

Morning Star Holdings (Australia) Limited

ABN 98 008 124 025

ASX / Media release

30 October 2009

Quarterly report to 30 September 2009 Highlights

ACQUISITION OF REALM RESOURCES LTD

As announced on 24th September 2009, Morning Star Holdings (Australia) Limited ("the Company") held a General Meeting of Shareholders and approved the acquisition of Realm Resources Ltd ("Realm"), a platinum focused resources company based in Perth, Western Australia. Approval of the transaction has prompted the Company to issue 34,775,652 ordinary fully paid shares to shareholders of Realm as part consideration for the acquisition of 100% of the total issued share capital of Realm, in accordance with the Realm Share Sale Agreement. The remaining consideration being the issue of a further 34,789,565 shares to Realm shareholders will occur upon settlement. The Company is focussing on satisfying the remaining conditions of the Realm Share Sale Agreement in order to complete settlement.

A separate progress report is being prepared and will be released shortly. The progress report will cover the South African regulatory requirements that need to be met in order to complete settlement.

ALUMICOR SA PTY LTD

Alumicor SA (**Alumicor**) treats aluminium dross for Hulamin Limited (**Hulamin**) and returns aluminium to Hulamin on an annually negotiated toll conversion fee basis.

Health and Safety

The disabling injury frequency rate (DIFFR) for the September quarter was 9.5, reducing from 14 for the previous quarter. Efforts are continuing to reduce injury occurrence and training is continually implemented and revised.

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Smelting and recovery performance comparison

Alumicor	Q4 2008	Q1 2009	Q2 2009	Q3 2009	% change Q3 2009 from Q2 2009
Tons smelted	3,168	3,695	4,280	3,639	(15%)
Average recovery %	51%	68%	64%	67%	4%

Operations

Plant throughput was 15% down on the prior quarter, this was due to the largest furnace, No. 3 being shut down for scheduled maintenance and refurbishment. During the quarter Hulamin increased its own plant throughput and are seeking to increase dross deliveries to Alumicor.

Financial

Revenues declined by 18% over the prior quarter due to the reduced dross throughput. Hulamin continues to carry certain input costs, which have resulted in a commensurate reduction of the tolling charge, while negotiations aimed at seeking a more acceptable longer term commercial agreement are continuing. Net income continues to be positive, however, it remains well below target. The cost per ton processed (average for the quarter) increased by 12% from Q2 2009, mainly caused by reduced dross throughput and increased repairs and maintenance charges.

Negotiations are continuing with Hulamin, however, efforts to finalise acceptable commercial arrangements are progressing slowly.

BUSINESS DEVELOPMENT

During the quarter business development activities have been focussed on:-

- Platinum – completing the administrative side of the acquisition, collecting all the existing geological data on the projects. To this end we have appointed experienced consulting geologists, who will also assist with the development of the infill exploration program and proving up the resources;
- Aluminium - Introducing site dedicated aluminium dross treatment plants to Australia and elsewhere. Negotiations with three Australian aluminium smelters continue. Logistics arrangements are underway to test their dross in Alumicor's facility in South Africa
- Sourcing additional, good quality resource sector assets;

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CORPORATE

Referring to the attached 4C, net operating cash inflows were \$99,000 for the quarter (outflow of \$354,000 in the prior quarter). There was a net increase in cash held of \$45,000 (net decrease of \$394,000 in the prior quarter).

Group cash position as at 30 September 2009 was \$6,498,000.

For further information please visit the Company's web site at www.msh.net.au or alternatively contact Richard Rossiter on 0418 688 338, or Theo Renard (FD) on 0430 205 889.

Yours sincerely



Richard Rossiter
Managing Director

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001, 24/10/2005.

Name of entity

Morning Star Holdings (Australia) Limited

ABN

98 008 124 025

Quarter ended ("current quarter")

30 September 2009

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (3 months) \$A'000
1.1	Receipts from customers	1,349	4,664
1.2	Payments for (a) staff costs	(382)	(1,194)
	(b) advertising and marketing		
	(c) research and development		
	(d) leased assets		
	(e) other working capital	(931)	(3,655)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	57	220
1.5	Interest and other costs of finance paid	(4)	(11)
1.6	Income taxes paid	10	10
1.7	Other (provide details if material)		
Net operating cash flows		99	34

+ See chapter 19 for defined terms.

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

	Current quarter \$A'000	Year to date (3 months) \$A'000
1.8 Net operating cash flows (carried forward)	99	34
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5)		
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets	(28)	(48)
(e) other non-current assets		
1.10 Proceeds from disposal of:		
(a) businesses (item 5)		
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets		
(e) other non-current assets		
1.11 Loans to other entities	(7)	(7)
1.12 Loans repaid by other entities		
1.13 Other (provide details if material)		
Net investing cash flows	(35)	(55)
1.14 Total operating and investing cash flows	64	(21)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.		
1.16 Proceeds from sale of forfeited shares		
1.17 Proceeds from borrowings		
1.18 Repayment of borrowings	(19)	(65)
1.19 Dividends paid		
1.20 Other (provide details if material)		
Net financing cash flows	(19)	(65)
Net increase (decrease) in cash held	45	(86)
1.21 Cash at beginning of quarter/year to date	6,459	6,583
1.22 Exchange rate adjustments to item 1.20	(6)	1
1.23 Cash at end of quarter	6,498	6,498

+ See chapter 19 for defined terms.

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

	Current quarter \$A'000
1.24 Aggregate amount of payments to the parties included in item 1.2	191
1.25 Aggregate amount of loans to the parties included in item 1.11	7

1.26 Explanation necessary for an understanding of the transactions

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

Financing facilities available

Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	98	98
3.2 Credit standby arrangements	Nil	Nil

+ See chapter 19 for defined terms.

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$A'000	Previous quarter \$A'000
4.1	Cash on hand and at bank	264	180
4.2	Deposits at call	5,610	5,860
4.3	Bank overdraft		
4.4	Other (provide details)	624	419
Total: cash at end of quarter (item 1.23)		6,498	6,459

Acquisitions and disposals of business entities

		Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1	Name of entity	N/A	N/A
5.2	Place of incorporation or registration		
5.3	Consideration for acquisition or disposal		
5.4	Total net assets		
5.5	Nature of business		

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does /does not* (~~delete one~~) give a true and fair view of the matters disclosed.

Sign here:

(Director/Company secretary)

Date: 30/10/2009

Print name: THEO RENALD

+ See chapter 19 for defined terms.

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.
 - 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
 - 9.2 - itemised disclosure relating to acquisitions
 - 9.4 - itemised disclosure relating to disposals
 - 12.1(a) - policy for classification of cash items
 - 12.3 - disclosure of restrictions on use of cash
 - 13.1 - comparative information
3. **Accounting Standards.** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

+ See chapter 19 for defined terms.