ASIC Regulatory Guide 74 (paragraph 74.11) states that directors may satisfy their statutory obligations to provide shareholders with information in relation to a proposal under item 7 of section 611 of the Corporations Act by commissioning an independent expert's report. In ASIC Regulatory Guide 111, ASIC recommends that an independent expert's report be prepared in relation to a proposal under item 7 of section 611 of the Corporations Act. For these reasons, and to ensure that Shareholders are fully informed about the proposed Fundraising and acquisition of Exploration Licence E04/1589, the Directors have commissioned the Independent Expert to prepare the Independent Expert's Report.

The Independent Expert's Report assesses whether the proposed issue of Shares and Options to the Proposed Investors and to Starwolf in consideration for the acquisition of the Exploration Licence E04/1589 is fair and reasonable to the non-associated Shareholders of the Company. The advantages and disadvantages of the proposed issue of Shares and Options to Timah Pasir are outlined in the Independent Experts' Report and are provided to enable non-associated Shareholders of the Company to determine whether they are better off if the proposed issue of Shares and Options to Timah Pasir proceeds than if it does not.

The Independent Expert has provided an opinion that it believes the proposed issue of Shares and Options, under the Fundraising and to Starwolf in consideration for the acquisition of Exploration Licence E04/1589, is fair and reasonable to non associated Shareholders.

Shareholders are urged to read the Independent Expert's Report to understand the scope of the report, the methodology of the valuation and the sources of information and assumptions made.

Resolution 5 – Issue of Shares to Lighthouse Capital Sdn. Bhd. (Lighthouse Capital)

Background

The Directors are seeking approval to issue 6,000,000 Shares and 3,000,000 Options to Lighthouse Capital Sdn. Bhd. (**Lighthouse Capital**) on the following terms:

- (a) 6,000,000 Shares are to be allotted to Lighthouse Capital at a price of 1c per Share for an aggregate subscription price of \$60,000;
- (b) 3,000,000 Options exercisable at \$0.30 expiring 31 December 2013 are to be issued to Lighthouse Capital – further details of the terms of the Options as set out in Schedule 1;
- (c) the subscription for Shares and Options by Lighthouse Capital are conditional on Shareholders passing Resolutions 1, 2, 3 and 4;
- (d) the Shares to be issued to Lighthouse Capital are to be issued on the same terms and rank equally with other Shares on issue;
- (e) the Shares will be issued and allotted within 1 month after the date of the EGM; and
- (f) the proceeds of the subscription for the Shares are to be used for working capital purposes.

Information required under Listing Rule 6.25(1)

NSX Listing Rule 6.25(1) provides that, subject to certain restrictions, the Company must not, without the prior approval of shareholders, issue equity securities during any 12 month period if the number of those securities exceeds 15% of the total ordinary securities on issue at the commencement of that 12 month period. Even though the issue of the Shares and Options to Lighthouse Capital will constitute up to 12.63% of the issued capital of the Company, the Company is seeking the approval of Shareholders under NSX Listing Rule 6.25(1) for the issue of Shares and Options to Lighthouse Capital in order to preserve the Company's ability to issue shares in the next 12 months in accordance with NSX Listing Rule 6.25(1).

Details of the Share issue to Lighthouse Capital are as follows:

- (a) 6,000,000 Shares are to be allotted;
- (b) the Shares are to be issued in consideration of the payment of \$60,000;
- (c) the Shares are to be issued on the same terms and rank equally with other Shares on issue;
- (d) 3,000,000 Options exercisable at \$0.30 expiring 31 December 2013 are to be issued to Lighthouse Capital – further details of the terms of the Options as set out in Schedule 1;
- (e) the allottee is Lighthouse Capital Sdn. Bhd.;
- (f) the allottee is not, for the purposes of the Corporations Act or the NSX Listing Rules, a related party of the Company; and
- (g) the Shares will be issued and allotted within 1 month after the date of the meeting.

Use of funds raised under Fundraising

The Directors propose to use the funds raised by the Fundraising for working capital purposes, including to progress the Company's acquisition of the Exploration Licence. In addition, the funds will be used to fund a further capital raising (as indicated above) and the proposed transfer of the Company's listing to the ASX.

Recommendations of Directors

Each of the remaining Directors is of the opinion that the proposed issue of Shares and Options to Lighthouse Capital in Resolution 5 is in the best interests of Shareholders. Each of the Directors recommends Shareholders vote in favour of Resolution 5. The Directors' recommendations are based on the following reasons:

- (a) the proposed issue of Shares and Options to Lighthouse Capital will provide working capital to enable the Company to secure further iron ore assets;
- (b) the Independent Expert has determined the proposed issue of Shares and Options to Lighthouse Capital is fair and reasonable to the non-associated Shareholders of the Company;
- (c) the completion of the Fundraising (together with the acquisition of the Exploration Licence) is critical to the ongoing viability of the Company – shareholders should refer to the Independent Expert's Report for more detail on the implications for the Company if the Fundraising (and the acquisition of the Exploration Licence) is not completed; and
- (d) the Fundraising and the acquisition of Exploration Licence E04/1589 are conditional on, amongst other Resolutions, Resolution 5 being passed.

Independent Expert's Report

Even though there is no statutory requirement for the Directors to obtain an independent expert's report for the purposes of Resolution 5 and the ASIC Regulatory Guide 74 does not apply in relation to this Resolution, the Independent Expert has considered the proposed issue of Shares and Options to Lighthouse Capital in the context of the Fundraising and the acquisition from Starwolf of Exploration Licence E04/1589.

The Independent Expert's Report assesses whether the proposed issue of Shares and Options to the Proposed Investors and to Starwolf in consideration for the acquisition of Exploration Licence E04/1589, is fair and reasonable to the non-associated Shareholders of the Company. The advantages and disadvantages of the proposed issue of Shares and Options to Lighthouse Capital are outlined in the Independent Expert's Report and are provided to enable non-associated Shareholders of the Company to determine whether they are better off if the proposed issue of Shares and Options to Lighthouse Capital proceeds than if it does not.

The Independent Expert has provided an opinion that it believes the proposed issue of Shares and Options, under the Fundraising and to Starwolf in consideration for the acquisition of the Exploration Licence E04/1589, is fair and reasonable to non associated Shareholders.

Shareholders are urged to read the Independent Expert's Report to understand the scope of the report, the methodology of the valuation and the sources of information and assumptions made.

Resolution 6 – Change of name

Directors propose that the Company change its name from **Vietnam Emerging Capital Limited** to **Timah Resources Limited** to better reflect the change in direction of the Company.

This is a Special Resolution requiring approval by 75% of those members present at the meeting either in person or by proxy.

SUMMARY OF THE EFFECT OF THE RESOLUTIONS ON THE ISSUED CAPITAL

Table A – Issue of all Shares and all Options

		Shares on issue		Options on Issue
	Current balance	15,872,626	23.26%	-
Resolution 1	Change of activities	-	-	-
Resolution 2	Issue of Shares to Starwolf	6,380,000	9.35%	-
Resolution 3	Issue of Shares to Ausinca	20,000,000	29.30%	10,000,000
Resolution 4	Issue of Shares to Timah Pasir	20,000,000	29.30%	10,000,000
Resolution 5	Issue of Shares to Lighthouse Capital	6,000,000	8.79%	3,000,000
Resolution 6	Change of name	-	-	-
		68,252,626	100.00%	23,000,000

Table B – Issue of all Shares and exercise of all Options

		Shares on issue		Options on Issue
	Current balance	15,872,626	17.39%	-
	Starwolf	6,380,000	6.99%	-
	Ausinca	30,000,000	32.88%	-
	Timah Pasir	30,000,000	32.88%	-
	Lighthouse Capital	9,000,000	9.86%	-
		91,252,626	100.00%	-

Table C – Issue of all Shares and exercise of Options by Ausinca only

		Shares on issue		Options on Issue
	Current balance	15,872,626	20.28%	-
	Starwolf	6,380,000	8.15%	-
	Issue of Shares to Ausinca	30,000,000	38.34%	-
	Timah Pasir	20,000,000	25.56%	-
	Lighthouse Capital	6,000,000	7.67%	-
		78,252,626	100.00%	-

Table D – Issue of all Shares and exercise of Options by Timah Pasir only

		Shares on issue		Options on Issue
	Current balance	15,872,626	20.28%	-
	Starwolf	6,380,000	8.15%	-
	Issue of Shares to Ausinca	20,000,000	25.56%	-
	Timah Pasir	30,000,000	38.34%	-
	Lighthouse Capital	6,000,000	7.67%	-
		78,252,626	100.00%	-

Table E – Issue of all Shares and exercise of Options by Lighthouse Capital only

		Shares on issue		Options on Issue
	Current balance	15,872,626	22.28%	-
				-
Starwolf		6,380,000	8.95%	-
Ausinca		20,000,000	28.07%	-
Issue of Shares to Timah Pasir		20,000,000	28.07%	-
Lighthouse Capital		9,000,000	12.63%	-
		71,252,626	100.00%	-

SCHEDULE 1 - TERMS AND CONDITIONS OF OPTIONS

The material terms and conditions of the Options that are proposed to be issued to the Proposed Investors under Resolutions 3, 4 and 5 are as follows:

- (a) Each Option entitles the holder to acquire one fully paid ordinary Share in the Company.
- (b) The Options may be exercised at any time on or before 31 December 2013. Each Option may be exercised by forwarding to the Company at its principal office the exercise notice, duly completed together with payment of the sum of \$0.30 per Option exercised. The Options will lapse at 5.00pm EST on 31 December 2013.
- (c) The Options may be transferred by an instrument (duly stamped where necessary) in the form commonly used for transfer of Options at any time on or before 31 December 2013. This right is subject to any restrictions on the transfer of an Option that may be imposed by the NSX Listing Rules and the Company's Constitution.
- (d) Option holders will be permitted to participate in new issues of Securities on the prior exercise of Options in which case the Option holders will be notified of any new issue of Securities in accordance with the requirements of the Listing Rules.
- (e) Shares issued on the exercise of Options will be issued not more than 14 days after receipt of a properly executed exercise notice and application moneys. Shares allotted pursuant to the exercise of an Option will rank equally with the then issued ordinary Shares of the Company in all respects.
- (f) On the exercise of an Option, the Company will apply to NSX for Quotation of the Shares issued as a result of the exercise in accordance with the Corporations Act and the Listing Rules.
- (g) In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company, all rights of the Option holder will be changed to the extent necessary to comply with the Listing Rules applying to the reconstruction of capital at the time of the reconstruction.
- (h) If there is a bonus issue to Shareholders, the number of Shares over which the Option is exercisable may be increased by the number of Shares which the holder of the Option would have received if the Option had been exercised before the record date for the bonus issue.
- (i) In the event that a pro rata issue (except a bonus issue) is made to the holders of the underlying Securities in the Company, the exercise price of the Options may be reduced in accordance with the following formula.

$O' = O - \frac{E[P - (S + D)]}{N + 1}$

O' = the new exercise price of the Option;

O = the old exercise price of the Option;

E = the number of underlying Securities into which one option is Exercisable;

Note: E is one unless the number has changed because of a bonus issue.

P = the average market price per Security (weighted by reference to volume) of the underlying Securities during the 5 trading days ending on the day before the ex rights date or ex entitlements date;

S = the subscription price for a Security under the pro rata issue;

- D = the dividend (in the case of a trust, distribution) due but not yet paid on the existing underlying Securities (except those to be issued under the pro rata issue); and
- N = the number of Securities with rights or entitlements that must be held to receive a right to one new Security.

Vietnam Emerging Capital Limited
Independent Expert's Report
30 November 2010

Moore Stephens Sydney Corporate
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The Directors
Vietnam Emerging Capital Limited
Level 28, St Martins Tower
31 Market Street
SYDNEY NSW 2000

30 November 2010

Dear Sirs

**INDEPENDENT EXPERT'S REPORT FOR SHAREHOLDERS OF
VIETNAM EMERGING CAPITAL LIMITED ("VECL")**

1. Introduction

Vietnam Emerging Capital Limited ("VECL") is seeking shareholder approval to, amongst other things:

- Issue 6.38 million shares to Starwolf Resources Pty Ltd in consideration for the acquisition of a mining tenement (Exploration Licence E04/1589) located on Bathurst Island, Western Australia;
- Issue 20 million shares and 10 million options to Ausinca International Enterprise Pty Ltd for an aggregate subscription price of \$200,000;
- Issue 20 million shares and 10 million options to Timah Pasir Sdn. Bhd. for an aggregate subscription price of \$200,000; and
- Issue 6 million shares and 3 million options to Lighthouse Capital Sdn. Bhd. for an aggregate subscription price of \$60,000;

(together the "Proposed Transaction").

We are advised that VECL proposes to conduct another capital raising in the short-term and move its listing from the National Stock Exchange to the Australian Securities Exchange.

The Directors of VECL have engaged Moore Stephens Sydney Corporate Finance Pty Ltd ("Moore Stephens") to prepare an independent expert's report ("Report") in relation to the above four interdependent resolutions jointly comprising the Proposed Transaction.

2. Scope and Purpose

While there is no regulatory requirement for a Report to be prepared for the non-associated shareholders, the Directors of VECL have requested Moore Stephens to prepare a Report stating whether the Proposed Transaction is fair and reasonable for non-associated shareholders.

The Report is to be included in the Notice of General Meeting and Explanatory Memorandum to be sent to the shareholders and has been prepared exclusively for the purpose of assisting the shareholders to decide whether or not to approve the Proposed Transaction. The Report should not be used for any other purpose.

This is a summary of Moore Stephens' opinion as to the merits or otherwise of the Proposed Transaction. This summary should be considered in conjunction with, and not independently of, our detailed Report.

3. Basis of Evaluation

Under the Australian Securities & Investments Commission Regulatory Guide 111 "Content of expert reports", an offer is:

- Fair, if the value of the consideration is equal to or greater than the value of the securities subject to the offer. The comparison must be made assuming the acquisition of 100 percent of the company (i.e. VECL); and
- Reasonable, if it is fair, or despite not being fair, after considering other significant factors, shareholders should accept the offer in the absence of any higher offer.

4. Summary of Opinion

Proposed Transaction is Fair to Non-associated Shareholders

In our opinion the shares and options issued pursuant to the Proposed Transaction are valued in the range of \$52,000 to \$262,000, which is less than the value of the consideration of \$560,000 to \$660,000. Accordingly in our opinion the Proposed Transaction is fair to the non-associated shareholders.

Proposed Transaction is Reasonable to Non-associated Shareholders

After forming an opinion that the Proposed Transaction is fair and after considering the advantages and disadvantages of the Proposed Transaction for the non-associated shareholders of VECL, as set out in Section 8 of this Report, in our opinion that the Proposed Transaction is also reasonable to the non-associated shareholders.

Yours faithfully

Moore Stephens Sydney Corporate Finance Pty Ltd



Alan Max
Director



Scott Whiddett
Director

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1. Proposed Transaction

Vietnam Emerging Capital Limited ("VECL" or "the Company") is seeking shareholder approval to, amongst other things:

- Issue 6.38 million shares to Starwolf Resources Pty Ltd ("Starwolf") in consideration for the acquisition of a mining tenement (Exploration Licence E04/1589) located on Bathurst Island, Western Australia ("Tenement");
- Issue 20 million shares and 10 million options to Ausinca International Enterprise Pty Ltd ("Ausinca") for an aggregate subscription price of \$200,000;
- Issue 20 million shares and 10 million options to Timah Pasir Sdn. Bhd. ("Timah Pasir") for an aggregate subscription price of \$200,000; and
- Issue 6 million shares and 3 million options to Lighthouse Capital Sdn. Bhd. ("Lighthouse") for an aggregate subscription price of \$60,000;

(together the "Proposed Transaction").

Each of the above options has the following key terms:

- Entitles the holder to acquire one fully paid share in VECL;
- Exercise price of \$0.30; and
- Exercisable at any time on or before 31 December 2013.

In addition, the following resolutions are also subject to shareholder approval but are not required to be separately considered in our report:

- Change in nature and scale of activities; and
- Change of Company name to Timah Resources Limited.

We are advised that VECL proposes to conduct another capital raising in the short-term and move its listing from the National Stock Exchange ("NSX") to the Australian Securities Exchange ("ASX").

The Directors of VECL have engaged Moore Stephens Sydney Corporate Finance Pty Ltd ("Moore Stephens") to prepare an independent expert's report ("Report") in relation to the above four interdependent resolutions jointly comprising the Proposed Transaction.

Amounts in this report are in Australian Dollars unless otherwise stated.

2. Basis of Assessment

2.1 Corporations Act

Section 606 of the Corporations Act 2001 ("the Act") provides a general prohibition against any person holding 20 percent or less in the voting shares of a public company from increasing their relevant interest to greater than 20 percent.

3. Overview of VECL

3.1 Company Overview

VECL is an Australian-based investment company established to seek investment opportunities in listed and unlisted Vietnamese securities including equity investment in property development companies.

The Company was incorporated in February 2007 and successfully completed its Initial Public Offering (IPO) on the NSX in March 2008. The Company has approximately 164 shareholders with 15.9 million shares on issue.

VECL acquired a portfolio of shares in companies listed on the Ho Chi Minh Stock Exchange. Furthermore, VECL acquired a 40 percent interest in Lac Trung Development Investment Joint Stock Company ("Lac Trung") which proposed to construct an office building at Quang Trung Software City, District 12, Ho Chi Minh City. The building, to be known as the Lac Hong Training and Software Development Centre, was proposed to comprise of 12 floors plus a basement with a net lettable area of 26,400 m2.

The below figure summaries current shareholdings in Lac Trung:

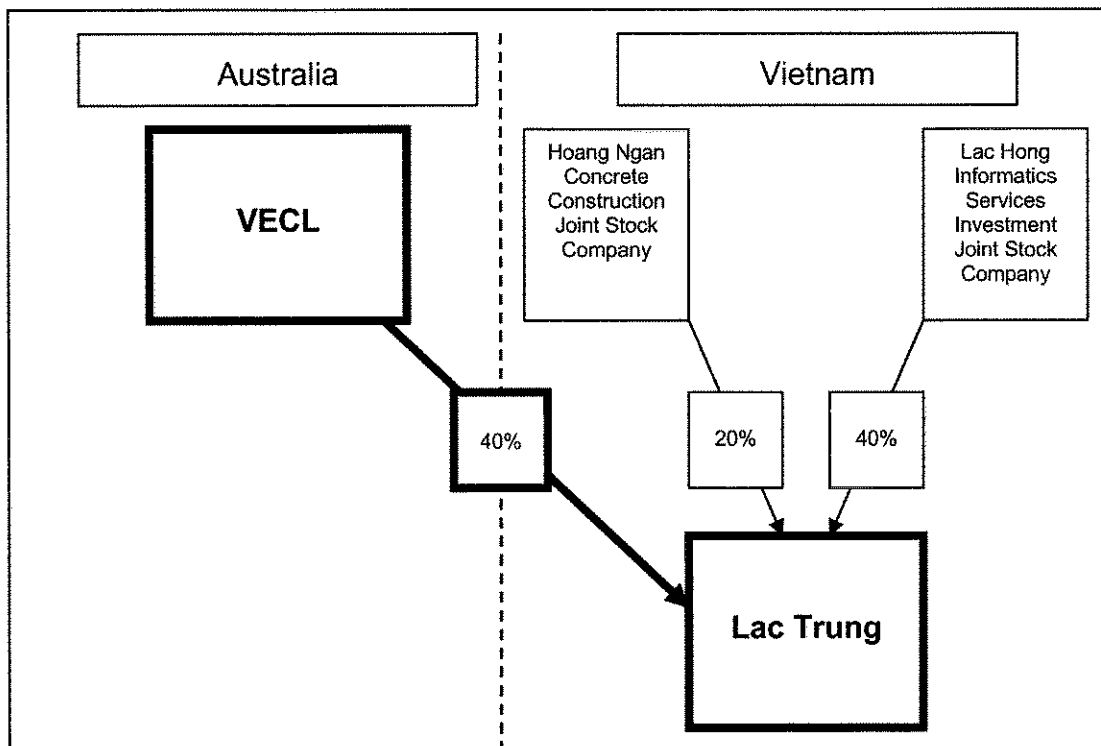


Figure 1: Shareholdings in Lac Trung

We provide below a summary of the key events and milestones in relation to Lac Trung:

Date	Event
February 2008	Lac Trung incorporated with VECL as a 20 percent shareholder on investing \$55,000. The Vietnamese authorities granted Lac Trung a conditional right to develop an office building ("Development Right"). Conditions included the requirement to commence construction by February 2010.
March 2009	VECL received an offer to sell its interest in Lac Trung for a pro-forma amount of \$218,000 assuming VECL's current ownership interest and current exchange rate. The offeror was unable to complete due to its inability to raise funding.
March 2009	Vietnamese authorities granted an extension to commence construction until March 2010.
April 2009	VECL contributed further capital of approximately \$28,000 to Lac Trung.
June 2009	VECL acquired an additional 20 percent interest in Lac Trung for approximately \$55,000, increasing its shareholding to 40 percent.
February 2010	Original deadline date to commence construction.
March 2010	Expiry of extension to commence construction.
June 2010	VECL received a conditional formal offer to sell its interest in Lac Trung for a pro-forma amount of \$252,000 assuming VECL's current ownership interest and current exchange rate. The offeror was unable to complete due to its inability to raise funding.

Lac Trung has been unable to raise the debt funding necessary to construct the property. We understand that the VECL Board is not confident that Lac Trung would be able to secure this funding in the near term. In addition, the Development Right has expired.

Consequently, the Directors believe that it is no longer in the interests of the Company to pursue its investment in Lac Trung. In addition, the Company has sold the entire share portfolio. After considering available alternatives the Board has formed the view that the best opportunity for the Company is a change in the nature of its activities and the pursuit of resource exploration.

3.2 Financial Performance

The following table sets out the summarised historic financial performance of VECL:

Year ended 30 June	2008 (\$000)	2009 (\$000)	2010 (\$000)
Total Income	42	153	80
Accounting and audit	(13)	(47)	(42)
Impairment of Lac Trung	(55)	(0)	(141)
Compliance, listing and legal	(122)	(104)	(74)
Directors fees	(272)	(54)	(0)
Overseas travel and accommodation	(132)	(78)	(27)
Other	(375)	(60)	(100)
Loss before income tax	(927)	(190)	(304)
Income tax expense	0	0	0
Loss after income tax	(927)	(190)	(304)

Source: VECL audited financial statements and management accounts.

Note: Numbers may not add due to rounding.

Key observations in relation to VECL's historic financial performance are set out below:

- VECL is loss-making and has not declared a dividend since incorporation.
- Total income for 2009 includes approximately \$55,000 relating to the reversal of the impairment loss recognised in the prior year.
- The Directors resolved to suspend all Directors' fees from October 2008 and minimise all expenditures so as to conserve working capital.
- The carrying value of Lac Trung has been fully impaired as at 30 June 2010 on the basis that it has been unable to attract debt funding to progress its project and, although the VECL Directors have negotiated with parties to sell VECL's 40 percent interest, VECL has been unable to conclude a sale of its Lac Trung shareholding to date.

3.3 Financial Position

The following table sets out the summarised historic financial position of VECL:

As at 30 June	2008 (\$000)	2009 (\$000)	2010 (\$000)	YTD 2011 ⁽¹⁾ (\$000)
Cash and equivalents	643	262	84	353
Other receivables	36	8	3	1
Financial assets	92	202	216	0
Other assets	1	4	4	4
Total current assets	772	476	306	358
Investments (equity method)	0	141	0	0
Plant and equipment	9	7	6	6
Total non-current assets	9	148	6	6
Total assets	781	624	312	364
Trade and other payables	0	32	24	48
Director loans	0	0	0	200
Total current liabilities	0	32	24	248
Net assets	781	592	288	116
Contributed equity	1,628	1,628	1,628	1,628
Reserves	79	79	0	0
Accumulated losses	(926)	(1,116)	(1,340)	(1,512)
Total equity	781	592	288	116

Source: VECL audited financial statements and management accounts.

Note: Numbers may not add due to rounding.

(1) As at 31 October 2010.

We note the following with regard to VECL's historic balance sheets:

- VECL raised equity of approximately \$611,000 on IPO in March 2008.
- Cash has been applied to fund operating losses and the acquisition of an interest in Lac Trung and listed shares.
- Financial assets relate to shares in Vietnamese companies listed on the Ho Chi Minh Stock Exchange.
- The carrying value of Lac Trung was fully impaired as at 30 June 2010 (refer section 3.2).

3.4 Capital Structure

VECL has approximately 15.9 million ordinary shares on issue, with the Top 10 shareholders holding approximately 55 percent of the issued shares as at 13 November 2010, as indicated below:

Registered Shareholder	Shares Held	Percentage of Issued Shares (%)
Lawrence Nguyen Nominees Pty Ltd <Nguyen Investment A/C>	1,746,742	11.0
Unilease Capital Sdn Bhd	1,300,000	8.2
Hai Minh Nguyen	1,296,743	8.2
Binh Thahn Hai Nguyen	950,001	6.0
Jack Tian Hock Tan	946,743	6.0
MF Custodian Ltd	650,000	4.1
Mr Lawrence Nguyen	500,001	3.2
Mrs Soon Gaik Khoo	474,166	3.0
Mr Somchai Tongsumrith & Mrs Claire L Tongsumrith <Tongsumrith Family S/F A/C>	466,666	2.9
Meng Soon Kow	459,774	2.9
Top 10 Shareholders Subtotal	8,790,836	55.4
Other Shareholders	7,081,790	44.6
Total	15,872,626	100.0

Source: VECL

Note: Numbers may not add due to rounding.

The Directors collectively hold a direct and indirect interest in 6.7 million shares, representing 43 percent of the issued shares.

VECL had no options or other convertible instruments on issue.

3.5 Share Price Performance and Liquidity

We observe the following in relation to VECL's share price and liquidity:

- In March 2008, the IPO price was \$0.25.
- Shares have traded between a high of \$0.25 on 18 March 2008 and a low of \$0.20 on 7 January 2009.
- Shares are highly illiquid with the last share trade on 7 January 2009 (i.e. shares have not traded for over 22 months).
- Market depth as at 29 November 2010 indicated a very wide spread between the highest bid price of \$0.01 and the lowest offer price of \$0.07. The bid and offer prices were for very small volumes of shares.

4. Exploration Industry Overview

VECL would operate in the mineral exploration industry on completion of the Proposed Transaction.

In this section, we set out a brief overview of the Australian mineral exploration industry (which includes base metals, coal, diamonds, gold and iron ore) as well as the iron ore mining industry. This overview is not intended to be a comprehensive review of the industry, but rather seeks to provide a high-level synopsis of industry conditions and drivers to which VECL may be exposed over the foreseeable future should the Proposed Transaction be approved by non-associated shareholders.

4.1 Mineral Exploration Expenditure

Mineral exploration expenditure was expected to be approximately \$2.2 billion in FY10. Growth in mineral commodity prices has caused this figure to rise from \$1.3 billion in FY05. Demand for mineral exploration is derived from the demand for minerals which, in turn, is driven by the demand for a number of products including steel, aluminium, plumbing fittings, building supplies, jewellery and pigments. Australian dollar mineral prices also drive demand in the industry. The demand for iron ore is largely determined by trends in steel making activity and the global demand for steel.

Substantial increases in supply, combined with relatively subdued growth in global demand, are expected to result in mineral exploration spending slowing during the next five years to an average annual growth rate of about 0.4 percent according to IBISWorld. However, it must be remembered that this subdued spending growth follows a period of rapid expansion.

4.2 Mineral Segmentation

Spending on iron ore exploration has increased over recent years as demand and prices have increased. Iron ore exploration was expected to account for 26.5 percent of mineral exploration spending (or approximately \$583 million) in FY10, compared to 13 percent (or approximately \$169 million) in FY05.

4.3 Geographic Spread

The graph below represents the geographic breakdown of mineral exploration expenditure:

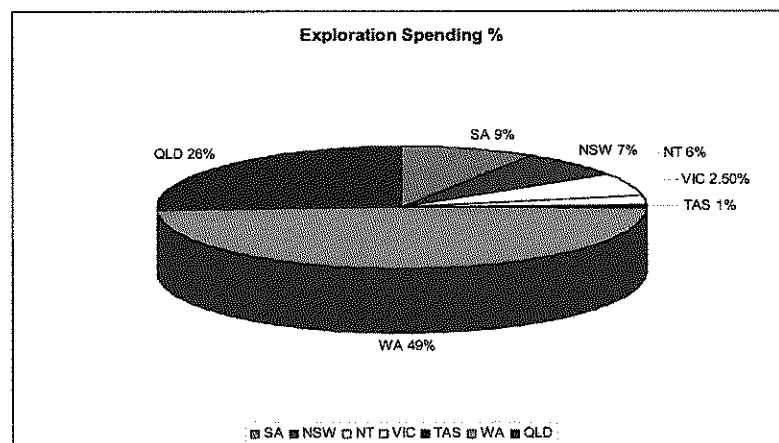


Figure 2: Geographic breakdown of mineral exploration expenditure

Exploration spending in Western Australia accounts for approximately half of the mineral exploration spending in Australia. However, this has decreased from 62 percent in the late 1990s and early 2000s, which was largely related to gold exploration.

While gold still accounts for approximately 30 percent of exploration spending, iron ore and base metals have responded to higher market prices resulting in spending on each area consisting over 30 percent of the total.

4.4 Iron Ore Mining Industry

The figure below illustrates the general relationship between exploration results, mineral resources and ore reserves. The exploration industry does not generate revenue in its own right. Mineral exploration activity is an input into future resource development. Mining is undertaken when resources discovered through exploration activities are proven and developed.

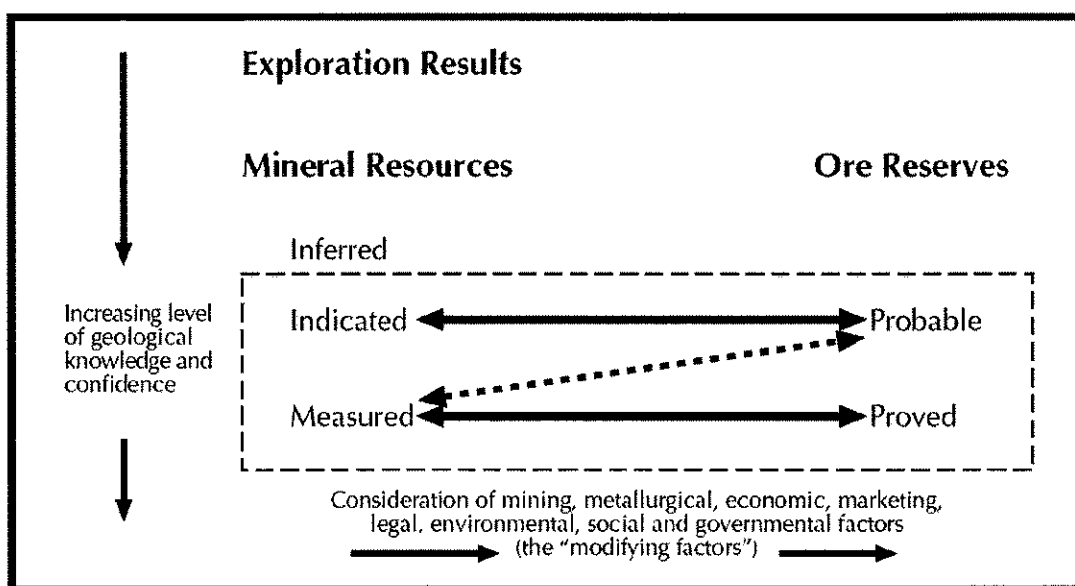


Figure 3: General relationship between Exploration Results, Mineral Resources and Ore Reserves¹

The iron ore mining industry is expected to generate revenue of about \$47.5 billion (450 million tonnes) in FY11, compared with \$15.5 billion (264 million tonnes) in FY06. The outlook for the iron ore mining industry will be largely dependant on steel demand and production, price negotiations with Japanese and Chinese producers and the Australian dollar exchange rate. Steel demand and production is in turn driven by trends in economic growth that drive the global demand for steel. Production and exports of Australian iron ore are predicted to continue growing over the next five years.

By FY16, Australia's iron ore production is expected to be about 580 million tonnes, an annual compound growth rate of 5.3 percent. The increased output is predicted to be derived from new operations, in addition to expansions of existing mines.

Virtually all of Australia's iron ore is mined in Western Australia (about 97 percent).

¹ http://www.jorc.org/jorc_code.asp

5. Bathurst Island and Buccaneer Archipelago

5.1 Bathurst Island Project

The Company proposes to acquire the Tenement located on Bathurst Island, Western Australia. The exploration permit was granted to Starwolf on 10 August 2007 and expires on 9 August 2012.

Bathurst Island is located in the far north of the Buccaneer Archipelago (Figure 4), approximately 260 kms due north-east of Broome, Western Australia.

The Tenement covers approximately 65 kms. Regional mapping of both Bathurst Island and neighbouring islands has shown that the local geology of Bathurst Island is relatively similar to Irvine Island, Cockatoo Island and Koolan Island. These neighbouring islands currently have active exploration activities, conducted by junior explorers Pluton Resources, Cliff Minerals and Mt. Gibson Iron respectively.

The activities conducted on the Tenement to date include an aeromagnetic and radiometric survey in addition to two fauna surveys.

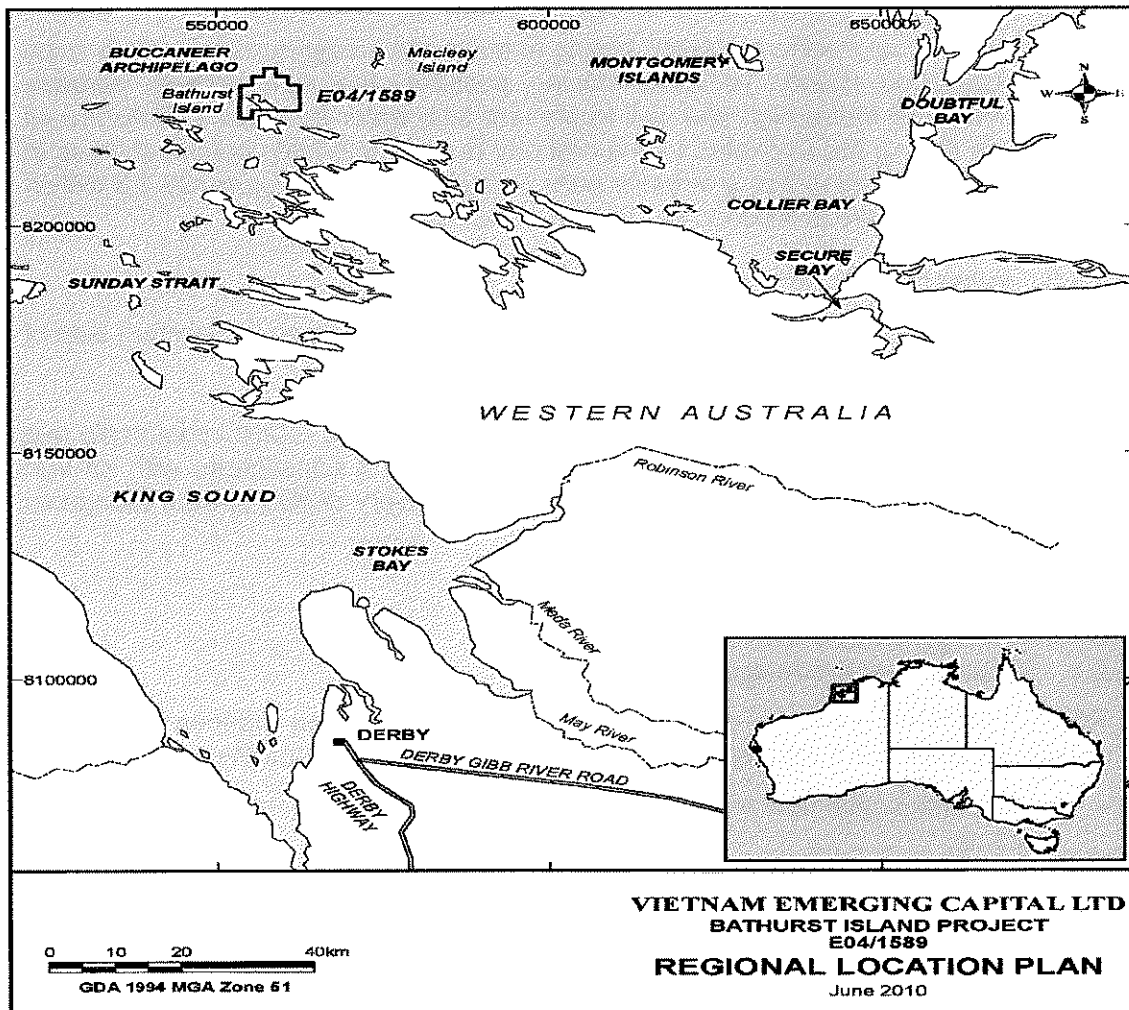


Figure 4: Regional Tenement Location Map

5.2 Baccaneer Archipelago

The Baccaneer Archipelago is a group of islands off the coast of Western Australia in the Kimberley region, including Bathurst Island (where the Tenement is located), Koolan Island, Cockatoo Island and Irvine Island. We summarise below some of the iron ore exploration activities in the Baccaneer Archipelago.

5.2.1 Koolan Island

Almost 70 million tonnes of high grade (Fe @ 67%) iron ore was mined by BHP from Koolan Island from 1959 to 1993.

Hematite (a form of iron ore) production at Koolan Island recommenced in early 2007 by Mt Gibson Iron, with the first shipment in June 2007 and a targeted ore production rate of 4 Mt pa by December 2011.

Recent geological surveys and resource in-fill drilling programs conducted by Mt Gibson Iron confirm that Koolan Island has resources of 67.7 million tonnes @ 62.8% Fe, including reserves of 30.2 million tonnes at 63.8% Fe.²

5.2.2 Cockatoo Island

In 2000, Cliffs Asia Pacific and HWE Mining entered into an agreement to jointly mine ore at Cockatoo Island. To make mining possible, the joint venture partners constructed a 15 metre high sea wall to prevent tidal water from flowing into the pit and began mining the Cockatoo Island orebody (a solid and fairly continual mass of ore) in 2002. The mine has a virtually pure hematite orebody.³ Currently 1.3 million tonnes of iron ore are processed per annum at Cockatoo Island.⁴

5.2.3 Irvine Island

Pluton Resources has identified two main areas for exploration on the eastern side of Irvine Island: Hardstaff Peninsula and the Isthmus Region.

Phase II drilling has identified an inferred resource of 294 Mt. CSIRO pilot scale test work has shown that magnetic separation can produce a concentrate with an iron content of 65.6% Fe and 2.5% SiO₂ with an iron recovery of 83.7% from Wonganin sandstones.⁵

6. Valuation of VECL Securities

6.1 Valuation Methodologies

RG 111 provides guidance on the valuation methods that an independent expert should consider when valuing a company. These methods include the:

- Discounted cash flow method and the estimated realisable value of any surplus assets;

² <http://www.mtgibsoniron.com.au/op-koolan.asp>

³ Cliffs Asia Pacific and HWE Mining Pty Limited

⁴ http://hwe.com.au/verve/_resources/Cockatoo_Island.pdf

⁵ Pluton Resources - ASX announcement, February 5, 2010

- Application of earnings multiples (appropriate to the business or industry in which the entity operates) to the estimated future maintainable earnings or cash flows of the entity, added to the estimated realisable value of any surplus assets;
- Amount that would be available for distribution to securityholders on an orderly realisation of assets ("Net Asset Value");
- Quoted price for listed securities, when there is a liquid and active market and allowing for the fact that the quoted price may not reflect their value, should 100 percent of the securities be available for sale;
- Recent genuine offers, if any, received by the target for any business units or assets as a basis for valuation of those business units or assets; and
- Amount that any alternative acquirer might be willing to offer if all the securities in the target were available for purchase.

For share options, RG 111 states that the most commonly used valuation methods are the Binomial Model and the Black-Scholes Model.

Our valuation assessments are based on fair market value, defined as the price at which property would change hands between a hypothetical willing and able buyer and a hypothetical willing and able seller, acting at arms length in an open and unrestricted market, when neither is under compulsion to buy or sell and when both have reasonable knowledge of the relevant facts.

6.2 Selected Valuation Methodologies

6.2.1 Share Valuation Methodology

VECL's principal assets are its cash holding and 40 percent interest in Lac Trung. The principal asset of Lac Trung is its Development Right.

The most appropriate valuation method for VECL is Net Asset Value, calculated by determining the fair market value of its underlying net assets. We have used the unaudited pro-forma net assets as at 19 November 2010 as the basis for the valuation, being the unaudited 31 October 2010 balance sheet adjusted for costs expected to be incurred to 19 November 2010, as set out in section 6.3.1.

We do not consider any cash flow or earnings based methods to be appropriate (for example a discounted cash flow, or capitalisation of future maintainable earnings method) due to the nature of the assets held by the Company and the absence of historic and projected earnings. As VECL's shares are extremely illiquid, its quoted share price is not reflective of fair market value.

6.2.2 Option Valuation Methodology

We apply the Black-Scholes model to assess the value of the call options.

The assumptions underlying the Black-Scholes model include the following:

- The underlying share pays no dividends.
- The option can only be exercised on expiry. Whilst the options can be exercised at any time, under option pricing theory the value of an option is generally maximised by delaying its exercise to the latest possible date (i.e. maximising time value). Accordingly, the Black-Scholes model provides the maximum theoretical value for the options;
- No transaction costs or taxes apply; and
- The risk-free rate and volatility are constant.

For a traditional call option valuation, the Black-Scholes model takes into account the:

- Price of the underlying share;
- Exercise price of the option;
- Expected term of the option;
- Expected volatility of the underlying share; and
- Risk-free rate for the expected life of the option.

6.3 Valuation of Securities

We summarise below the total fair market value of the shares and options (together "Securities") to be issued pursuant to the Proposed Transaction:

	Section Ref.	Valuation Range Low High
SHARES		
Assessed value of a share (cents)	6.3.1	0.1 0.5
Shares issued pursuant to the Proposed Transaction (000)		52,380 52,380
Value of the shares (\$000)		52 262
OPTIONS		
Assessed value of an option (cents)	6.3.2	0.0 0.0
Options issued pursuant to the Proposed Transaction (000)		23,000 23,000
Value of the options (\$000)		0 0
Value of the Securities (\$000)		52 262

Note: Numbers may not add due to rounding.

Our assessed fair market value range is relatively wide reflecting that one of VECL's principal assets (i.e. the Development Right) is an intangible asset. The valuation of non-income producing assets includes a greater degree of subjectivity than is usually the case with income-producing assets. This gives rise to a greater range of values.

6.3.1 Share Valuation

We assess the fair market value of a 100 percent interest in VECL at 19 November 2010 to be in the range of **\$11,000 to \$81,000**.

This equates to an assessed value range per share of **0.1 cents to 0.5 cents**.

This range represents the value of a 100 percent interest in the Company and includes a premium for control.

VECL's unaudited pro-forma net assets as at 19 November 2010 are summarised below, together with the range of values at which the net assets have been assessed on this date.

	Section Ref.	Pro-forma 19 November 2010 (\$000)	Valuation Range	
			Low (\$000)	High (\$000)
Cash	6.3.1.2	348	348	348
Trade and other receivables	6.3.1.2	1	1	1
Interest in Lac Trung	6.3.1.1	0	0	70
Property, plant & equipment	6.3.1.2	6	6	6
Other assets	6.3.1.2	4	4	4
Total assets		359	359	429
Trade and other payables	6.3.1.2	48	48	48
Provisions	6.3.1.3	100	100	100
Directors loans	6.3.1.2	200	200	200
Total liabilities		348	348	348
NET ASSETS		11	11	81
Number of Shares (000's)			15,873	15,873
VALUE PER SHARE (cents)			0.1	0.5

Note: Numbers may not add due to rounding.

The pro-forma 19 November 2010 balance sheet is derived from the 31 October 2010 balance sheet (refer section 3.3) adjusted for expenses of \$105,000 comprised of \$5,000 cash expenses and \$100,000 accrued expenses (refer to section 6.3.1.3).

6.3.1.1 Interest in Lac Trung

We assess the fair market value of VECL's 40 percent interest in Lac Trung to be in the range of \$nil to \$70,000.

In determining our valuation range, we have considered the following factors:

Factors supporting a valuation assessment of \$nil

- We understand that the Vietnamese authorities have the ability to terminate the Development Right if construction had not commenced by March 2010 ("Milestone Date"). We are advised that this condition had not been achieved by the Milestone Date and hence the authorities have a current ability to terminate the Development Right; however the right has not yet been terminated.
- The VECL Directors have fully written off the value of the Lac Trung interest in the audited 30 June 2010 financial accounts. The reason is that Lac Trung has been unable to attract debt funding to progress its project and although the VECL Directors have negotiated with parties to sell VECL's 40 percent interest, VECL has been unable to conclude a sale of its interest to date, even at relatively low values.
- VECL has actively pursued a sale of its interest in Lac Trung for over two years. In this time VECL has received only two conditional offers. Neither offer could complete due to the inability of the potential purchasers to obtain necessary funding to commence construction activities.
- We are advised that the Vietnamese authorities have an ability to terminate the Development Right and any purchaser would need to seek consent to begin construction.

Factors supporting a valuation assessment greater than \$nil

- VECL received conditional offers in 2009 and 2010 for its interest in Lac Trung. VECL would have realised a pro-forma amount of \$218,000 and \$252,000 respectively (assuming current exchange rates and ownership interests) had these offers completed. We understand that these offers failed to complete due to the potential purchasers being unable to secure appropriate funding.

In addition we are advised that the Vietnamese authorities did not have an ability to terminate the Development Right at the time of the first conditional offer as the Milestone Date had not passed. However, the second conditional offer and any future offers are beyond the Milestone Date and therefore require the consent of the Vietnamese authorities in order for construction to commence.

- VECL's aggregate investment in Lac Trung amounts to approximately \$141,000 as at 30 June 2010. Costs incurred by Lac Trung to date relate to feasibility and related studies on the land and design and architecture costs.

We understand that due to the nature of the costs incurred and related work performed, a purchaser would, in principle, be able to derive a benefit from the costs incurred to date (provided the Vietnamese authorities grant a further extension and do not terminate the right).

6.3.1.2 Other assets and liabilities

Other net assets of VECL comprise cash, trade and other receivables, other assets, head office items of property, plant & equipment, trade and other payables and Director loans to the Company.

Having regard to their nature and quantum, these assets and liabilities have been incorporated into our valuation at their book values as per VECL's unaudited 31 October 2010 management accounts, adjusted for expenses incurred to 19 November 2010.

6.3.1.3 Provisions

We are advised by management that additional costs of approximately \$100,000 are estimated in relation to the preparation of the Notice of General Meeting and Explanatory Memorandum. We have provided for these costs in the pro-forma 19 November 2010 balance sheet.

6.3.1.4 Off-balance sheet items

Tax losses

VECL had accumulated tax losses of \$973,000 as at 30 June 2010.

We have not included any value in respect of accumulated tax losses as VECL does not expect to be in a position to utilise these losses in the short to medium term. This is consistent with VECL not recognising a deferred tax asset in its balance sheet as, in the view of Directors', it is not probable that future profits will be available to utilise these losses.

Contingent Liabilities

VECL has advised that it has no known contingent liabilities.

6.3.2 Option Valuation

We assess the fair market value of an option to be **\$nil**.

The assessed value per option is derived using the Black-Scholes model described in section 6.2.2. The following inputs are used in the valuation model:

Input	Section	Low	High
Underlying share value	6.3.2.1	0.1c	0.5c
Expected dividends on the underlying share	6.3.2.2	-	-
Exercise price of the option	6.3.2.3	30c	30c
Expected term of the option (years)	6.3.2.3	3	3
Expected volatility of the underlying share	6.3.2.4	80%	100%
Risk-free rate for the expected life of the Option	6.3.2.5	5.2%	5.2%

6.3.2.1 Underlying share value

We have used the assessed share value range of 0.1 cents to 0.5 cents, as set out in section 6.3.1.

6.3.2.2 Expected dividends

VECL forecasts to pay no dividends in the short to medium term and has not historically paid any dividends.

6.3.2.3 Exercise price and term

The exercise price is 30 cents. The option term is approximately 3 years based on an issue date of 31 December 2010.

6.3.2.4 Share price volatility

We have estimated the volatility of the underlying share price to be between 80 percent and 100 percent. The volatility is estimated to reflect the proposed exploration activities of the Company and does not consider the Company's historic share volatility.

6.3.2.5 Risk-free rate

Government bond rates are a proxy for the risk-free interest rate. We use a government bond with a similar term to the options. The interest rate for a 3 year government bond is approximately 5.2 percent.

6.4 Premium for Control

RG 111 refers to a "control transaction" as being the acquisition or increase of a controlling stake in a company. The Proposed Transaction relates to a controlling stake in VECL for this purpose.

If the Proposed Transaction is deemed to be fair, the consideration being offered should be equal to or greater than the value the shares. The comparison must be made assuming 100 percent ownership of VECL and therefore including a premium for control.

The control premium reflects the benefits an acquirer achieves through holding a 100 percent controlling interest in contrast to a portfolio shareholding.

Our valuation assessment in section 6.3 provides a valuation of 100 percent of VECL and therefore incorporates a premium for control. Accordingly, no additional premium for control has been included in our valuation.

7. Valuation of Consideration

7.1 Components of Consideration

The consideration for the Securities comprises the following:

- Tenement in exchange for the issue of 6.38 million shares to Starwolf; and
- Cash of \$460,000 ("Cash Consideration") payable by Ausinca, Timah and Lighthouse in exchange for the issue of 46 million shares and 23 million options.

7.2 Valuation Methodology for Tenement

The valuation methodologies traditionally used to value exploration properties include the following:

- Comparative market transactions method
- Joint venture terms method
- Geological method
- Exploration expenditure method.

We consider the historic exploration expenditure approach to be the most appropriate for the following reasons:

- Exploration is at an early-stage;
- Due to the nature of the costs incurred and related work performed, a third party would, in principle, be able to derive similar cost savings from acquiring the Tenement;
- Historic exploration expenditure has been incurred within the last three years; and
- There is currently insufficient information to define a mineral resource under the JORC Code in relation to the Tenement and it is uncertain if further exploration will result in the determination of a mineral resource.

7.3 Consideration Valuation

We assess the value of the consideration to be as follows:

	Section Ref.	Valuation Range	
		Low (\$000)	High (\$000)
Tenement	7.3.1	100	200
Cash Consideration		460	460
Total Consideration		560	660

Note: Numbers may not add due to rounding.

7.3.1 Tenement

We have valued the Tenement based on the present value of the historic exploration expenditure of approximately \$155,000. We have applied a valuation range of \$100,000 to \$200,000.

Our assessed fair market value range is relatively wide reflecting that exploration assets by their nature are uncertain and their valuation includes a greater degree of subjectivity than is usually the case with income-producing assets. This gives rise to a greater range of values.

8. Evaluation of the Proposed Transaction

In order to assess whether the Proposed Transaction is fair and reasonable to non-associated shareholders we assess whether the:

- Proposed Transaction is fair by comparing the assessed value of the consideration to the assessed value of the Securities.
- Proposed Transaction is reasonable by first considering whether the Proposed Transaction is fair. In addition, we have considered other advantages and disadvantages of the Proposed Transaction to non-associated shareholders.

8.1 Fairness of the Proposed Transaction

In order to assess whether the Proposed Transaction is fair, we compare the assessed value range of the consideration with the assessed value range of the Securities, as set out below:

	Low (\$000)	High (\$000)
Assessed value of the Securities	52	262
Assessed value of the consideration	560	660

As the consideration is above our assessed valuation range for the Securities, in our opinion the Proposed Transaction is fair.

8.2 Reasonableness of the Proposed Transaction

In accordance with RG 111 an offer is reasonable if it is fair. On this basis, in our opinion the Proposed Transaction is reasonable. We have also considered the following additional factors in assessing the reasonableness of the Proposed Transaction.

8.2.1 Advantages of Approving the Proposed Transaction

The primary advantages of approving the Proposed Transaction are as follows:

- **Going concern risk**

VECL's cash balance is depleting. Pro-forma cash was approximately \$348,000 as at 19 November 2010, with \$148,000 allocated to settle trade and other payables and provisions at that date, leaving a balance of \$200,000.

Although this amount is equal to the Directors' loans of \$200,000, these loans are subordinated and not due for repayment before October 2011 and only in the event the financial condition of VECL is such that additional equity has been raised to make the loan unnecessary. VECL has limited time to recapitalise with a projected cash burn of, on average, \$15,000 per month (in the absence of the Proposed Transaction). The Proposed Transaction would provide VECL with additional capital.

However, VECL proposes to use a large proportion of the consideration to fund a larger capital raising via a listing on the ASX. Accordingly, the additional cash raised would only fund VECL's activities for a limited period.

The audit report of 30 September 2010 noted a material uncertainty regarding VECL's ability to continue as a going concern. The Directors believe that there is limited opportunity to raise additional capital under the current business model. The IPO only raised \$611,000, just above the minimum subscription, indicating a lack of appetite for VECL's current strategy. In addition, current bids for VECL's shares only total approximately \$1,500.

- **Exposure to opportunity with upside potential**

The acquisition of the Tenement and the raising of \$460,000 provide VECL with an exploration project, with a view to raising additional capital to fund future exploration. Shareholders would be able to participate in the potential benefit arising from the Proposed Transaction, if any.

- **Potential for increased liquidity**

VECL shares have not traded for over 22 months. If the Proposed Transaction is approved and VECL is successful in raising additional capital (after the Proposed Transaction) and transitioning its listing to the ASX, shareholder spread would need to increase significantly to meet ASX listing requirements. An increased shareholder spread may facilitate increased liquidity of the shares.

8.2.2 Disadvantages of Approving the Proposed Transaction

The primary disadvantages of approving the Proposed Transaction are as follows:

- **Dilutionary Impact**

VECL currently has approximately 15.9 million ordinary shares on issue. Current shareholders would in aggregate be diluted from 100 percent to between approximately 17.4 percent (all options are exercised) and 23.3 percent (no options are exercised) of the issued capital in the Company, if the Proposed Transaction is approved as set out in the table below:

	Shares on issue if options not exercised	Percentage of issued shares if options not exercised (%)	Shares on issue after options exercised	Percentage of issued shares after options exercised (%)
Existing Shareholders	15,872,626	23.3	15,872,626	17.4
Issue to Starwolf	6,380,000	9.3	6,380,000	7.0
Issue to Ausinca	20,000,000	29.3	30,000,000	32.9
Issue to Timah Pasir	20,000,000	29.3	30,000,000	32.9
Issue to Lighthouse	6,000,000	8.8	9,000,000	9.9
Total	68,252,626	100.0	91,252,626	100.0

Note: Numbers may not add due to rounding.

The maximum single shareholding would be 38.3 percent, in the event that the options granted pursuant to the Proposed Transaction are only exercised by either Ausinca or Timah Pasir, without any other options being exercised by any other party.

VECL proposes to undertake a further capital raising which would further dilute existing shareholders should they not participate proportionally to the extent of their shareholdings. Further shareholder approval would be required should the Company seek to increase share capital in excess of the 15 percent limit contemplated in NSX Listing Rule 6.25 (refer to section 2.1).

- **Risk of failure**

The inherent risk attached to a small exploration company is high. The speculative nature of the business means that the value of a junior exploration company typically changes should it be successful in moving through each stage of the exploration cycle. However, the risk of failure is high. Exploration companies are also impacted by commodity price changes, market sentiment and changes in demand. Hence the values attributed may increase or decrease significantly, depending upon exploration and development success or otherwise.

- **Change in controlling shareholder group**

Current shareholders as a whole would lose control of VECL. Details of the Top 5 shareholders after approval of the Proposed Transaction, with and without exercise of the options, would be as follows:

Shareholder	Shares on issue	Percentage of issued shares	Shares on issue after options exercised	Percentage of issued shares after options exercised
		(%)		(%)
Ausinca	20,000,000	29.3	30,000,000	32.9
Timah Pasir	20,000,000	29.3	30,000,000	32.9
Starwolf	6,380,000	9.3	6,380,000	7.0
Lighthouse	6,000,000	8.8	9,000,000	9.9
Lawrence Nguyen Nominees Pty Ltd ⁽¹⁾	1,746,742	2.6	1,746,742	1.9
Total Top 5 Shareholders	54,126,742	79.3	77,126,742	84.5
Other Shareholders	14,125,884	20.7	14,125,884	15.5
Total	68,252,626	100.0	91,252,626	100.0

Note: Numbers may not add due to rounding

(1) Represents Mr Lawrence Nguyen's (VECL Director) indirect holding. Excludes Mr Nguyen's direct holding of 500,001 shares.

The maximum single shareholding would be 38.3 percent, in the event that the options granted pursuant to the Proposed Transaction are only exercised by either Ausinca or Timah Pasir, without any other options being exercised by any other party.

8.2.3 Other Considerations

- **Different business profile**

Shareholders would be exposed to a different underlying business. VECL was established to seek investment opportunities in listed and unlisted Vietnamese securities, including equity investment in property development companies. Notwithstanding that VECL would currently retain its interest in Lac Trung, the proposal to change the nature of activities and become an exploration company means that the risk profile and return characteristics of the Company would change.

- **Sunk costs associated with the Proposed Transaction**

VECL estimates that the total costs associated with the Proposed Transaction is likely to be in the order of \$110,000 (\$10,000 paid; \$100,000 accrued). We note that these costs have been incurred, or will be incurred, prior to the date that non-associated shareholder vote on the Proposed Transaction and will reduce NTA regardless of the approval of the Proposed Transaction.

8.3 Conclusion

In our opinion the Proposed Transaction is fair and reasonable to non-associated shareholders of VECL.

Appendix 1 - Financial Services Guide

30 November 2010

1. Moore Stephens Sydney Corporate Finance Pty Ltd
Moore Stephens Sydney Corporate Finance Pty Ltd ("**Moore Stephens**") is an authorised representative of Moore Stephens Sydney Wealth Management Pty Ltd ("**Licence Holder**") in relation to Australian Financial Services Licence ("**AFSL**") No. 336950.

Moore Stephens may provide the following financial services to wholesale and retail clients as an authorised representative of the Licence Holder:

- Financial product advice in relation to securities, interests in managed investment schemes, government debentures, stocks or bonds, deposit and payment products, life products, retirement savings accounts and superannuation (collectively "**Authorised Financial Products**"); and
- Applying for, varying or disposing of a financial product on behalf of another person in respect of Authorised Financial Products.

2. Financial Services Guide

The Corporations Act 2001 requires Moore Stephens to provide this Financial Services Guide ("**FSG**") in connection with its provision of an Independent Expert's Report ("**Report**") which is included in the Notice of General Meeting and Explanatory Memorandum provided by Vietnam Emerging Capital Limited (the "**Company**").

3. General Financial Product Advice

The financial product advice provided in our Report is known as "general advice" because it does not take into account your personal objectives, financial situation or needs. You should consider whether the general advice contained in our Report is appropriate for you, having regard to your own personal objectives, financial situation or needs. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

4. Remuneration

Moore Stephens' client is the Company to which it provides the Report. Moore Stephens receives its remuneration from the Company. Our fee for the Report is based on a time cost or fixed fee basis. This fee has been agreed in writing with the party who engaged us. Neither Moore Stephens nor its Directors and employees, nor any related bodies corporate (including the Licence Holder) receive any commissions or other benefits in connection with the preparation of this Report, except for the fees referred to above.

All our employees receive a salary. Employees may be eligible for bonuses based on overall productivity and contribution to the operation of Moore Stephens or related entities but any bonuses are not directly connected with any assignment and in particular not directly related to the engagement for which our Report was provided.

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Moore Stephens is required to be independent of the Company.

Neither Moore Stephens, Moore Stephens Sydney Pty Limited, any Director thereof, nor any individual involved in the preparation of the Report have any financial interest in the outcome of the Proposed Transaction of the Company, other than a fee in connection with the preparation of our Report for which professional fees in the order of \$40,000 (excluding GST) will be received.

No pecuniary or other benefit, direct or indirect, has been received by Moore Stephens, Moore Stephens Sydney Pty Limited, their Directors or employees, or related bodies corporate for or in connection with the preparation of this Report.

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Moore Stephens is only responsible for its Report and this FSG. Complaints or questions about the Notice of General Meeting and Explanatory Memorandum should not be directed to Moore Stephens which is not responsible for that document.

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- By phone: (02) 8236 7700
- By fax: (02) 9233 4636
- By mail: GPO Box 473
SYDNEY NSW 2001

If you have a complaint about Moore Stephens' Report or this FSG you should take the following steps:

1. Contact the Enquiries and Complaints Officer of the Licence Holder on (02) 8236 7700 or send a written complaint to the Licence Holder at Level 7, 20 Hunter Street, Sydney NSW 2000. We will try to resolve your complaint quickly and fairly.
2. If you still do not get a satisfactory outcome, you have the right to complain to the Financial Industry Complaints Service at PO Box 579 Collins St West, Melbourne, Victoria 8007 or call on 1300 78 08 08. We are a member of this scheme.
3. The Australian Securities & Investments Commission (ASIC) also has a freecall Infoline on 1300 300 630 which you may use to make a complaint and obtain information about your rights.

The Licence Holder, as holder of the AFSL, gives authority to Moore Stephens to distribute this FSG

Appendix 2 – Disclosures

Qualifications and Independence

The individuals responsible for preparing this Report on behalf of Moore Stephens are Alan Max, Director, B. Com (Hons) CA and Scott Whiddett, Director, B.Com CA. Alan has many years experience in the preparation of valuations and Independent Expert's Reports as well as the provision of corporate finance advice. Scott is experienced at performing financial due diligence assignments and statutory audits, as well as preparing Investigating Accountant's Reports, Review of Directors' Forecasts and Independent Expert's Reports.

Neither Moore Stephens, its related entities, any Director thereof, nor any individual involved in the preparation of the Report has any financial interest in the outcome of the Proposed Transaction which could be considered to affect our ability to render an unbiased opinion. Moore Stephens will receive a fee of approximately \$40,000 exclusive of GST for the preparation of this Report. This fee is based upon time spent at our normal hourly rates and is not contingent upon the success or otherwise of the Proposed Transaction.

Neither Moore Stephens, its related entities, any Director thereof, nor any individual involved in the preparation of the Report receive any commissions or other benefits in connection with the preparation of this Report, except for the fees referred to above.

During the course of this engagement, Moore Stephens provided a draft copy of this Report to VECL for comment as to the factual accuracy. Changes made to the Report as a result of these reviews have not changed the opinions reached by Moore Stephens.

Disclaimer and Indemnity

It is not intended that this Report should be used or relied upon for any purpose other than to assist shareholders to decide whether or not to approve the Proposed Transaction. Moore Stephens expressly disclaims any liability to any VECL shareholder who relies or purports to rely on the Report for any other purpose and to any other party who relies or purports to rely on the Report for any purpose whatsoever.

Other than this Report, neither Moore Stephens nor its related entities has been involved in the preparation of the Notice of General Meeting and Explanatory Memorandum or any other document prepared in respect of the Proposed Transaction. Accordingly, we take no responsibility for the content of the Notice of General Meeting and Explanatory Memorandum as a whole or other documents prepared in respect of the Proposed Transaction.

Statements and opinions contained in this Report are given in good faith. In the preparation of this Report, Moore Stephens has relied upon information provided by representatives, contractors, advisors, agents and/or related parties ("Providers") of VECL which Moore Stephens believes, on reasonable grounds, to be reliable, complete and not misleading. Moore Stephens does not imply, nor should it be construed, that it has carried out any form of audit on or verification of the information and records supplied to us.

VECL has agreed to indemnify and hold harmless Moore Stephens, its directors, officers, employees, servants, agents or affiliated organisations ("Associates") or any other person who is sought to be made liable against any and all losses, claims, damages and liabilities arising out of or related to the performance of these services and which arise from reliance on information received which is provided by the Providers or material information any of the Providers had in their possession and was not provided to us.

With respect to tax implications of the Proposed Transaction, it is recommended that individual shareholders obtain their own tax advice, tailored to their own particular circumstances. Furthermore, the advice provided in this Report does not constitute legal or taxation advice to the shareholders, or any other party.

Moore Stephens has no obligation to update this Report for events occurring subsequent to the date of this Report.

Consent

Moore Stephens consents to the inclusion of this Report in the form and context in which it is included with the Notice of General Meeting and Explanatory Memorandum to be issued to the shareholders of VECL. Neither the whole nor the any part of this Report nor any reference thereto may be reproduced or included in any other document without the prior written consent of Moore Stephens as to the form and context in which it appears.

Appendix 3 – Sources of Information

- Notice of General Meeting and Explanatory Memorandum;
- VECL Annual Financial Reports for the years ended 30 June 2009 and 30 June 2010;
- VECL management accounts for the period ended 31 October 2010;
- VECL budget for the year ended 30 June 2011;
- Prospectus of VECL;
- Selected Board minutes of VECL;
- Annual Report 2010 and 2009 for the Bathurst Island Project No: E04/1589;
- Lac Trung Financial Statements for the year ended 31 December 2009;
- Lac Trung Investment Certificate dated 12 February 2008;
- Mining Tenement Register Search – Exploration Licence E04/1589;
- NSX announcements and investor presentations;
- Share prices and other security information sourced from the NSX;
- IBISWorld Industry Report *“Iron Ore Mining in Australia”* (B1311) (August 2010);
- IBISWorld Industry Report *“Mineral Exploration in Australia”* (B1513) (June 2010); and
- Other publicly available information.

In addition, we have had discussions and correspondence with management of VECL.

98 Discovery Drive
Thornlie,
Perth, WA 6108.

.....
Corad Pty Ltd

ACN 009 189 744

20th October 2010

Mr. Jack Tan,
Executive Chairman,
Timah Resources Ltd
Suite 2402, Level 24, 31 Market Street,
Sydney,
NSW 2000.

Dear Mr. Tan,

Consent to Use Report VECL-E04-1589-2010A.

Thank you for your query regarding the above report.

After checking the contents of the above document I can confirm that Corad will consent to have the contents of the above report included in your Information Memorandum with the following amendments:-

In Section 3.1 the second paragraph should be amended to read "The average grade recovered was 32.8% Fe (including non mineralised samples) but the highest return was 56.7% Fe which is just below DSO iron grade. This is quite encouraging as there are obviously some units carrying higher iron values on the island. Note however that the average silicon values are higher than those of typical DSO specifications. More time will required to cover the entire island on foot."

Note that in Section 7.1 there is a photograph of a drilling rig on top of a Universal Drilling Platform. This equipment is patented by Pluton Resources Limited and so the title for Figure 4 should be amended as follows:-

Figure 4. Longyear LC50 Drill Rig on Universal Drilling Platform*.

* The Universal Drilling Platform is patented to Pluton Resources Limited

Please note acceptance of these amendments by return letter and on receipt of this by Corad, consent to publish will be granted.

.....

October 20, 2010
Page 2

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Graeme G. Johnston', with a large, stylized flourish at the end.

Graeme G. Johnston
Director

*Registered Office:- C/o Chartwells, Ground Floor,
55 Colin Street, West Perth, WA 6005.*

Starwolf Resources Pty Ltd

Bathurst Island Project

Annual Report

Exploration Licence E04/1589

10 August 2008 – 9 August 2009



Coastal cliffs northwest Bathurst Island

Author: **Graeme Johnston**
B.Sc., (Geol), M.Sc., D.I.C., F.G.S

Date: 3rd August 2009

Annual Report No: E04/1589

Location: Buccaneer Archipelago, Kimberley Province, Western Australia.

Sheet Name: Yampi 1:250,000 SE51-03; Camden Sound 1:250,000 SD51-15, Yampi 1:100,000 (3665); Macleay 1:100,000 (3666).

Datum: GDA94

Projection: GDA **GDA Zone:** 51

GDA East: 358,130mE **GDA North:** 6,841,950mN

Keywords: Haematitic Sandstone, Haematite, Yampi Formation, Sandstone, Iron Exploration, Scoping Study, Rock Chip Sampling, Satellite Imagery.

Date: August 2009

Distribution:

1. Department of Minerals & Petroleum – Perth
2. Starwolf Resources Pty Ltd

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SUMMARY

Following on from the initial field trip to Bathurst Island in 2008, Corad Pty Ltd completed a Scoping Study to advance an initial reconnaissance study of Bathurst Island on behalf of their clients Starwolf Resources Pty Ltd. The island is located on EL04/1589 which was granted on the 10th August 2007.

This report is presented in accordance with the annual reporting requirements for the Department of Minerals and Petroleum (DMP).

Work completed during the year included the development of an Exploration Scoping Study and a low level close spaced aeromagnetic and radiometric survey over the island. The aeromagnetic survey was concluded jointly with neighbouring Pluton Resources over both Bathurst Island and Irvine Island. Radiometric and topographic data was also collected at the same time. The data was processed and modelled in Perth by local consultants and the results presented here.

Results to date including those from the reconnaissance trip to Bathurst Island have demonstrated that there is iron mineralisation on the island and that the island remains prospective for further discoveries of iron bearing units.

1.0 INTRODUCTION

Following on from the initial reconnaissance trip to Bathurst Island in the previous reporting year, Corad Pty Ltd (Corad) concluded an Exploration Scoping Study for the logistics of running a 'First Pass' drilling programme on the tenement followed by a more comprehensive wide spaced drilling programme designed to generate a JORC compliant Inferred Resource.

Additionally an aeromagnetic survey was conducted in the reporting period jointly with Pluton Resources who are investigating neighbouring Irvine Island and the results of that programme are appended here.

A petrography report on two samples of haematitic sandstone collected from the tenement in the previous reporting period and which were outstanding at the end of the last reporting period are also presented here. These rocks seem to be typical of the units seen on last year's field trip but were restricted to a small part of the island.

1.1 Location and Access

The tenement is located in the northernmost reaches of the Buccaneer Archipelago (Figure 1) approximately 260 kilometres due north-east of the tourist town of Broome in the north-west of the Kimberley Region of WA. Site visits can be made using a helicopter hired from the Broome Helicopter Services with the machine having to be refuelled both on the way out and return trip in Derby. The flight from Broome to the island takes approximately 2 hours each way.

Alternative access for protracted periods could be by boat from the northernmost tip of the Cape Leveque Peninsula from where it would be approximately 50 kilometres in a north-easterly direction to the island.

1.2 Topography

The topography of the island is highly variable ranging from gentle beaches to well developed sea cliffs on the western side of the island reaching to about 90 metres above sea level in places (Figure 8). The interior is also quite hilly and there is dense vegetation on the island making progress by foot slow in places. The island's coastline is heavily indented except for the western side which trends roughly NNW – SSE.

1.3 Tenure

The Bathurst Island tenement (Figure 2) was granted on the 10th August 2007 and is coming up for its second anniversary date. Tenement details are summarised in Table 1.

Table 1. Tenement Details

Tenement	Area	Grant Date	Expiry Date	Rent
E04/1589	20 blocks	10/08/2007	9/08/2012	\$2,277.00

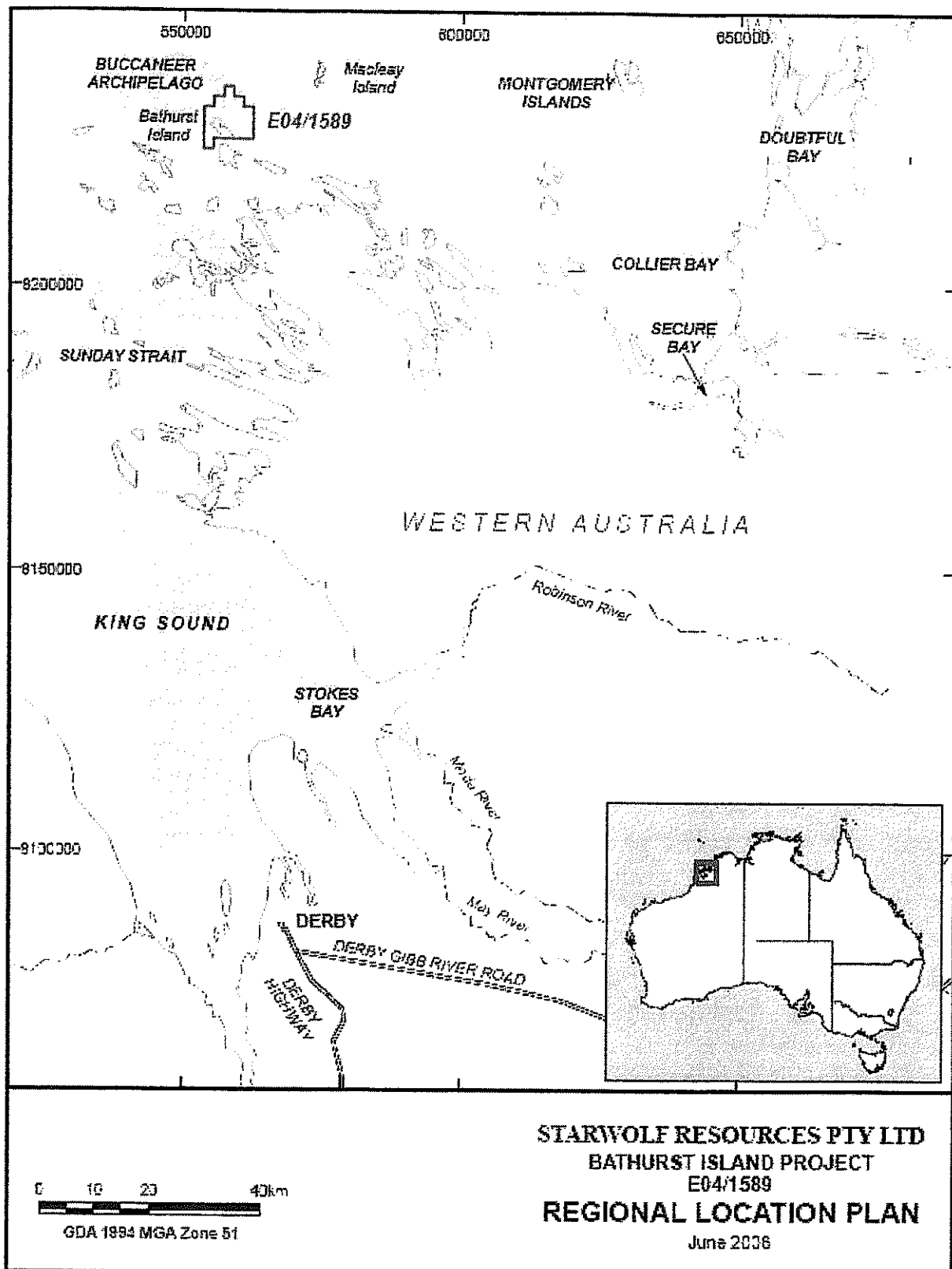


Figure 1: Regional Tenement Location Map

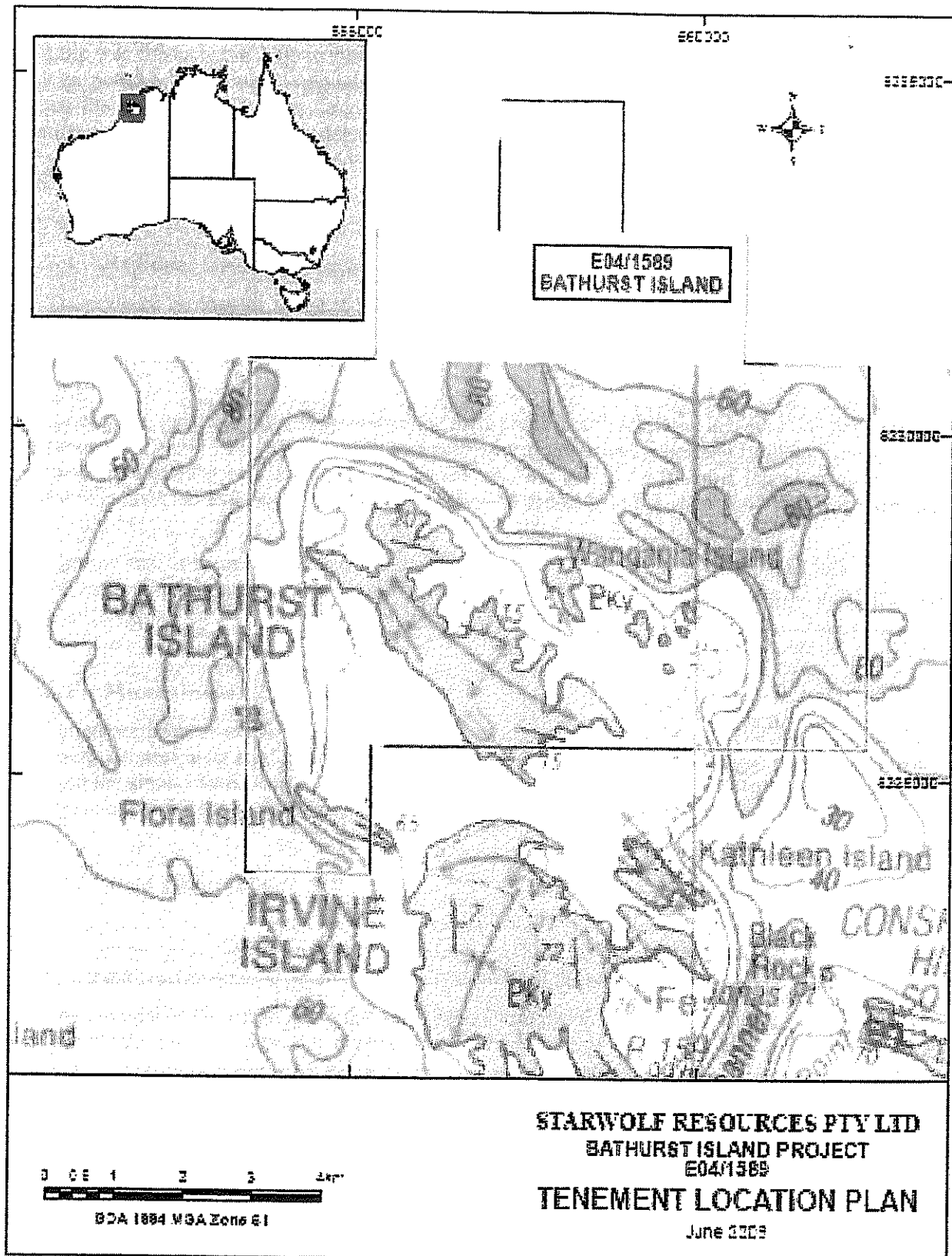


Figure 2: Tenement Location Map

2.0 PROJECT GEOLOGY

A field trip was conducted in 2008 to determine the nature of the island's geology and to see if there was iron present in potentially economic amounts. Examination of the state geological survey map of the island indicated that the entire island is covered by sedimentary units of the Yampi Formation. The Yampi Formation consists of a series of homogenous sandstones of the Kimberley Group, the upper member of the Proterozoic Kimberley Basin (Sofoulis et al, 1971; Gellatly, 1972; Canavan & Edwards, 1938; Reid, 1958; BHP Staff, 1975).

2.1 Regional Geology – Bathurst Island

The regional geology of Bathurst is essentially the same as that of the nearby islands – Irvine Island, Cockatoo and Koolan Island. They all have Yampi Formation sandstones with varying amounts of iron in places. Nearby Macleay Island also has this basic rock type but there is no sign of any mineralisation present.

Research on the nearby islands indicates that there are isolated specific units with DSO type iron grades present ie $> \sim 58\%$ Fe. This unit is also present at Irvine Island adjoining Bathurst Island. There is therefore a good possibility that this unit may also be located on Bathurst Island along the western shoreline but the 2008 field trip did not manage to locate it in the short time that was spent on the island.

The unit that is being mined at Cockatoo Island seems to be only one mineralised unit within many uneconomic haematitic sandstone beds. These may or may not have iron present although there is ample evidence on Bathurst to show the presence of iron on the island.

2.2 Mineralisation

The mineralisation seems to be an intergrowth of iron and sand particles. The rock can be friable in places but also quite hard so there is as yet no indication of how easy it might be to liberate the iron from the silica. Two samples have been sent to a laboratory in Perth for petrological examination to measure grain sizes and the relationships of the haematite to other gangue particles (Section 4.1).

2.3 Field Observations

The island was surveyed from the air in May 2008 and landings were made on two parts of the island. It should be noted that there remains a lot of work to be done and that due to a combination of extreme topography and an unusual random island shape, most of the island remains unseen from the ground.

Observations of the island show that there seems to be good outcrops over most of the island and so ground sampling should be able to provide a good coverage of rock chip samples. There are also good beach and cliff exposures but it would be easier to access these areas using a runaround boat.

The topography and thick vegetation prevent quick access on the island and so more time will be required to walk over all of it at a future date.

No fresh water was seen during the trip apart from some stagnant pools from the last rain. This has ramifications for further work on Bathurst as drinking and drilling water will have to be transported to the island.

3.0 WORK COMPLETED

A reconnaissance field trip was made to Bathurst Island in 2008 to check the logistics for working there and a small number of surface samples were recovered for sampling. This trip, and the results of the iron assays, is documented in Johnston and Barrere 2008. Two samples were also sent for petrological examination but the results were not to hand for the last reporting period and are therefore included here.

3.1 Historical to 2008

24 samples were taken from 2 localities on the island and both showed evidence of iron mineralisation (Figure 3). All samples collected however were less than currently accepted DSO grade except for the highest value sample recovered. These results have been reported separately (Johnston and Barrere 2008).

The average grade recovered was 32.8% Fe (including non mineralised samples) but the highest return was 56.7% which is just below DSO grade. This is quite encouraging as there are obviously some units carrying higher iron values on the island. More time will required to cover the entire island on foot.

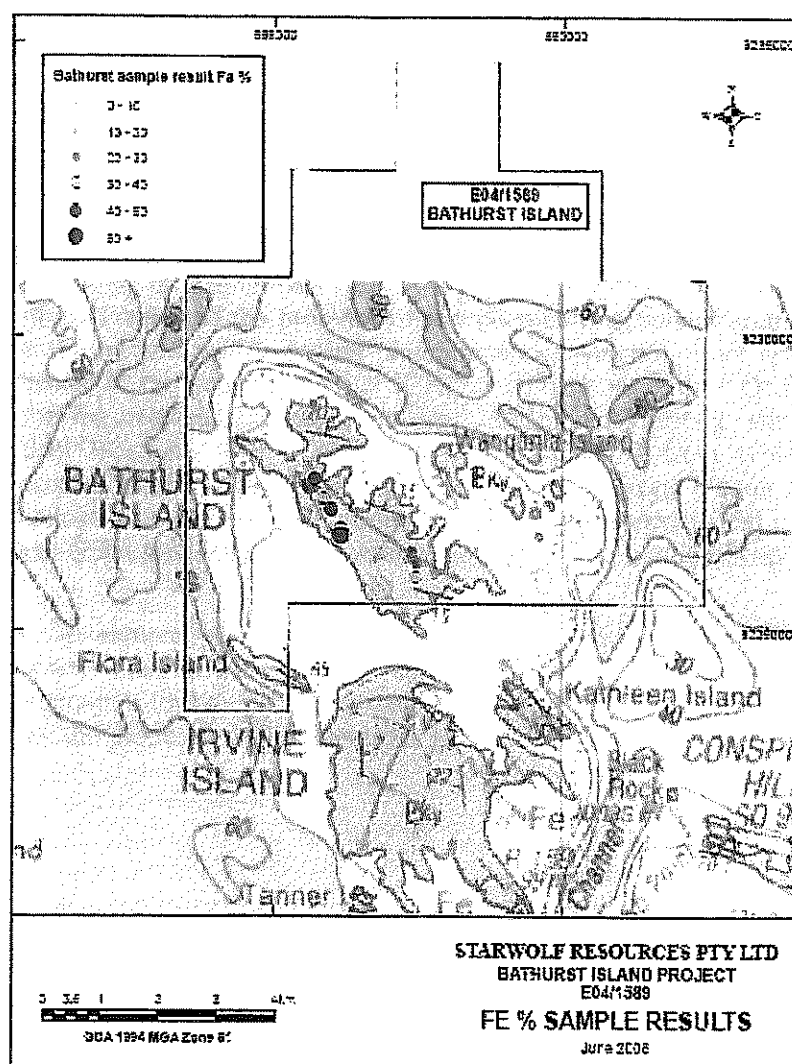


Figure 3: Sample Locations with Total Fe Values

4.0 CURRENT EXPLORATION PROGRAMME

The reporting year started with the receipt of the petrological study of the two rock samples from Bathurst Island. This was followed by the generation of an Exploration Scoping Study designed to investigate the logistics of carrying out a limited programme of stratigraphic drillholes spaced evenly throughout the island to investigate the presence or otherwise of high grade iron bearing stratigraphic horizons.

Finally, towards the end of the reporting period, a joint aeromagnetic and radiometric survey was undertaken with Pluton Resources over both Bathurst and Irvine Islands.

4.1 Petrology Report

Two samples of haematitic bearing rocks were collected from Bathurst Island at random during the 2008 reconnaissance field trip. They were sent to Roger Townend & Associates in Malaga for a petrological description and the results are included in Appendix 1.

Both samples are described as "haematitic sandstones" with iron mineralisation cementing rounded detrital sand grains together. A conclusion was reached that there existed the possibility of upgrading the material to potential DSO grades by crushing the material then concentrating the iron using some sort of density separation techniques. This would have to be done with representative material recovered from a dedicated sampling or drilling programme.

4.2 Exploration Scoping Study

Corad was requested to provide a two stage exploration study designed to a) carry out a limited reconnaissance drilling programme over the island to obtain wide spaced geological information on the stratigraphy of the island and the presence of any potentially economic iron mineralisation and b) to carry on from the reconnaissance drilling programme to develop a closer spaced drilling programme designed to result in the generation of a JORC compliant resource. Quotes were obtained from consultants for the required environmental and Aboriginal Heritage surveys needed to choose appropriate drill locations. Drilling budgets were generated from typical values costed from information received from Pluton Resources (Exploration Manager Pluton Resources pers comm.). Programme timings were also generated from typical drill rates encountered in similar geological units on Irvine Island (Johnston, May 2009). A summary of the Exploration Scoping Study is presented in Appendix 2.

In order to further explore the island it was divided into areas for planning purposes (Figure 4). The working areas were then used to determine appropriate drillhole densities for both stages of the early exploration programme and these in turn were used as the basis for the proposed exploration budget. Figure 5 shows the proposed drilling densities for the initial reconnaissance programme (Appendix 2 Phase 1).

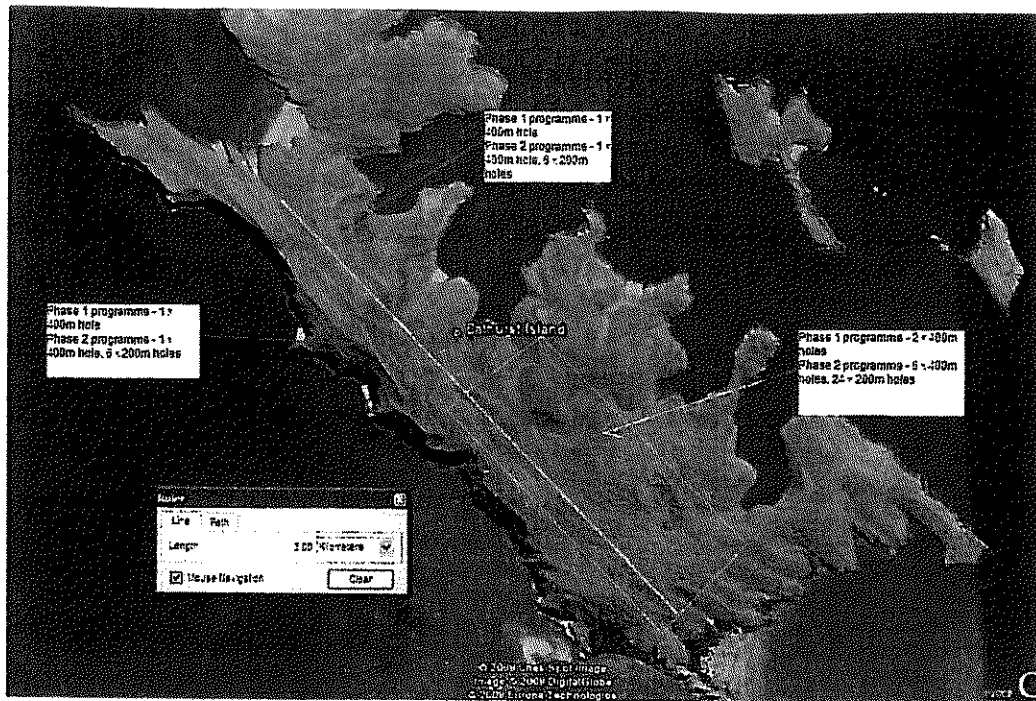


Figure 4. Bathurst Island Subdivided into Working Areas for Planning Purposes

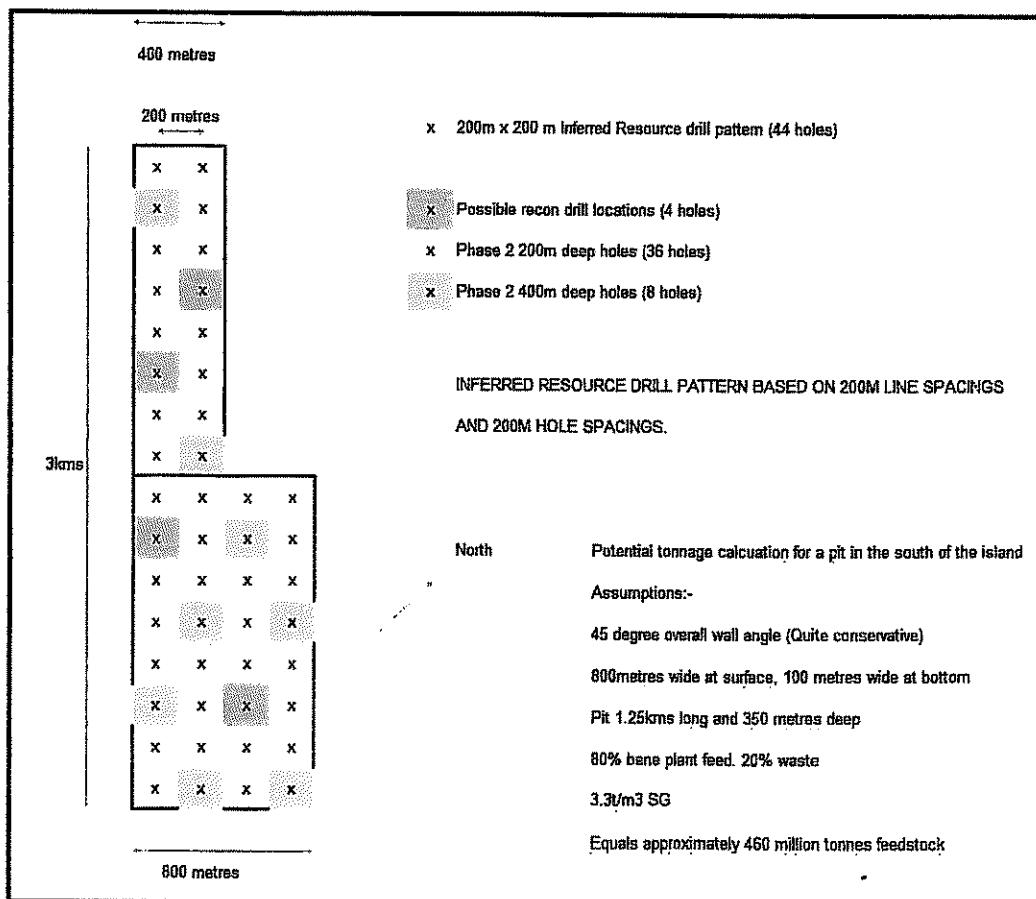


Figure 5. Proposed Drillhole Densities by Working Area

4.3 Regional Aeromagnetic and Radiometric Survey

Towards the end of the reporting period agreement was reached between Starwolf and neighbouring exploration company Pluton Resources to jointly fund a regional airborne survey programme over E04/1589 and its adjoining tenement. This work was subsequently carried out by GPX Airborne Pty Ltd and the raw data sent to Southern Geoscience in Perth for processing and modelling.

The survey was flown at 100 metre line spacings in NE – SW lines which have given ample coverage over the tenement area as well as providing good close spaced information for subsequent interpretation.

Aeromagnetic data was recovered as well as radiometric data and topographic information on the islands. A summary of survey specifications, processing and data formats is presented in Appendix 3 and should be read in conjunction with the raw survey data that is included separately as part of the annual report.

Figure 6 shows a graphical map of the results of the aeromagnetic survey. The data has been contoured and then superimposed on top of an outline of Bathurst Island (North and West) and neighbouring Irvine Island. The image shows that there is a magnetic unit to the far south of Irvine Island but no corresponding unit on Bathurst. Instead there is a linear feature running parallel to Bathurst's western coastline which could be interpreted as either an ironstone unit or a mafic intrusive.

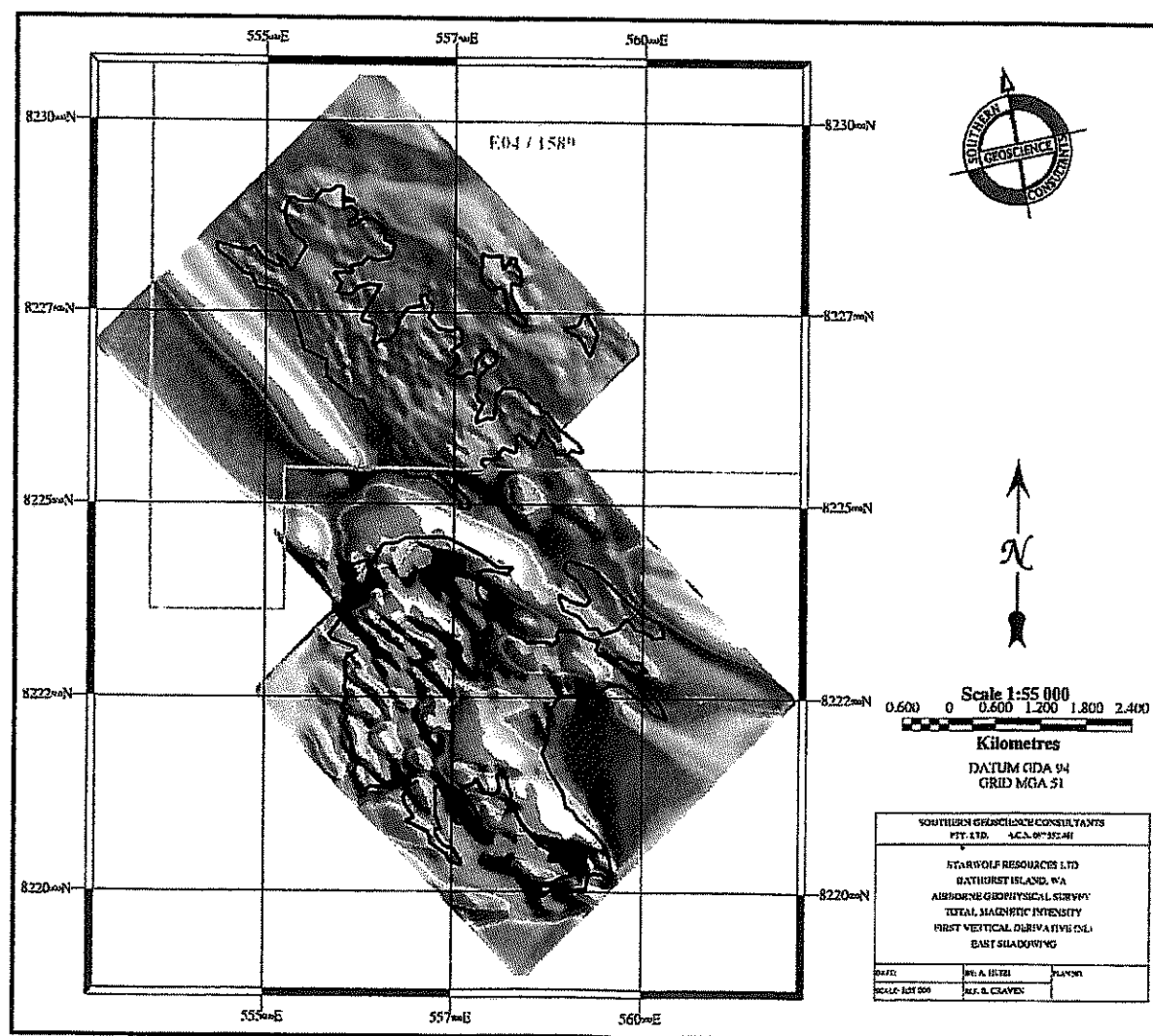


Figure 6. Total Magnetic Intensity 1VD (NL) Shaded with 50% North AGC Gradient

Figure 7 shows a graphical map of the results of the total radiometric count showing a higher background count on Bathurst Island over the northern and southeastern parts of Bathurst Island probably resulting from slightly more detrital elements being concentrated in a single sedimentary horizon. Figure 8 shows a strong concentration of potassic minerals in this area but there is a subtle but lesser correlation with uranium and thorium in the same area.

Figure 9 shows a digital terrain model of the islands with a higher ridge running parallel to the western NNE trending coastline which would be consistent with the presence of a fault running parallel to this coast.

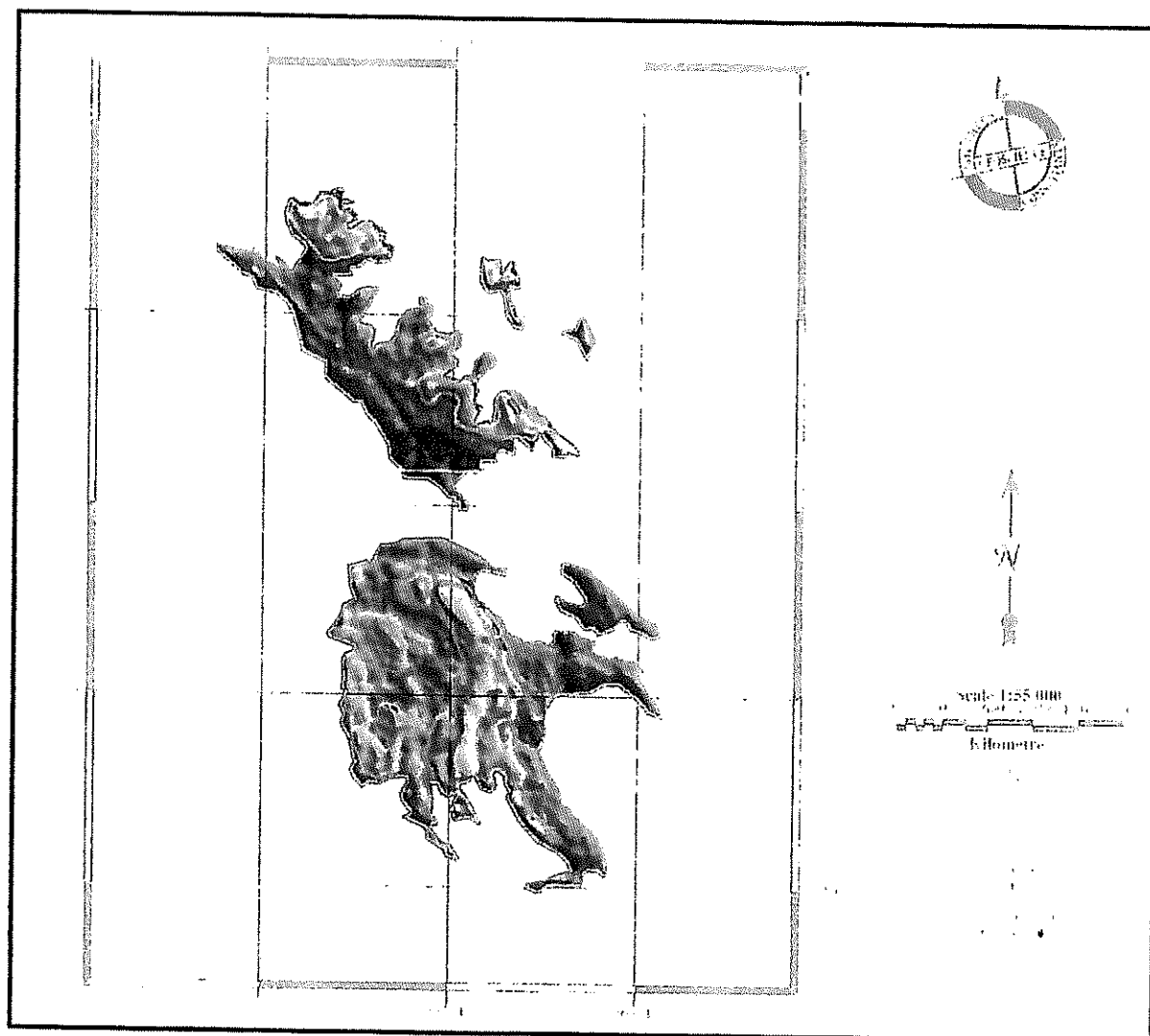


Figure 7. Total Radiometric Count with NE Shading

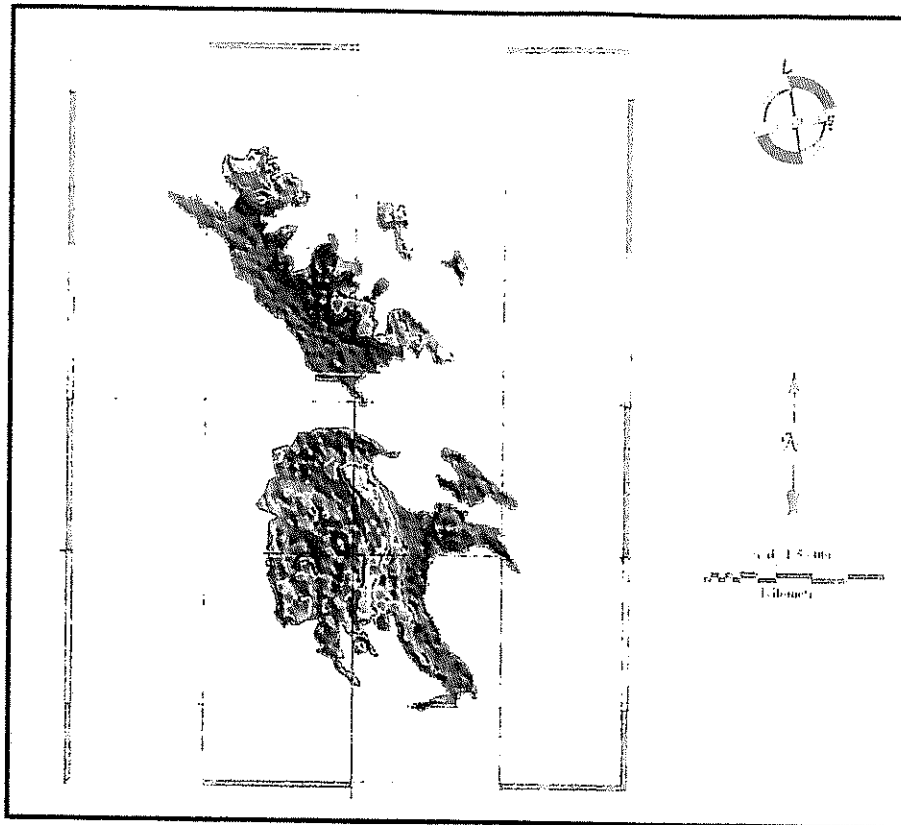


Figure 8. Potassium (LIN) Shaded with 50% NE Gradient

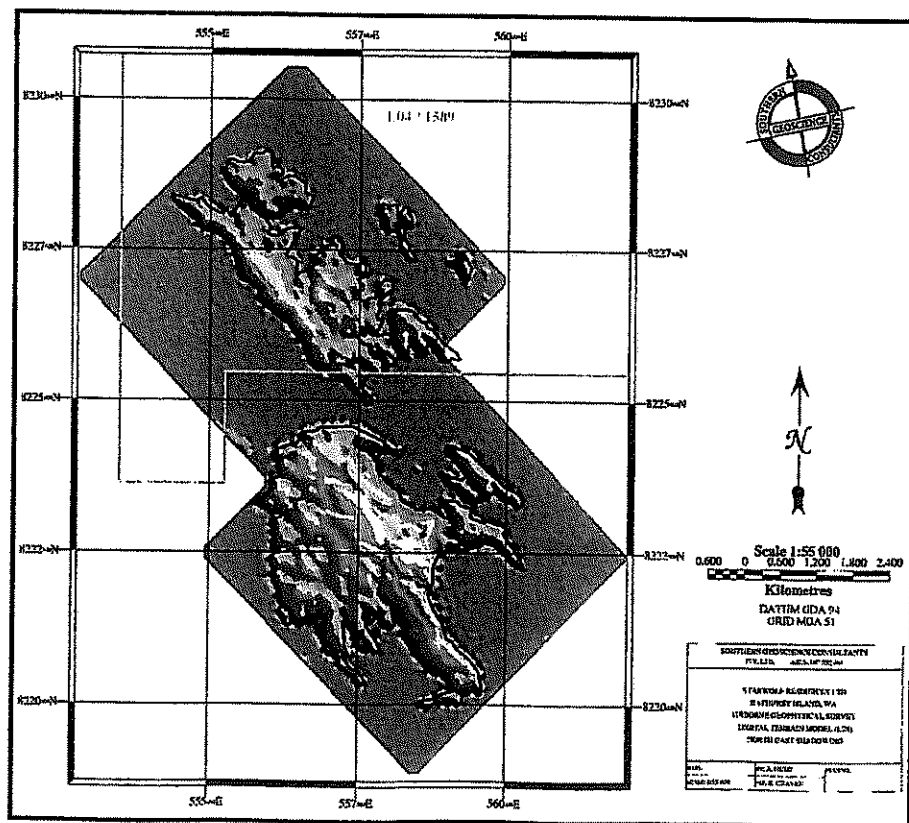


Figure 9. Digital Terrain (LIN) Shaded with 50% NE Gradient

5.0 HERITAGE AND NATIVE TITLE STATUS

5.1 Current Heritage Status

A search of the National Native Title Tribunal website (www.nntt.com.) shows regional maps identifying current Native Title Claims as well as areas of previously determined claims. The Kimberley regional map shows that the Mayala Claim (WC98/39) covers Bathurst Island. The Kimberley Land Council (KLC) administers the Mayala Claim. This legal firm is situated in Broome.

5.2 Department of Indigenous Affairs Site Register Search

As part of the annual report a search of the Department of Indigenous Affairs website was made. This site allows an electronic search to be made of all officially registered archaeological and anthropological sites of significance within the tenement boundaries or area of interest. In this case a search was made of all of Bathurst Island.

There are three sites of significance on the island – two camp sites and one man made structure. There are no restrictions to access in and around these sites (Johnston and Barrere 2008).

6.0 ENVIRONMENTAL STATUS

6.1 Proposed Marine Park

Examination of the DMP Tendex (tenement) database showed the presence of proposed marine park surrounding the bulk of the Buccaneer Archipelago. The northern limit of the proposed park covers Macleay Island. The presence of such a proposed marine reserve does not preclude exploration and or mining (mining is underway at neighbouring Cockatoo Island) but new mining proposals submitted sometime in the future within the park boundary may attract other tenement and operating conditions that may affect the economics of the project.

Future discussions with the appropriate governing body will identify these issues.

6.2 Aquaculture Licence

Tendex shows the existence of an Aquaculture or Pearling licence area (AQU/223) located on the north-east side of the island between Bathurst proper and one of the smaller outlying islands (Wangania Island).

6.3 Environmental Survey

No environmental survey has been conducted during the reporting period as there are currently no plans to progress to ground disturbing exploration activities.

8.0 REFERENCES

- BHP Staff, 1975, Yampi Sound iron ore, Economic Geology of Australia and Papua New Guinea, Volume 1. Metals *edited* by C.L. Knight: Australasian Institute of Mining and Metallurgy, Monograph 5, p.253-255.
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- Gellatly, D.C., 1972, Problems of provenance of the Yampi iron ores, West Kimberley region, Western Australia: Australia BMR, Bulletin 125, p.191-205.
- Johnston, G. and Barrere, L., 2008, Bathurst Island Project Annual Report, E04/1589 10th August 2007 to 9th August 2008. Unpublished internal report prepared for Starwolf Resources Pty Ltd.
- Johnston, G. May 2008, Bathurst Island Proposed JORC Resource Exploration Programme. Unpublished internal report prepared for Starwolf Resources Pty Ltd.
- Reid, I.W., 1958, The Geology of Cockatoo Island, Yampi Sound, Western Australia: Western Australia: Australasian Institute of Mining and Metallurgy, F.L. Stillwell Anniversary Volume, p. 213-239.
- Sofoulis, J., Gellatly, D.F., Derrick, G.M., Fairbridge, R.A, Morgan, C.M, 1971, The geology of the Yampi 1:250 000 sheet area, SW.51-3, Western Australia BMR, Record 1971/1 (Unpublished).
- Website of Pluton Resources Ltd: <http://www.plutonresources.com/>

Following the successful completion of the Proposed Transaction, Ausinca and Timah Pasir would each increase their voting shares in the Company from nil to approximately 29.3 percent before exercise of their options. However, section 611 item 7 of the Act provides an exemption to this general prohibition where the increase is approved in a general meeting by shareholders of the company.

Section 611 item 7 also states that the members of the company must be given all information known to the person proposing to make the acquisition or their associates, or known to the company, that was material to the decision on how to vote on the resolution.

Furthermore, NSX Listing Rule 6.25 provides that, subject to certain exceptions, a company must not, without the prior approval of its shareholders, issue equity securities during any 12 month period if the number of those securities exceeds 15 percent of the total ordinary securities on issue at the commencement of that 12 month period.

While there is no statutory requirement for VECL to commission a Report in relation to the Proposed Transaction, Australian Securities & Investments Commission ("ASIC") Regulatory Guide 111 "*Content of expert reports*" ("RG 111") recommends that a Report be provided in relation to an acquisition approved by shareholders under item 7 of section 611. For this reason and to ensure that VECL's shareholders are fully informed, VECL's Directors have commissioned this Report.

2.2 ASIC Regulatory Guide 111

In preparing our Report we have had regard to the guidelines set out in RG 111. The Act does not define the term "fair and reasonable"; however RG 111 provides that each of these criteria be assessed individually and not as a compound phrase. In this regard, RG 111 provides that:

- An offer is "fair" if the value of the consideration being offered is equal to or greater than the value of the securities the subject of the offer. This comparison is required to be made assuming an acquisition of 100 percent of the company and irrespective of whether the consideration is scrip or cash;
- An offer is "reasonable" if it is "fair"; and
- An offer may be reasonable if, despite being "not fair", the expert believes there are other reasons for shareholders to accept the offer in the absence of any higher offer before it closes.

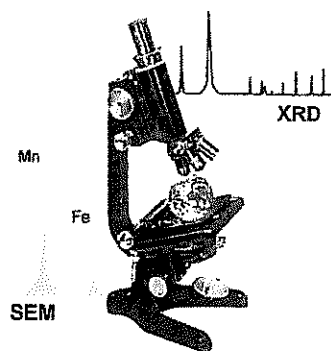
2.3 Purpose

This Report has been prepared by Moore Stephens for inclusion in VECL's Notice of General Meeting and Explanatory Memorandum to assist non-associated shareholders to decide whether or not to approve the Proposed Transaction. The sole purpose of this Report is to express our opinion as to whether the Proposed Transaction is fair and reasonable to the non-associated shareholders.

The Report may not be used for any other purpose, or by any other party, and Moore Stephens will not accept any responsibility for its use outside this purpose. No extract, quote or copy of this Report, in whole or in part, should be reproduced without the prior written consent of Moore Stephens, as to the form and context in which it appears.

Appendix 1

Bathurst Island Rock Chip Petrology



Roger Townend and Associates *Consulting Mineralogists*

Unit 4, 40 Irvine drive, Malaga Western Australia 6062

Phone: (08) 9248 1674

Fax: (08) 9248 1502

email: rogertownend@westnet.com.au

GRAEME JOHNSTONE

10-8-2008

CORAD PROPRIETARY LTD,

98 DISCOVERY DRIVE,

THORNIE

WESTERN AUSTRALIA 6198

Our reference 22337

Your reference

PREPARATION OF TWO POLISHED THIN SECTIONS OF TWO ROCK SAMPLES AND
PETROGRAPHIC DESCRIPTIONS

Roger Townend

SAMPLE B 001

ROCK SPECIMEN “ haematite sandstone’

POLISHED THIN SECTION

QUARTZ	MAJOR
HAEMATITE	MAJOR
XENOTIME	TRACE
ZIRCON	TRACE

The rock is classified as a **HAEMATITE SANDSTONE**.

The texture consists essentially of a quartz sand population cemented by recrystallised haematite.

The quartz grains are well sorted with most between 0.1 and 0.2 millimetres. Shapes are subrounded to subangular, with angularity a reflection of the haematite penetration in recrystallisation. Rarely coarse quartz show evidence of silica overgrowth. The traces of zircon and xenotime occur both in quartz and haematite with diameters around 25 microns.

There is some variation in the texture. The dominant texture consists of a lineated haematite framework enclosing the quartz grains. Variation in bedding on a coarse scale show low haematite areas probably related to some form of current bedding. In the haematite poor quartz areas there is evidence of recrystallisation with reduction in grain size of quartz. In these areas also, the contacts between quartzes may be occupied by a narrow rim of fine haematite.

Haematite is the only iron oxide identified. It forms a lineated framework to the quartz clasts. In most of the slide where it is a major constituent it occurs as clusters of lamellar shaped grains that may have long axes in excess of 200 microns. In lower density areas, it is finer and may be present as rims to dominant quartz.

See comments below.

SAMPLE B 021

ROCK SPECIMEN "haematite sandstone"

POLISHED THIN SECTION

QUARTZ	MAJOR
HAEMATITE	MAJOR
TOURMALINE	TRACE
ZIRCON	TRACE
MONAZITE	TRACE

The rock is classified as a **HAEMATITE SANDSTONE**

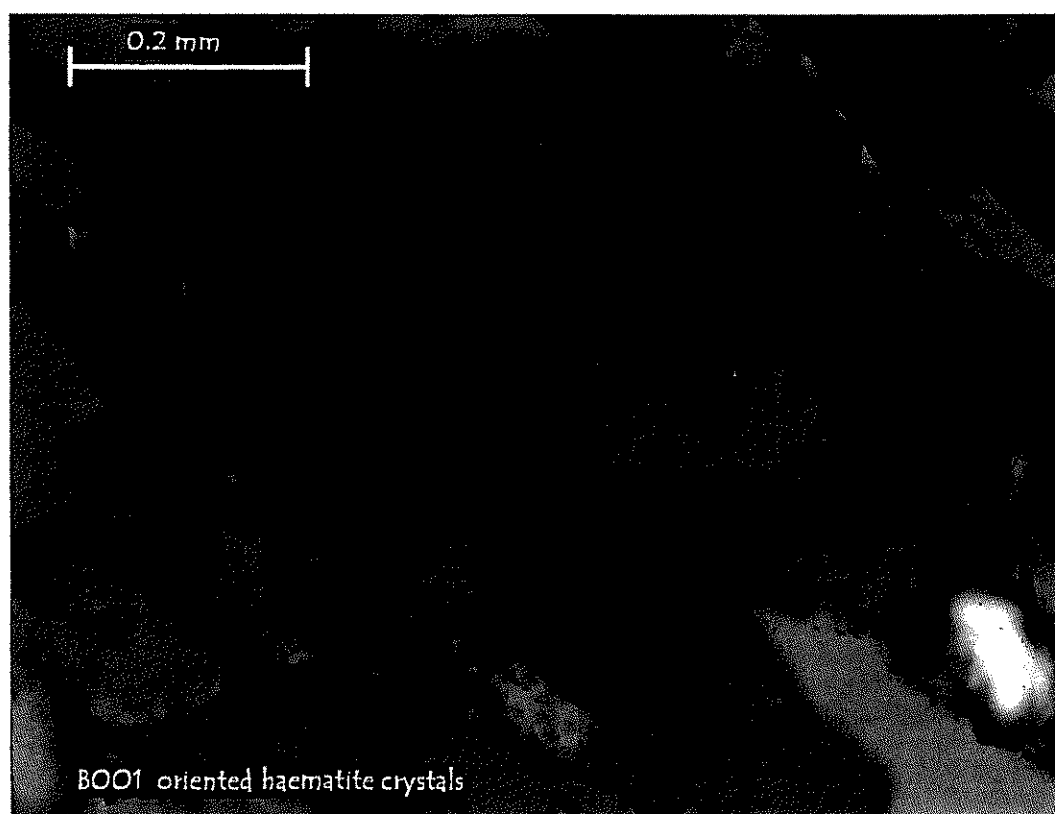
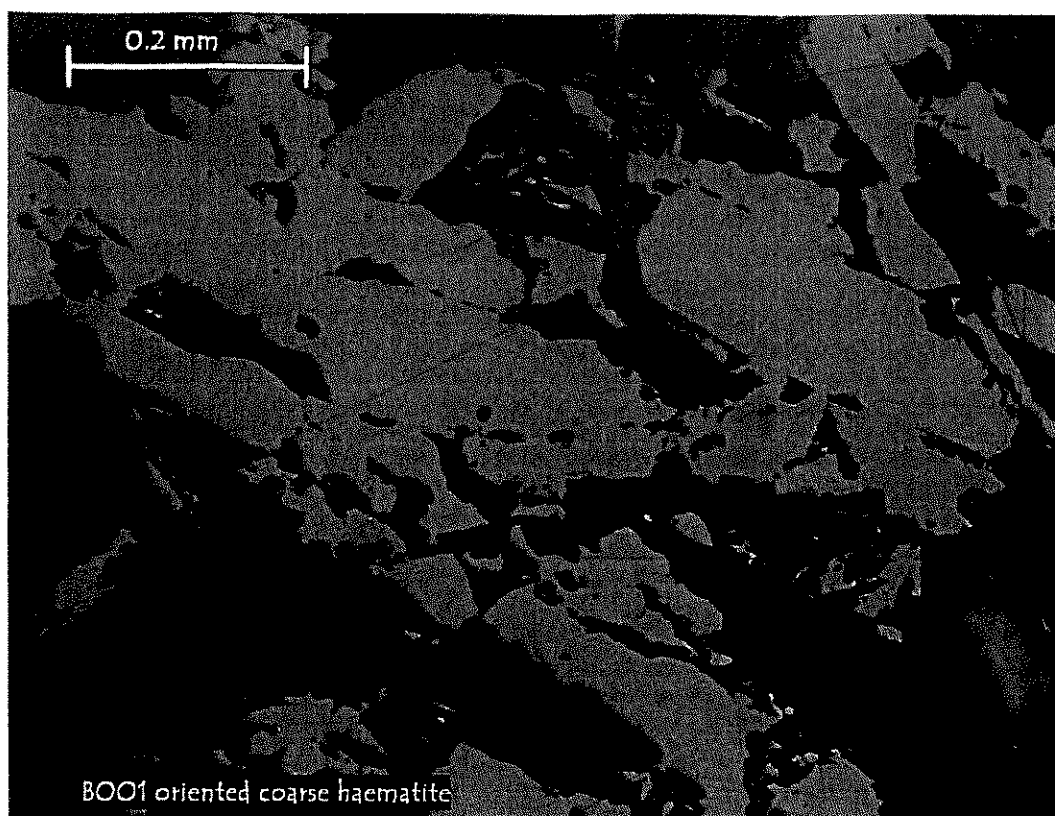
The quartz grains are well sorted with most between 0.1 and 0.2 millimetres. Shapes are uncommonly subrounded to dominantly subangular with the angularity a reflection of the haematite penetration in recrystallization. Quartz overgrowths are sometimes present.

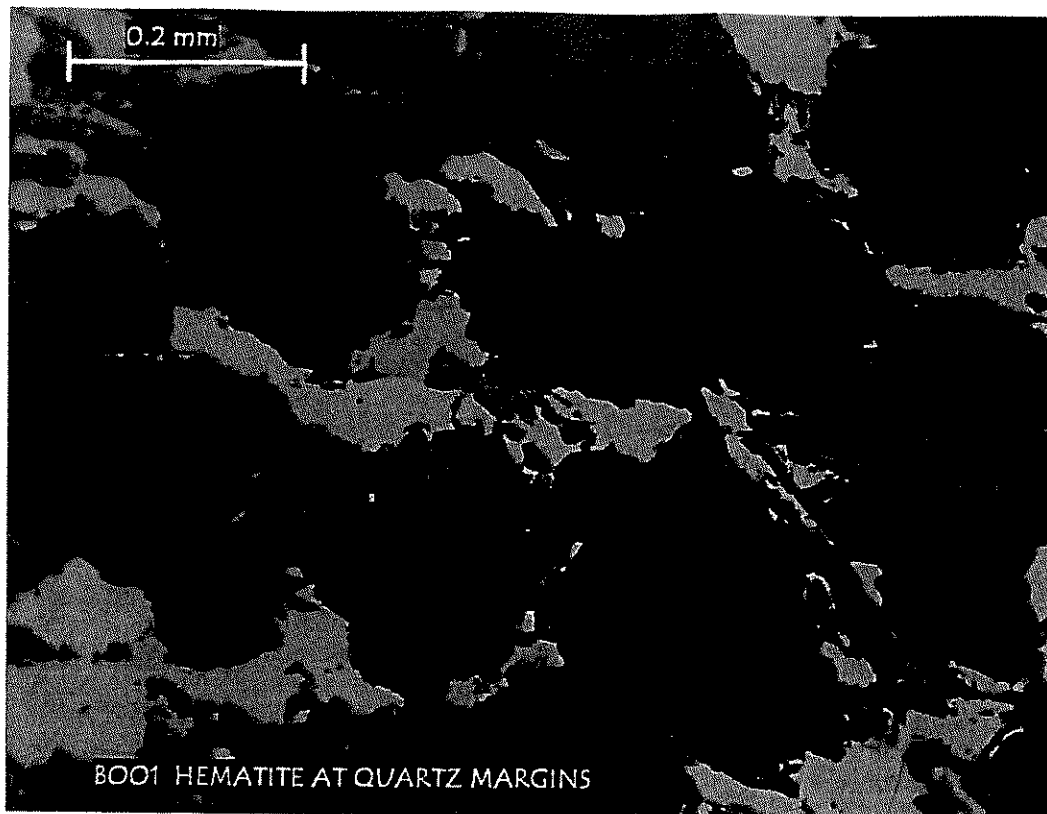
There are some variation in the density of the two constituents. With a low haematite content, contact between quartz grains may be occupied by a narrow fine haematite layer.

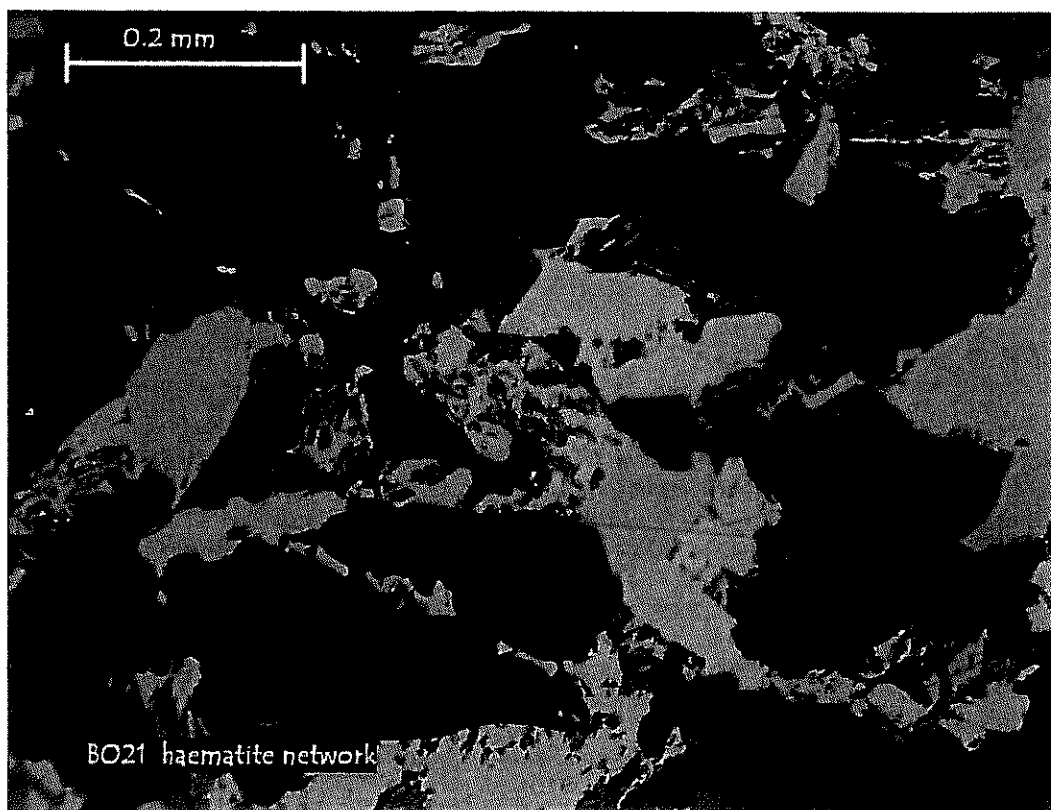
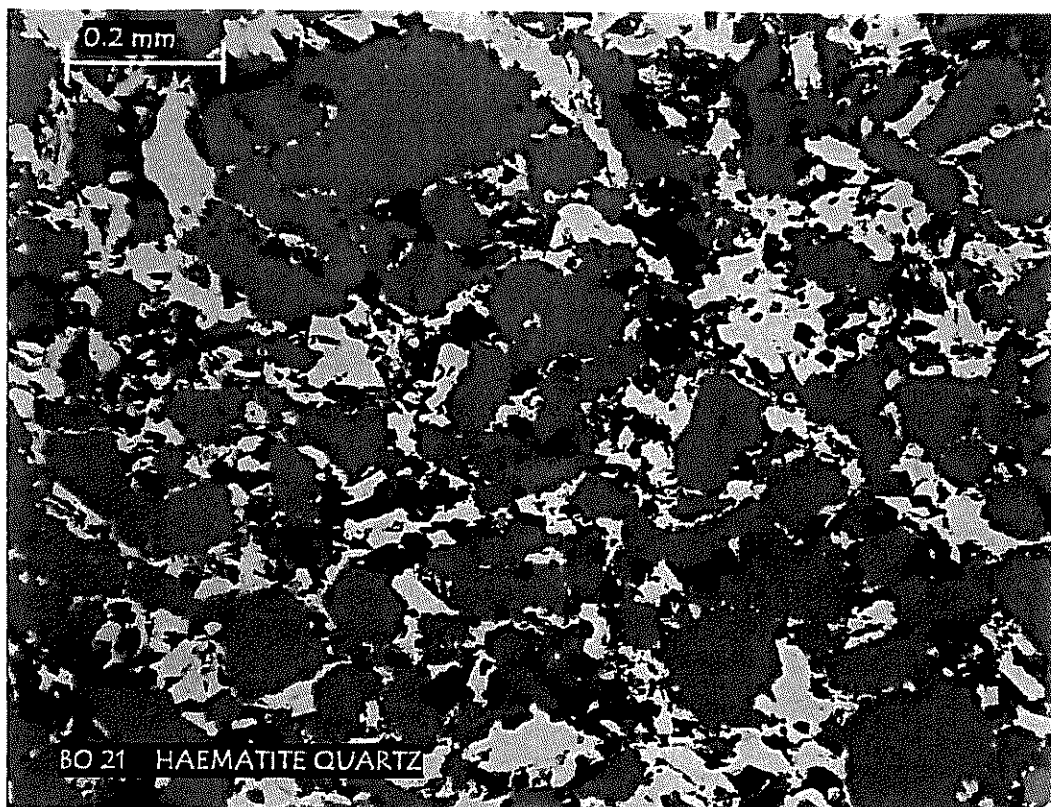
The sandstone contains less than 1% of detrital tourmaline, usually under 100 microns. There are also traces of zircon and monazite typically around 20 microns both within quartz and haematite.

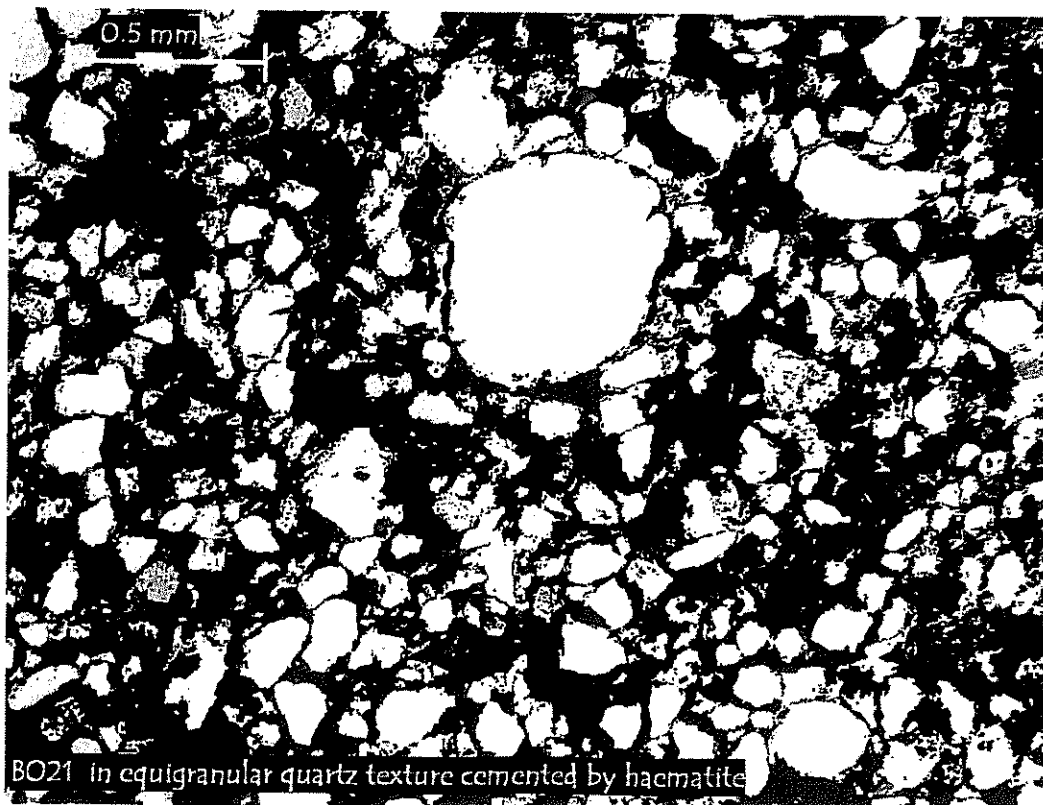
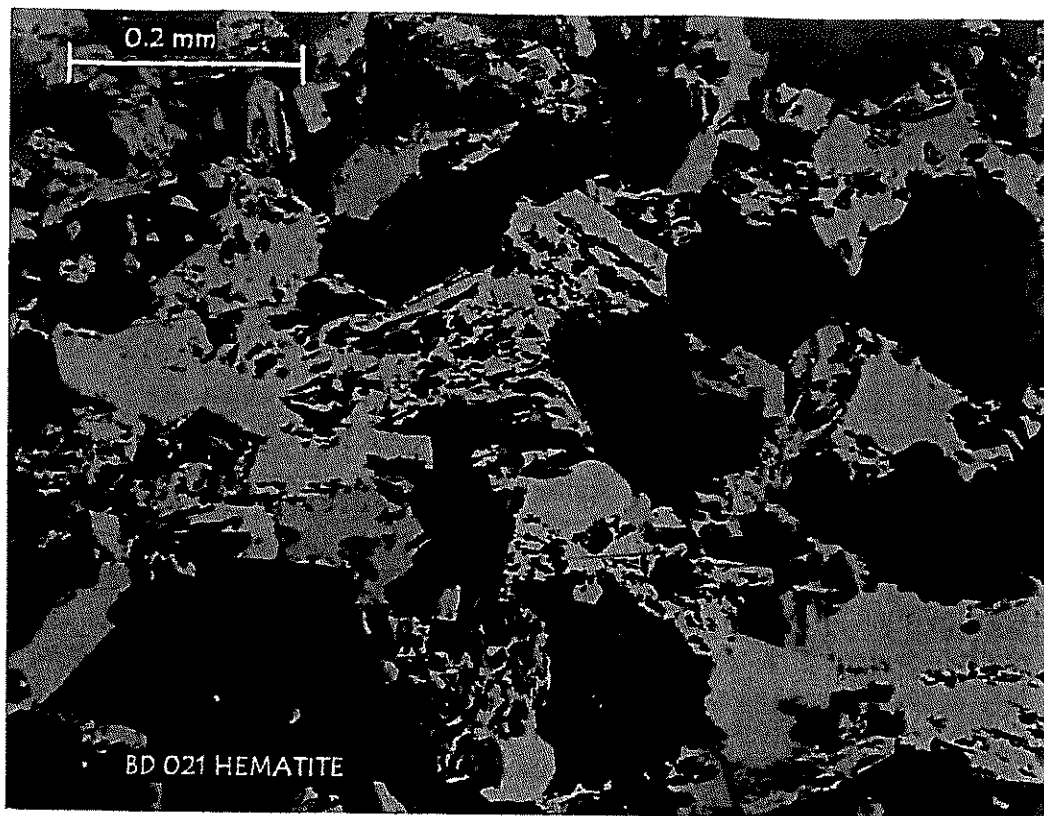
Haematite is the only oxide identified. It forms a less well lineated framework compared to sample B001, to the quartz clast population. Like that sample there is a major component of coarse lamellae with long dimensions reaching 200 microns. In addition there is subordinate quantity of haematite as a finer margin to dominant quartz.

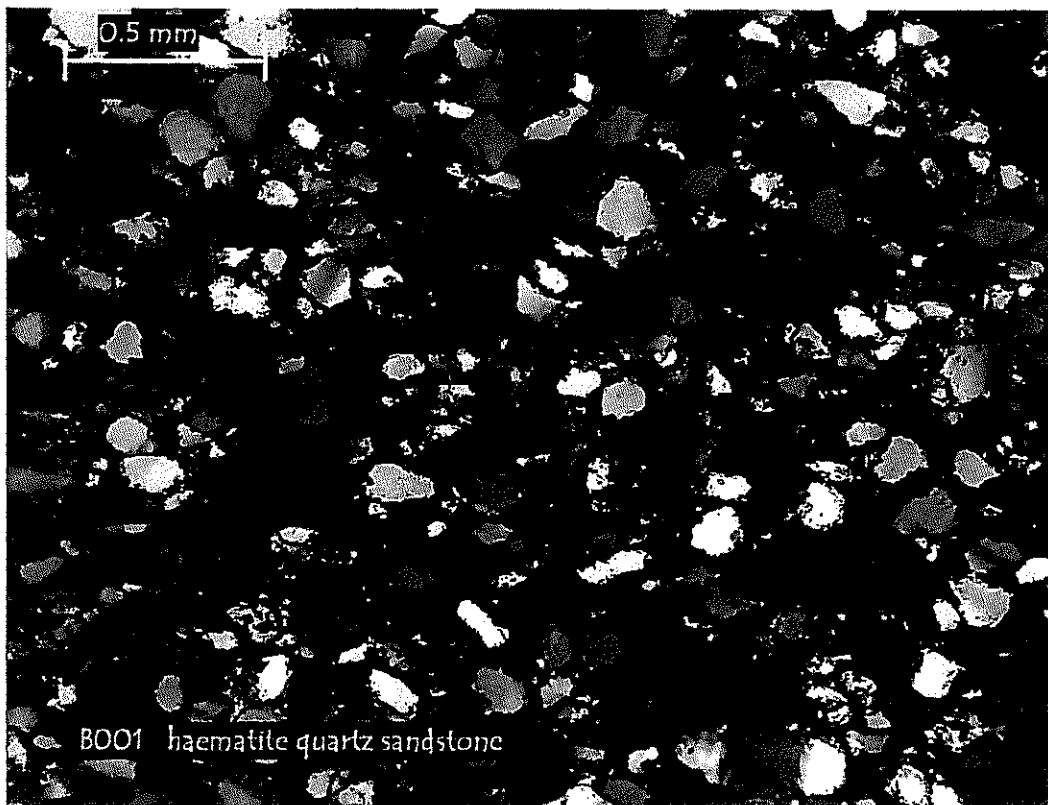
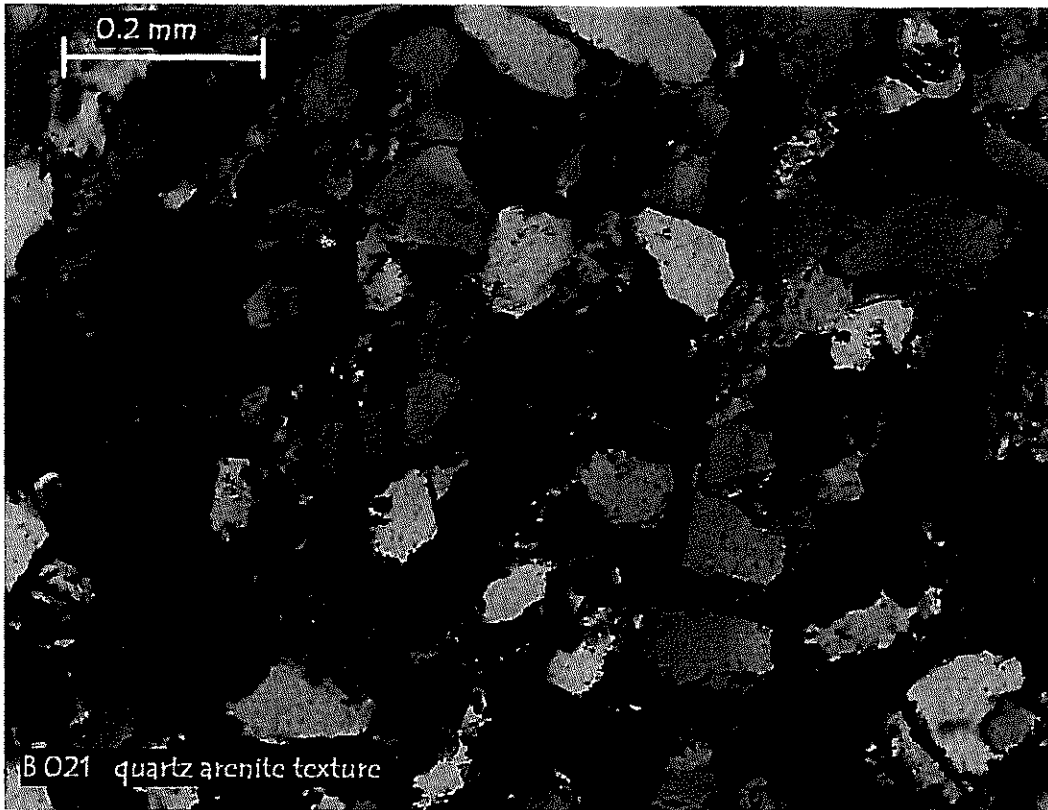
In terms of metallurgy, a high-grade iron product may be possible by simple gravity or magnetic means with a relatively coarse crush size. There is a haematite fines component, the proportion which can only be determined by testwork.

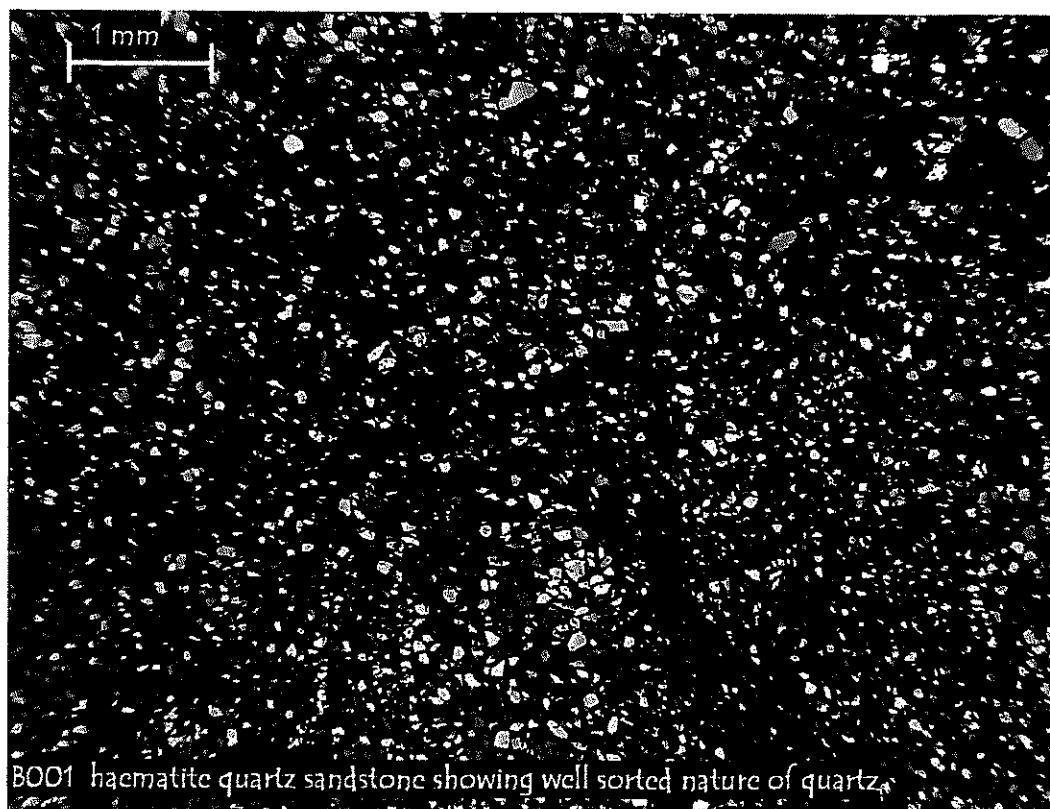
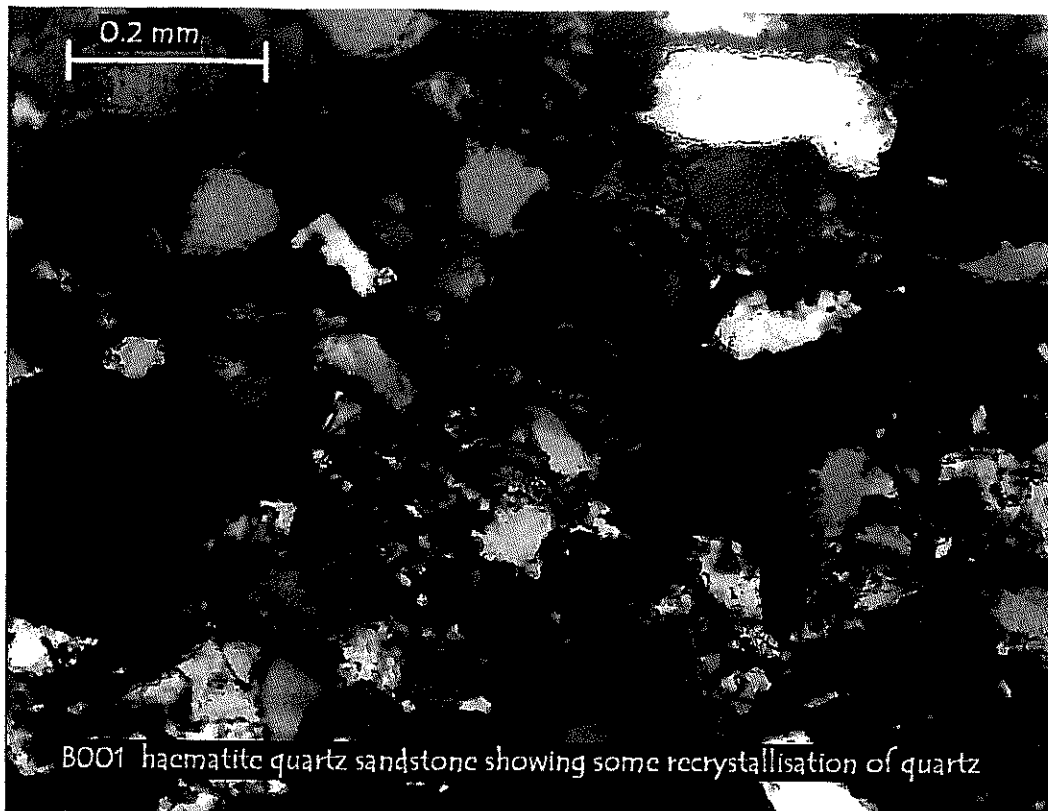


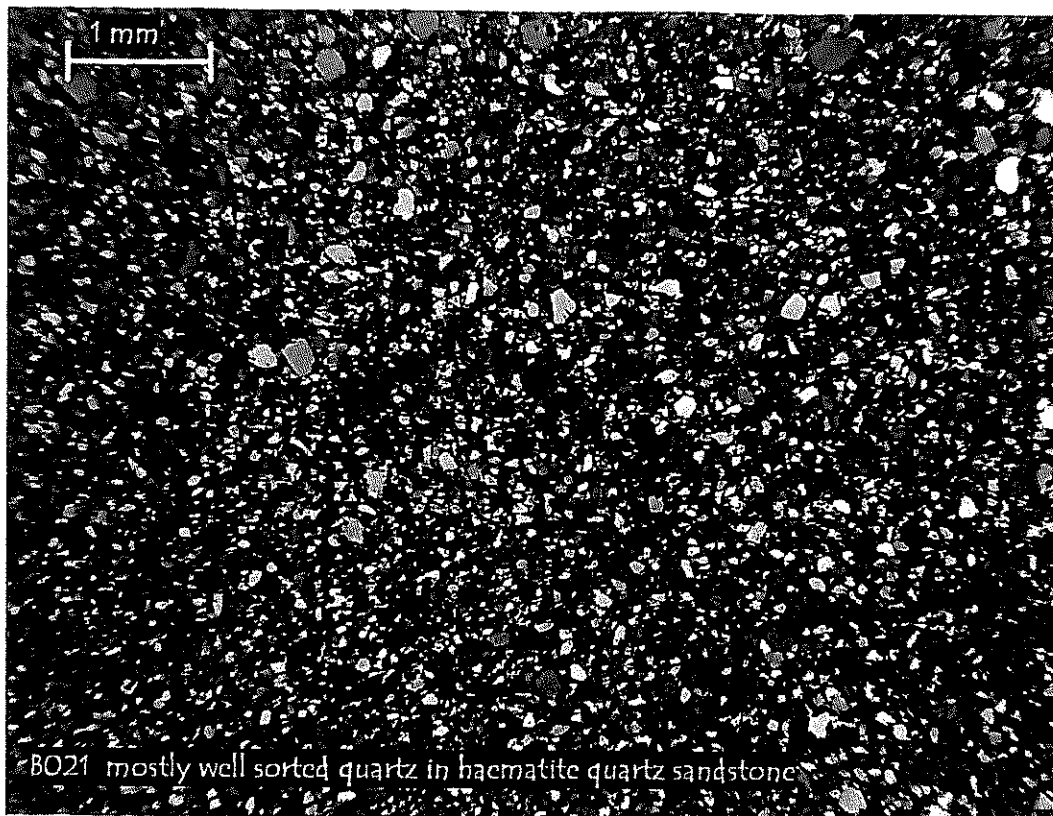












Appendix 2

Exploration Scoping Study (Summary)

Study Programme.

In the planning of an exploration programme several assumptions must be made and steps taken. These are as follows and will reflect on the prices of services and the time taken to execute the programme:-

That the Mayala Native Title Claimants (and by extension the Kimberley Land Council) are involved at an early stage in order to facilitate land access agreements and to provide local labour where possible. Active involvement with the Native Title claimants will be helpful when talking to the DMP about the authorisations required to perform the exploration programme. Allow 1 to 2 months to complete documentation.

That if possible the experiences of the mineral explorers on Irvine Island are used to determine realistic prices for services eg drilling, plant and camp setup costs etc. To this end I have already contacted and spoken with the Exploration Manager for Pluton Resources about their experiences on the exploration programme on neighbouring Irvine Island. Some of the dollar figures are based on our initial discussion. Note that they worked out of Cockatoo Island which kept camp costs to a minimum. We might not be able to access that facility. I used an all inclusive figure of \$1,500 per metre for the budget. Pluton suggested that it was more likely to be nearer the \$2,000 per metre mark. I will need to obtain quotes from other sources to get a better feel about this.

That a Level 1 environmental flora and fauna survey be carried out (Appendix 1) prior to the ground disturbance activities of the Phase 1 drilling programme (this will be required for DMP approvals prior to drilling being carried out). The fieldwork for this can be undertaken once the agreement with the Mayala is concluded and is expected to take no longer than a week. Then allow 1 month for reporting.

It is proposed to use a diamond drilling rig for both the Phase 1 and 2 drilling programmes. Whilst a diamond rig is slower than using a Reverse Circulation drilling rig (up to 200 metres drilled per shift compared with 15 to 20 metres per shift with a diamond drill rig) there are several advantages for the diamond drilling approach. Due to the environmental sensitivity of the island it is thought (Pers comm. Pluton Resources Exploration Manager) that the necessary approvals to drill on the island required from the DMP are more likely to be approved if the drilling can be done WITHOUT using bulldozers to put in access tracks and drill pads for a Reverse Circulation drilling rig. If a decision is made to use this quicker drilling equipment it is thought that the DMP might refer the ground disturbance application to the Department of Environment for review, a process that might take over a year to resolve with NO GUARANTEE that permission would then be granted.

The main disadvantage of using diamond drilling rigs are price per metre – they are an order of magnitude more expensive than a RC drill rig. The quality of sample is better with a diamond rig however but it is also more expensive to process although it gives better data.

Results of the heritage and environmental surveys will be required to be presented to the WA Mines Department (DMP) for a Programme of Works (PoW) approval. A comprehensive plan of what Starwolf intends to do (and more importantly how it intends to do it) will be required. This application includes an estimation of how much land will be cleared and given the environmental sensitivity of the area it is desirable to keep this as low as possible. To do this it is envisaged that a similar approach to Pluton Resources be used ie move a small diamond rig from hole location to hole location using a helicopter rather than using a large track mounted Reverse Circulation drilling rig and bulldozers to put in tracks. Whilst an expensive exercise it is more likely to be acceptable to the DMP as far as giving permission is concerned. Budget for 4 to 6 months for the PoW approval process.

That the programme leading up to the generation of a JORC resource be split into 2 manageable parts. The first part, called the Phase 1 Programme, is planned to obtain clear access to the island for a reconnaissance drilling programme and to then carry out that drilling programme. This drilling programme is not designed to generate a JORC resource but to identify and target the areas that may later be infill drilled on a closer spaced pattern which will then generate the resource figures. The results of the Phase 1 drilling programme will be used to determine in the Phase 2 Programme should be implemented.

The Phase 2 programme is predominantly an infill drilling programme designed to increase the density of information at a chosen site to generate a JORC compliant resource. A 200 metre square grid should be sufficient to generate at least an Inferred Resource and perhaps a higher level of confidence depending on the statistical analysis of the assay results.

Phase 1 Programme.

Objectives:-

- To reach an agreement on land access with the Kimberley land council and the Mayala People prior to the reconnaissance drilling programme going ahead
- Conduct a site visit during this annual reporting period to a) identify any sites of cultural significance (carry out a Heritage Survey) b) carry out a Level 1 flora survey and c) map and sample all outcropping sites in order to identify potential reconnaissance drill sites
- Use flora survey results and other data to enter a Programme of Work submission to the Department of Minerals & Petroleum to carry out the Phase 1 drilling programme.
- Execute the Phase 1 drilling programme which will sample the geology and obtain samples for metallurgical testwork. Data used will be applied to the Phase 2 Programme.

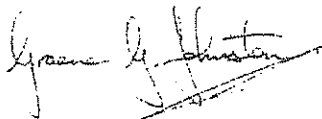
The results of the reconnaissance Phase 1 programme will not result in the generation of an Inferred Resource since the holes are too widely spaced BUT will provide enough data to determine if Phase 2 should go ahead.

Phase 2 Programme.

Based on the results of the Phase 1 study, a closer spaced Phase 2 drilling programme shall be executed (Figure 1). The decision will be based on the results of the reconnaissance programme and nominally involve the drilling of a square grid pattern at 200 metre spacings. If there is good statistical correlation between the various geological units then this should be adequate to generate a JORC compliant Inferred Resource. This will then be used as the base case for any potential follow up Feasibility Studies which will introduce other work programmes into the equation such as hydrogeology, further metallurgical studies (requiring dedicated samples), geotechnical site investigation, mine design layout, tailings and waste disposal, process plant design and location etc etc

If trust this will give you much to think about and will no doubt generate some questions. Please don't hesitate to call me to discuss further.

Best regards,



Graeme G. Johnston
Senior Geologist
Corad Pty Ltd

APPENDIX 1.

Quote for Flora and Fauna Survey

Hi Graeme,

Further to our telephone conversation earlier today, please find the following:

Level 1 (reconnaissance) flora and fauna surveys are intended to verify the accuracy of information gained from a desktop assessment, to identify vegetation assemblages and fauna habitat in the area and to identify potential impacts associated with a drilling programme. This level of information would be necessary to enable DEC/DMP to assess a Programme of Works (POW) application to undertake a drilling programme on the island.

A level 1 flora survey requires a visit investigation by a suitable experienced botanist to undertake a targeted or low intensity flora survey of the area and to describe the general vegetation characteristics and condition of the vegetation in the area. This survey should also include targeted surveys for any Declared Rare and Priority listed flora species identified from DEC database searches as potentially occurring on the Island. Ideally the surveys should be conducted at a time of the year to coincide with the flowering period of the DRF and Priority species (6-8 weeks after wet season). A level 1 fauna survey, (primarily a fauna habitat assessment) could also be conducted at the same time as the level 1 reconnaissance flora survey. The data collected from the Level 1 surveys can also be useful identifying constraints (i.e. presence of rare flora and significant vegetation communities) allowing for the drilling programme to be designed to avoid or minimise impacts on constrained areas.

Estimate costs associated with conducting level 1 flora and fauna surveys, desktop review, database searches, specimen identification and associated reporting, excluding travel expenses, is approximately \$50,000 (ex GST).

I trust this information is of assistance.

Regards

Shaun

Shaun Grein
Principal Environmental Scientist

ecoscape

www.ecoscape.com.au

Appendix 3

Bathurst Island Geophysical Survey Specifications

GENERAL

Project STARWOLF & PLUTON RESOURCES MAG/SPEC SURVEY
 Survey area Bathurst & Irvine Islands
 Located data type 0.1 Second Final Data
 Surveyed by GPX AIRBORNE PTY LTD.
 Job number 2375
 Processed by GPX AIRBORNE PTY LTD.
 Creation date September 2009

SURVEY SPECIFICATIONS

Survey flown August 2009
 Traverse line spacing 100 metres
 Traverse line direction 045-225 degrees
 Tie line spacing 1000 metres
 Tie line direction 135-315 degrees

Survey height 60 metres

LOCATED DATA FORMAT

Variable Format	Units	Undefined	From	To	
Line number		99999999	1	8	I8
Easting (MGA51)	metres	9999999.99	9	19	F11.2
Northing (MGA51)	metres	9999999.99	20	30	F11.2
Fiducial		99999.99	31	39	F9.2
Flight number		999	40	44	I5
Direction (1=E, 2=N, 3=W, 4=S)		9	45	46	I2
Date (YYYYMMDD)		99999999	47	55	I9
Time (GPS)	seconds	99999.99	56	64	F9.2
Longitude (GDA94)	degrees	999.999999	65	75	F11.6
Latitude (GDA94)	degrees	999.999999	76	86	F11.6
Radar altimeter	metres	9999.9	87	93	F7.1
GPS altitude	metres	9999.9	94	100	F7.1
Raw magnetics	nT	99999.999	101	110	F10.3
Post compensated magnetics	nT	99999.999	111	120	F10.3
Diurnal	nT	99999.999	121	130	F10.3
Final magnetics	nT	99999.999	131	140	F10.3
Pressure	millibars	9999.9	141	147	F7.1
Temperature	degrees C	99.9	148	152	F5.1
Raw total count	cps	999999	153	159	F7.0
Raw potassium	cps	9999	160	164	F5.0
Raw uranium	cps	9999	165	169	F5.0
Raw thorium	cps	9999	170	174	F5.0
Raw cosmic	cps	99999.9	175	182	F8.1
Final total count	cps	99999.99	183	191	F9.2
Final potassium	cps	99999.99	192	200	F9.2
Final uranium	cps	99999.99	201	209	F9.2
Final thorium	cps	99999.99	210	218	F9.2

Final DTM	metres	99999.9	219	226	F8.1
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DATA PROCESSING

COORDINATE DATA

All lines are scissored to the following rules:

- 1) A 'smooth' edge outside the area boundary.
- 2) Maximum line overlap of 0 fiducials within the area boundary.

The local projection is a UTM projection based on the GDA94 spheroid with a central meridian of 123 East degrees. System parallax of 1.5 fiducial has been removed.

MAGNETIC DATA

The magnetic data has been corrected for regional gradient by subtraction of IGRF model 2005 computed continuously over the whole area based on the GPS height.

Diurnal magnetic variations have been removed.

System parallax of 0.57 fiducial has been removed.

Tie-line levelling has been applied.

Microlevelling has been applied.

A base value of 49300 nT has been added to the data.

RADIOMETRIC DATA

Raw channel data provided has been energy calibrated
NASVD has been applied to channel data prior to windowing
System parallax of 0.0 fiducial has been removed.
Height attenuated to 60m AGL
Airborne radon has been removed

AIRCRAFT BACKGROUND

UNITS

Total Count	81.67	cps
Potassium	23.36	cps
Uranium	0.59	cps
Thorium	0.67	cps

COSMIC STRIPPING RATIOS

Total Count	0.811201
Potassium	0.044663
Uranium	0.038646
Thorium	0.043791

COMPTON STRIPPING RATIOS

alpha	0.2503
beta	0.3958
gamma	0.7550
a	0.0571

HEIGHT ATTENUATION COEFFICIENT

Total Count	0.006906	per metre
Potassium	0.008726	per metre
Uranium	0.007199	per metre
Thorium	0.006774	per metre

WINDOW ENERGY LEVELS

Low Energy	High Energy	
410.0	2810.0	keV
1370.0	1570.0	keV
1660.0	1860.0	keV

Thorium

2410.0

2810.0

keV

DIGITAL TERRAIN MODEL DATA

DIGITAL TERRAIN MODEL CALCULATION

The radar altimeter data was subtracted from the GPS heights to provide a digital elevation model which is height above the WGS84 spheroid. Using interpolation on the 120 second DMA Geoid model, a correction was computed and subtracted from the WGS84 data to convert to height above the geoid.

DATA RELIABILITY

This Digital Terrain Model (DTM) has been computed from data generated during the course of an airborne geophysical survey flown at a nominal spacing of 100m and data has been interpolated between such lines. Every effort has been made to make this model a useful general reference. No guarantee can be made that this model is a true representation of height above sea level as it can contain radar altimeter responses from buildings and in some instances dense timber. Users of the product should be aware of the topographic limitations mapped herewithin. Do not use this DTM for navigation purposes.

Project	STARWOLF & PLUTON RESOURCES MAG/SPEC SURVEY
Survey area	Bathurst & Irvine Islands
Located data type	1 Second Radiometric Data
Surveyed by	GPX AIRBORNE PTY LTD.
Job number	2375
Processed by	GPX AIRBORNE PTY LTD.
Creation date	August 2009

SURVEY SPECIFICATIONS

Survey flown	August 2009
Traverse line spacing	100 metres
Traverse line direction	045-225 degrees
Tie line spacing	1000 metres
Tie line direction	135-315 degrees
Survey height	60 metres

LOCATED DATA FORMAT

Variable	Units	Undefined	From	To	
Format					
Line number		9999999	1	8	I8
Easting (MGA51)	metres	9999999.99	9	19	F11.2
Northing (MGA51)	metres	9999999.99	20	30	F11.2
Fiducial		99999.99	31	39	F9.2

Flight number		999	40	44	I5
Direction (1=E, 2=N, 3=W, 4=S)		9	45	46	I2
Date (YYYYMMDD)		99999999	47	55	I9
Time (GPS)	seconds	99999.99	56	64	F9.2
Longitude (GDA94)	degrees	999.999999	65	75	F11.6
Latitude (GDA94)	degrees	999.999999	76	86	F11.6
Radar altimeter	metres	9999.9	87	93	F7.1
Pressure	millibars	9999.9	94	100	F7.1
Temperature	degrees C	99.9	101	105	F5.1
Raw total count	cps	999999	106	112	F7.0
Raw potassium	cps	9999	113	117	F5.0
Raw uranium	cps	9999	118	122	F5.0
Raw thorium	cps	9999	123	127	F5.0
Raw cosmic	cps	99999.9	128	135	F8.1
Final total count	cps	99999.99	136	144	F9.2
Final potassium	cps	99999.99	145	153	F9.2
Final uranium	cps	99999.99	154	162	F9.2
Final thorium	cps	99999.99	163	171	F9.2
Raw 256 channel data	cps	999	172	1195	I4
Energy calibrated 256 channel	cps	9999.9	1196	2987	F7.1

DATA PROCESSING

COORDINATE DATA

All lines are scissored to the following rules:

- 1) A 'smooth' edge outside the area boundary.
- 2) Maximum line overlap of 0 fiducials within the area boundary.

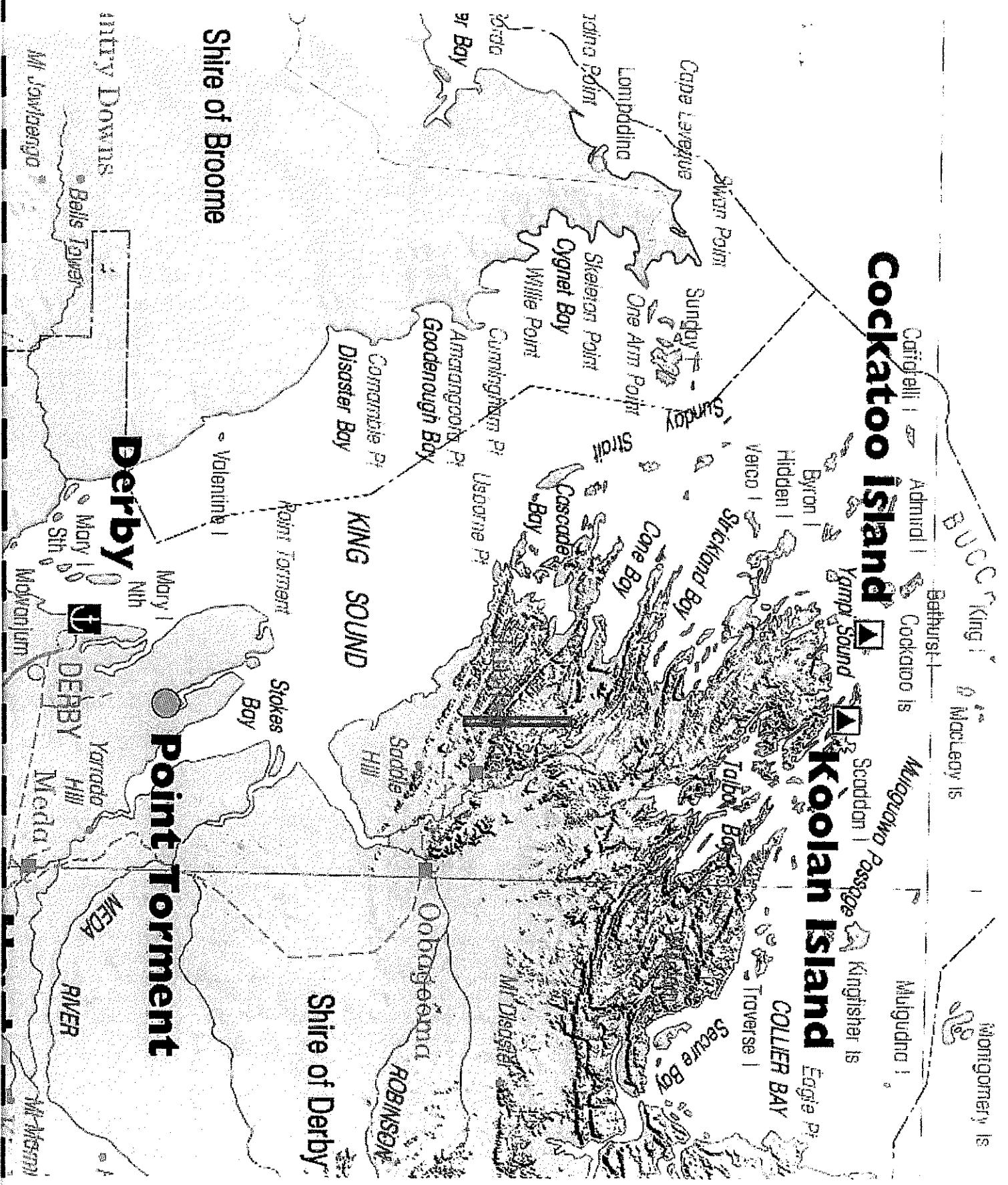
The local projection is a UTM projection based on the GDA94 spheroid with a central meridian of 123 East degrees. System parallax of 1.5 fiducial has been removed.

RADIOMETRIC DATA

NASVD has been applied to channel data prior to windowing
 System parallax of 0.0 fiducial has been removed.
 Height attenuated to 60m AGL
 Airborne radon has been removed

AIRCRAFT BACKGROUND

As previously noted



Cockatoo Island

Koolan Island

Shire of Broome

Shire of Derby

Derby

Point Torment

BUCC King I

MacLeay Is

Montgomery Is

Caridelli I

Admiral I

Cockatoo Is

Melguerna Passage

Mulgudna I

Yampi Sound

Scaddan I

Kingfisher Is

COLLIER BAY

Eagle Pt

Byron I

Hidden I

Verco I

Strickland Bay

Talbot Bay

Secure Bay

Cape Leveque

Shorn Point

Sunday I

One Arm Point

Skeleton Point

Oyngnet Bay

Willie Point

Cunningham Pt

Amstrongs Pt

Goodenough Bay

Lompodina

Joina Point

Wor Bay

Disaster Bay

Comamble Pt

Volentine I

Point Torment

Stokes Bay

Saddle Hill

Oobagema

ROBINSON

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Information Memorandum

Vietnam Emerging Capital Limited
ABN 69 123 981 537

IMPORTANT NOTICE

NSX Listing Rule 4.4(2) – Issue of Information Memorandum

This Information Memorandum (**Memorandum**) is dated 30 November 2010 and is issued by Vietnam Emerging Capital Limited (**Company** or **VECL**).

This Memorandum, coupled with the Explanatory Memorandum (to which this Memorandum is attached), constitutes the Company's proposed change to the nature and scale of its activities, as detailed below, for which the Company seeks Shareholder approval.

Proposed change in activities

The Company proposes to change the nature and scale of its activities. The Company has traded as an investment company raising capital to invest in listed Vietnamese securities, including equity investment in property development companies. However, the Company has recently entered into a binding agreement in relation to the acquisition of Exploration Licence E04/1589 with the right to explore for iron ore on Bathurst Island, Western Australia (**Mining Tenement**). To complement the Company's new focus on the mining and resources sectors, the Company is actively looking for other iron ore assets to acquire.

The Company will be seeking the approval of Shareholders (in accordance with NSX Listing Rule 6.41) for the proposed change in the nature and scale of the Company's activities from an investment company to a mining exploration and production company in accordance with the Notice of Extraordinary General Meeting and Explanatory Memorandum.

Further details as to the history and reasons for change of the Company are outlined below and in the Explanatory Memorandum.

All capitalised terms are defined in the Explanatory Memorandum.

1 GENERAL INFORMATION ON THE APPLICANT

The Company was incorporated on 16 February 2007 in Australia and listed on the NSX in March 2008. The registered office of the Company is Level 28, St Martins Tower, 31 Market Street, Sydney NSW 2000.

The share register is kept at Registries Limited, Level 7, 207 Kent Street, Sydney NSW 2000.

The Company's securities are not listed on any other stock exchange.

2 SHARE CAPITAL AND OWNERSHIP (AS AT 1 NOVEMBER 2010)

2.1 Share class information

Share class	Shares issued	Voting rights attached	Number of fully paid shares
Ordinary	15,872,626	Each shareholder is entitled to one vote for each fully paid share.	15,872,626

2.2 Directors' and Officers' share holdings

Director/Officer	Number of Shares held directly	Number of Shares held indirectly	% of Issued Capital
Hai Minh Nguyen	1,296,743	950,001	14.15%
Jack Tian Hock Tan	946,743	1,300,000	14.15%
Lawrence Nguyen	500,001	1,746,746	14.15%
Robert Edward Lees		300,000	1.89%

2.3 Substantial Holdings

Shareholder's Name	Number of Shares	% of Issued Capital
Lawrence Nguyen Nominees Pty Ltd <L Nguyen Investment A/C>	1,746,742	11.00%*
Unilease Capital Sdn Bhd	1,300,000	8.19%**
Hai Minh Nguyen	1,296,743	8.17%
Binh Thahn Hai Nguyen	950,001	5.99%*
Jack Tian Hock Tan	946,743	5.96%

* These shareholders are associates of Lawrence Nguyen, who, together with his associates, has a substantial holding of 14.15% of the issued capital of the Company.

** This shareholder is an associate of Jack Tian Hock Tan who, together with his associates, has a substantial holding of 14.15% of the issued capital of the Company.

2.4 List of Members – Analysis of holdings

Holdings Ranges	Holders	Total Units	%
1-1,000	0	0	0.000
1,001-5,000	4	15,772	0.099
5,001-10,000	65	573,040	3.610
10,001-100,000	65	2,320,076	14.617
100,001-9,999,999,999	30	12,963,738	81.674
Totals	164	15,872,626	100.000

3 SECURITIES

The Company is conducting a fundraising under which Proposed Investors will invest an aggregate of \$460,000 in consideration for the issue of 46,000,000 fully paid ordinary shares. In addition, in consideration for the acquisition of the Mining Tenement, the Company is proposing to issue 6,380,000 fully paid ordinary shares to Starwolf Resources Pty Limited. These issues are subject to shareholder approval, which the Company will seek at the AGM. Further details are set out in the Notice of Extraordinary General Meeting and the Explanatory Statement.

4 HISTORY AND NATURE OF BUSINESS

The Company was originally formed to invest in the emerging Vietnamese economy. It invested in 2 asset classes, listed shares and property.

The listed shares were shares in companies listed on the HCM stock exchange, the Vietnamese Stock Exchange. These were in a number of industries, including the pharmaceutical sector. The Board has since resolved to sell the entire share portfolio, which it has now done.

The property investment was made by the Company taking a 40% interest (initially, 20% and then a further 20%) in the company, Lac Trung. Lac Trung was incorporated to develop an office block in Plot No 4, Quamg Trung Software Park, district 12, Ho Chi Minh City to rent. To enable it to do so, Lac Trung had to raise project finance based on committed tenants. The Company committed to assist Lac Trung secure appropriate tenants and has entered into negotiations with interested parties for this purpose. However, both Lac Trung and the Company have found that securing funding for this size and type of project is difficult as the equity markets have very limited appetite for this type and area of investment. The Board is of the view that it may not in fact be possible for Lac Trung to ever secure this funding under the current conditions.

In its most recent Financial Statements, the Company is recorded as having made an operating loss of \$303,927 for the year ended 30 June 2010. The Directors determined that it was appropriate for the Financial Statements to be prepared on a "going concern" basis on the basis that the Directors guaranteed to provide continued financial support to the Company for 12 months from the date of the Financial Statements and on the basis that they believed they could secure additional equity for the Company. However, it was noted in the Financial Statements that the going concern basis may not be appropriate if the Directors do not provide their continuous financial support or if the proposed equity raising is not successful.

It is important to note that the Chairman's expertise lies in developing and listing minerals exploration and mining companies. He has been a founding director of Norton Gold Fields Limited (ASX: NGF), Rocklands Richfield Limited (ASX: RCI) and Orocobre Limited (ASX: ORE). He is Chairman of Overseas & General Limited (ASX: OGL), a listed company currently in the process of changing its direction from commercial cultivation of hardwood timbers to a mining company.

In the light of the financial position of the Company as set out in the Financial Statements, the difficulties the Company has faced in its property investment and its lack of success in its objectives of investing in the emerging Vietnamese economy, the Directors are of the view that it is no longer in the interests of shareholders for the Company to pursue its investment in Lac Trung or any other sector of the Vietnamese economy.

Having considered alternative available investment opportunities, the Board has formed the view that the best opportunities for the Company lie in the mining and resources sectors. To this end, the Company has identified an opportunity to acquire the Mining Tenement, which is a prospective iron ore tenement located on Bathurst Island, Western Australia currently owned by Starwolf Resources Pty Limited (**Starwolf**). The Company has secured the right to acquire the Mining Tenement from Starwolf, subject to Shareholder approval and compliance with the NSX Listing Rules. The Mining Tenement covers an area of approximately 65 km² within the Buccaneer Archipelago in the far north-west Kimberley Region of Western Australia.

Some of the key features of the Mining Tenement are:

- (a) it is highly prospective geology for Iron OreRON (same geology as neighbouring mines);
- (b) there is confirmed high grade iron ore on Irvine Island, less than 1km from the edge of the Bathurst Island tenement;
- (c) it is very close to Asian markets;
- (d) it is along the same strike as existing mines (Cockatoo and Koolan Islands);

- (e) reconnaissance sampling of the Mining Tenement was undertaken in May 2008 by an independent geologist, Corad Pty Limited (**Independent Geologist**);
- (f) the average Fe value recorded so far at Bathurst Island is 32.8% (including non-mineralised samples) but the highest value recorded was 56.7% Fe (which is just below DSO iron grade)
- (g) there were negligible gangue elements found i.e. low alumina, phosphorous and sulphur, except for silica; and
- (h) there is significant interest in DSO iron ore from local markets and Australian exploration companies.

A copy of the Independent Geologist's Report is annexed to the Explanatory Memorandum. The Independent Geologist has indicated that iron ore is present in the Mining Tenement. However, the extent of the presence and its quality and grade is not yet certain and requires significant additional exploration to confirm.

The Directors intend to raise further capital in 2011 to fund an exploration program which will include drilling on the Mining Tenement. The budget for exploration is \$1.8 million over 2 years with a further \$700,000 budgeted for other working capital requirements of the Company over 2011 and 2012. The Directors intend to raise \$2.5 million in early to mid 2011 via a prospectus and application will be made at that time to transfer the Company's listing to the ASX.

It is likely that further capital will have to be raised for ongoing exploration, although this is not currently planned and will depend on the results of the 2011 and 2012 years exploration results.

The Company is also actively looking for other iron ore assets to could acquire to add to a mining exploration portfolio.

The Company is seeking shareholder approval to change the nature and scale of the Company's business from a company investing in the emerging Vietnamese economy to a company engaged in mining exploration and production.

The annual revenue of the Company for each of the past 3 financial years is set out below:

	2010 \$	2009 \$	2008 \$
Revenue	69,848	56,170	41,915
(Loss) for the year	(303,927)	(189,426)	(926,697)

5 SUMMARY OF EARNINGS

The Company's only earnings for the last 3 financial years has been interest and dividends from its investments. A breakdown of the Company's earnings and expenses for the last 3 financial years is set out below:

	2010	2009	2008
	\$	\$	\$
Revenue	69,848	56,170	41,915
Other Income	9,762	97,200	-
Accounting & audit	(41,971)	(46,500)	(12,538)
Compliance, listing & legal	(73,591)	(103,829)	(121,823)
Directors fees	-	(54,000)	(271,500)
Overseas travel & accommodation	(26,784)	(77,534)	(132,390)
Unrealised foreign exchange loss	(13,624)	(10,896)	(24,655)
Impairment of Lac Trung	(140,609)	-	(129,596)
Fair value adjustment to investment shares held for trading	(46,546)	-	(94,205)
Other expenses	(38,712)	(48,156)	(181,580)
Earnings before Depreciation, Interest & Tax	(302,525)	(187,545)	(926,372)
Depreciation	(1,402)	(1,881)	(325)
Interest expense	-	-	-
Income tax expense	-	-	-
(Loss) for the year	(303,927)	(189,426)	(926,697)
Other comprehensive income	-	-	-
Income tax expense relating to comprehensive income	-	-	-
Other comprehensive income for the year, net of tax	(303,927)	(189,426)	(926,697)
	Cents	Cents	Cents
Basic & diluted earnings per share	(1.91)	(1.19)	(7.01)

6 TABULATION OF BALANCE SHEET

A tabulation of the Company's balance sheet, including a calculation of net asset value per share, for each of the last 3 financial years is set out below:

	2010	2009	2008
	\$	\$	\$
Current assets			
Cash & equivalents	83,817	262,060	642,602
Other receivables	2,644	8,263	35,975
Financial assets	215,651	201,563	92,028
Other assets	3,635	3,635	1,000
Total current assets	305,747	475,521	771,605
Non-current assets			
Investments (equity method)	-	140,609	-
Plant & equipment	6,030	7,432	9,313
Total non-current assets	6,030	148,041	9,313
Total assets	311,777	623,562	780,918
Current liabilities			
Trade & other payables	24,213	32,071	-
Total current liabilities	24,213	32,071	780,917
Net assets	287,564	591,491	780,917
Equity			
Contributed equity	1,628,148	1,628,148	1,628,148
Reserves	-	79,206	79,206
Accumulated losses	(1,340,584)	(1,115,863)	(926,427)
Total equity	287,564	591,491	780,917
	Cents	Cents	Cents
Net tangible assets per share	1.8	3.7	4.9

7 CHILD ENTITIES

The Company has no child entities.

8 EMPLOYEES

There are no people regularly employed by the Company. Besides the Directors, contractors are used to provide support functions and they are remunerated on an hourly basis.

9 DIVIDEND RECORD

No dividends have been paid by the Company to any shareholder since the incorporation of the Company.

10 PROPERTIES

The Company does not own any freehold property. The Company rents premises at Level 28, 31 Market Street, Sydney 2000 which comprise part of 120 sq metre office. The total rent paid by the Company for these premises over each of the preceding 3 years is \$11,331 in 2008, \$20,437 in 2009 and \$16,617 for year ended 30 June 2010.

11 LITIGATION

There has been no litigation or claims made against the Company since incorporation, nor are there any pending or threatened claims or litigation against the Company

12 MANAGEMENT

12.1 Jack Tian Hock Tan – Executive Director and Chairman

Residential address: 15 Glenview Street, Greenwich NSW 2065

Mr Tan was appointed chairman on 16 February 2007. He has a Bachelor of Business Administration from University of Singapore (1973) and a Master of Applied Finance from Macquarie University (1995).

Mr Tan is an investment banker with 30 years experience in the finance industry and has been an investment adviser with various stockbroking firms in Sydney. Mr Tan has been instrumental in project acquisitions, evaluations and valuations and capital raisings including several public offerings and ASX listings.

Mr Tan currently holds a directorship with Overseas & General Limited.

Mr Tan was previously a director of E-Pay Asia Limited, Orocobre Limited, Health Corporation Limited and Rocklands Richfield Limited.

12.2 Lawrence Edward Nguyen – Managing Director & CEO

Residential address: 25 Mount Avenue, Roselands NSW 2196

Mr Nguyen was appointed a director on 16 February 2007. Mr Nguyen has a Bachelor of Pharmacy from Sydney University (1996) and a Masters of Pharmacy (Clinical).

Mr Nguyen has management and corporate experience as a director of a publicly listed company. He owns and manages a chain of pharmacies

Mr Nguyen holds no other public company directorships. He was previously a director of Health Corporation Limited.

12.3 Minh Hai Nguyen – No-executive director

Residential address: 781/A 13 Le Hong Phong Street, Ward 12 District 10, Ho Chi Minh City

Mr Nguyen was appointed a director on 16 February 2007. He has a Bachelor's degree from The University of Natural Sciences, Ho Chi Minh City (1980), a Bachelor's degree from The University of Economics, Ho Chi Minh City (1994) and a Master of Environment from The University of Social Sciences and Humanity, HCM city (2002). He is currently completing a PhD thesis in Environmental Economics.

He has experience in management and operations of major trading and investment finance companies and is currently the CEO of Saigon Company Trading and Tourist Services, Lac Hong Informatics – Services – Investment Company, Saigon Long An Infrastructure Investment Construction Trading Joint Stock Company.

He holds no other directorships and has not been a director of any other company in the past.

12.4 Robert Edward Lees – Company Secretary and Chief Financial Officer

Residential address: 26 Gordon Crescent, Stanmore NSW 2048

Robert Lees was appointed Company Secretary on 16 February 2007. He holds a Bachelor of Business (Accounting) degrees from University of Technology, Sydney and a Graduate Diploma in Corporate Governance.

He is currently CFO and Company Secretary of 4 ASX listed entities:

- (a) ECSI Limited (since 2005),
- (b) e-pay Asia Limited (since 2008);
- (c) Esperance Limited (since January 2010); and

(d) Overseas & General Limited (since 2009).

He as also a non-executive director of Overseas & General Limited from 9 July 2009 to 30 March 2010.

In the last 5 years, he has held the CFO/Company Secretary role at Citadel Resources Limited, Health Corporation Limited, Rocklands Richfield Limited, Norton Gold Fields Limited and a Non-Executive Directorship at Wind Hydrogen Limited.

He has served as a Company Secretary on a number of ASX listed entities since 1998.

12.5 Additional information

There are no family relationships between any of the Directors.

None of the current directors have been convicted in any criminal proceedings or has had a bankruptcy petition filed against him or any partnership in which he has been a partner or any body corporate of which he was director of or has been sanctioned or otherwise disciplined by any self regulatory securities association of which he has been a member or any securities supervisory or regulatory body or any such event is pending.

13 BANKERS, ADVISERS, ETC

13.1 Principal bankers

Name	ANZ Banking Group
Address	Cnr. Market & York Street, Sydney NSW 2000

13.2 Nominated adviser

Name	Steven Pritchard, Cameron Capital Limited
Address	Level 5, 10 Spring Street, Sydney NSW 2000

13.3 Share registrar

Name	Registries Limited
Address	Level 7, 207 Kent Street, Sydney NSW 2000

13.4 Solicitors

Name	Holding Redlich Lawyers
Address	Level 65, MLC Centre, 19 Martin Place, Sydney 2000

13.5 Auditors

Name	Hall Chadwick
Address	Level 29, 31 Market Street, Sydney NSW 2000
Professional qualifications	Drew Townsend – Registered Auditor (Partner of Hall Chadwick)

14 STATEMENT OF NON COMPLIANCE

There are no requirements of the NSX Listing Rules that the Company cannot meet.

15 DECLARATION

The Company confirms that to the best of its knowledge, information and belief:

- (a) save as specified in this Memorandum, all the qualifications for listing set out in Chapter 3 of Section IIB of the NSX Listing Rules have, in so far as applicable and required to be met and fulfilled prior to this application for change in the nature and scale of the Company's activities, been met or fulfilled in relation to the Company and the securities of the Company;
- (b) the Company is not required to prepare a disclosure document for the purposes of the NSX Listing Rules or the Corporations Act in respect of the proposed change in the nature and scale of the Company's activities; and
- (c) save as specified in this Memorandum, there are no facts bearing on the Company's proposed change in the nature and scale of the Company's activities which, in the Company's opinion, should be disclosed to the NSX.

VIETNAM EMERGING CAPITAL LIMITED
ABN 69 123 981 537

Proxy Form

All correspondence to:

Vietnam Emerging Capital Limited
Level 28, St Martins Tower
31 Market Street
Sydney NSW 2000

☐ Mark this box with an 'X' if you have made any changes to your address details (see reverse) reverse)

Telephone: 02 9267 4633
Facsimile: 02 9267 4388

Appointment of Proxy

I/We (name of shareholder) _____
of (address) _____

Being a member/s of VIETNAM EMERGING CAPITAL LIMITED and entitled to attend and vote hereby appoint

☐ the Chairman of the Meeting (mark with an 'X')

OR

Write here the name of the person you are appointing if this person is **someone other than the Chairman of the Meeting**.

or failing the person named, or if no person is named, the Chairman of the Meeting as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the General Meeting of Vietnam Emerging Capital Limited to be held at Level 28, St Martins Tower 31 Market Street, Sydney NSW 2000 at 10:00 am (Sydney time) on Friday 7 January 2011 and at an adjournment of that meeting.

☐ **Important:**

If the Chair of the meeting is appointed as your proxy, or may be appointed by default, and you do not wish to direct your proxy how to vote as your proxy in respect of a resolution, please place a mark in this box.

By marking this box, you acknowledge that the Chair of the Meeting may exercise your proxy even if he has an interest in the outcome of the resolutions and that votes cast by the Chair of the meeting for those resolutions other than as proxy holder will be disregarded because of that interest.

If you do not mark this box, and you have not directed your proxy how to vote, the Chair will not cast your votes on the resolution and your votes will not be counted in calculating the required majority if a poll is called on the resolution.

Voting Directions to your proxy – please mark ☒ to indicate your directions

Resolution 1:	Change of activities
Resolution 2:	Approval of issue of Shares to Starwolf Resources Pty Ltd
Resolution 3:	Approval of issue of Shares and Options to Ausinca International Enterprise Pty Limited
Resolution 4:	Approval of issue of Shares and Options to Timah Pasir Sdn. Bhd.
Resolution 5:	Approval of issue of Shares and Options to Lighthouse Capital Sdn. Bhd.
Resolution 6:	Change of name

For	Against	Abstain

In addition to the intention advised above, the Chairman of the Meeting intends to vote undirected proxies in favour of each of the items of business unless he has an interest in the outcome of that item. *If you mark the Abstain box for the item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your vote will not be counted in computing the required majority on a poll.

Appointing a second proxy

We wish to appoint a second proxy

☐ Mark with an 'X' if you wish to appoint a second proxy

AND

%

OR

State the percentage of your voting rights or the number of shares for this Proxy Form

PLEASE SIGN HERE

This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Securityholder1	Securityholder2	Securityholder3
_____ Individual/Sole Director and Sole Company Secretary	_____ Director	_____ Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date

____/____/____

HOW TO COMPLETE THE PROXY FORM

1 Your Address

This form has been sent to your address as it appears on the Company's share register. If this address is incorrect, please mark the box and write the correct address on the form. **Please note, you cannot change ownership of your shares using this form.**

2 Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a security holder of the Company.

3 Votes on Items of Business

You may direct your proxy how to vote by placing a mark in one of the three boxes opposite the item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on an item by inserting the percentage or number of shares you wish to vote in the appropriate box. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

4 Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the Company's registered office or you may copy this form.

To appoint a second proxy you must:

- a) indicate that you wish to appoint a second proxy by marking the box;
- b) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded;
- c) return both forms together in the same envelope.

5 Signing Instructions

You must sign this form as follows in the spaces provided:

- Individual:** where the holding is in one name, the holder must sign.
- Joint Holding:** where the holding is in more than one name, all of the security holders should sign.
- Power of Attorney:** to sign under Power of Attorney, you must have already lodged this document with the Company. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.
- Companies:** where the Company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the Company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at the address given below no later than 48 hours before the commencement of the meeting, i.e. by no later than at 10:00 am on Wednesday 5 January 2011. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Documents may be lodged:

by posting, delivery or facsimile to:

Vietnam Emerging Capital Limited
Level 28, St Martins Tower
31 Market Street
Sydney NSW 2000

Telephone: 02 9267 4633
Facsimile: 02 9267 4388