

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
	<u>Cents</u>	<u>Cents</u>	<u>Cents</u>
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.