



MORNING STAR HOLDINGS (AUSTRALIA) LTD

ASX/Media Release

29 January 2010

Quarterly report to 31 December 2009

Key Points

- Realm Resources Limited acquisition
 - Phase 1 (49.9%) of the transaction completed. Regulatory approvals (Section 11 application) underway for completion of Phase 2 (50.1%)
 - Peter Harrison has been appointed as consulting geologist to compile, assess and update all past geological information (plans, sections, bore hole logs, etc.) to better to define the location of the PGM bearing UG2 horizon ahead of a more detailed exploration programme focussing on near surface resources.
- Alumicor Maritzburg (Pty) Limited
 - New interim commercial agreement and solid operating performance has resulted in improved profitability in the December 2009 Quarter
- Corporate
 - 49,990,000 shares issued for Phase 1 of the Realm Resources transaction. Total shares in issue at 161 million (this will increase to 211 million post completion of phase 2 of the transaction). Cash on hand of AUD 6,354,000

REALM RESOURCES LIMITED

Phase 1 of the Realm Resources Limited ("**Realm**") acquisition was completed in November 2009. With the lodgement of the Section 11 application in December, Phase 2 is underway, completion of which will see the acquisition of the remaining shares.

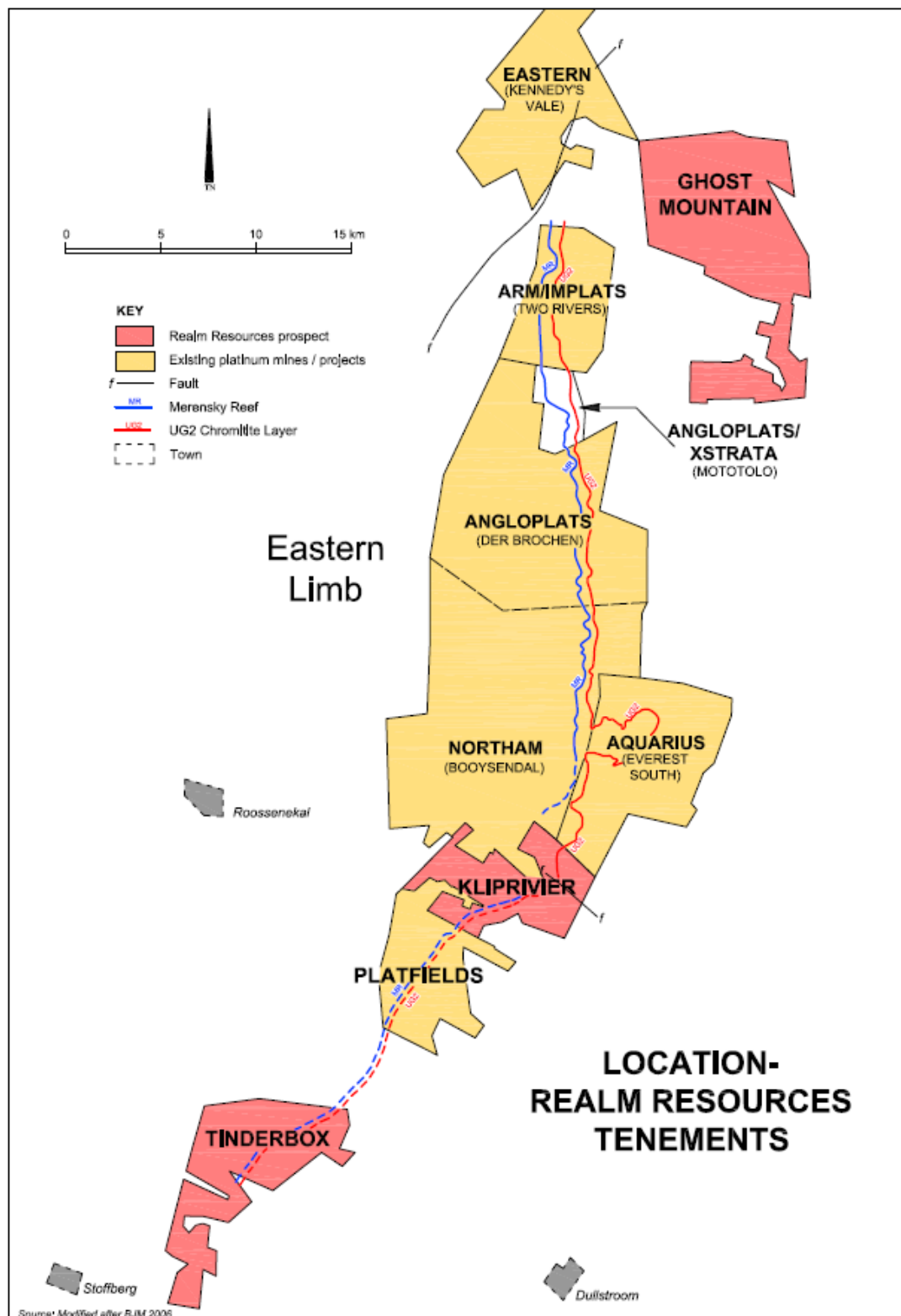
In October, Morning Star Holdings (Australia) Limited ("**MSH**") appointed Consulting Geologist (Peter Harrison MSc Pri.Sci.Nat.) to review and update all existing geological data on Kliprivier, and the following has been completed. Note; none of the activities listed below took the form of exploration work:

- All geological data has been re-examined and reinterpreted. Where required, further sampling has been performed on the bore core, geological maps and regional geological maps have been redrawn and the forecast position of the outcrop of the UG2 Chromitite Reef target has been redefined.
- An initial environmental due diligence and risk assessment has been completed
- The application for the Section 11 consent to transfer the ownership of the mineral rights was lodged with the Department of Minerals and Energy in December
- Preliminary planning and interviews for a full service geological consultant for phase 2 has been undertaken (drilling and resource estimation)

The outcomes of all this work are:

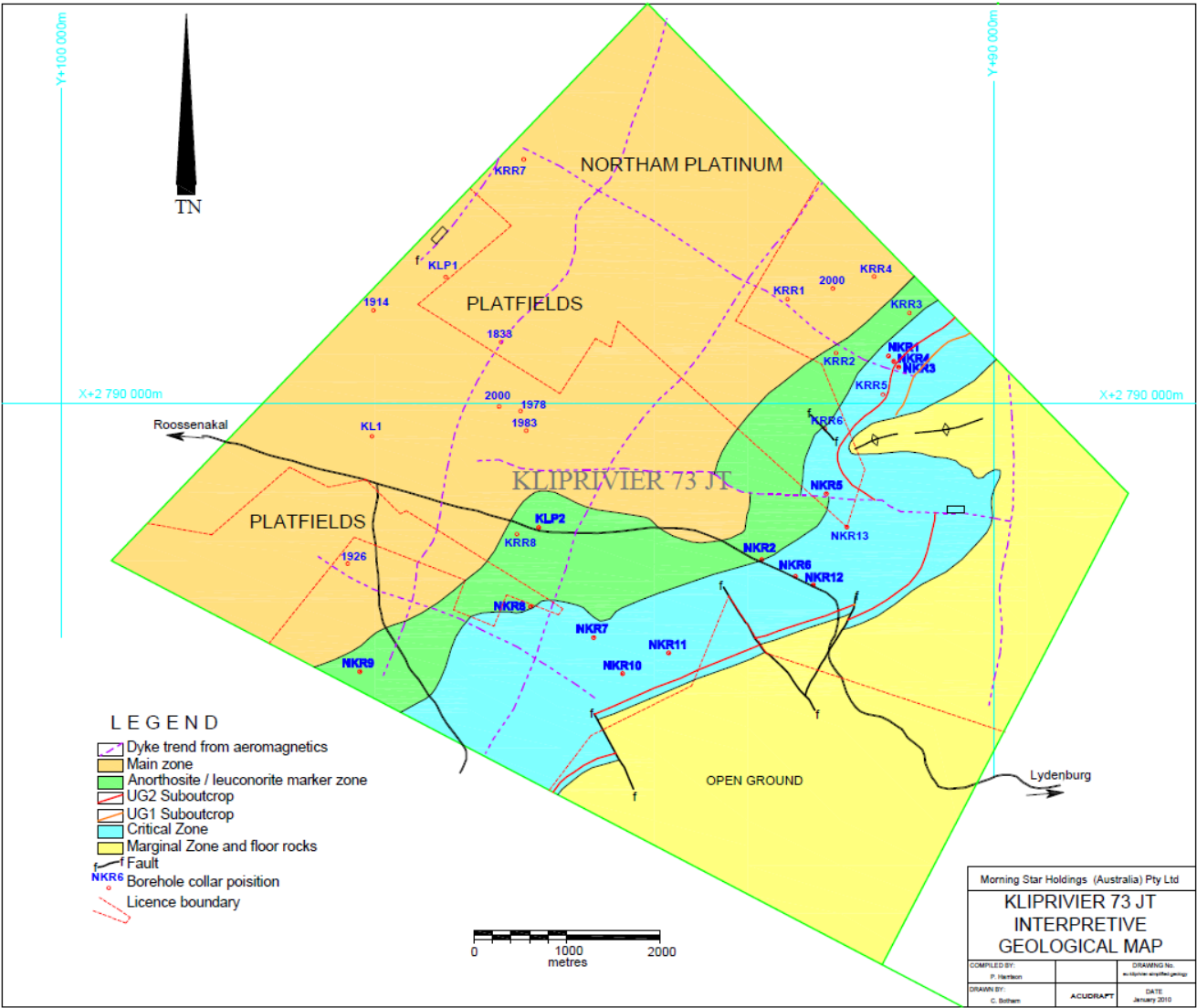
The regional geology of the area surrounding the Kliprivier project has been re-examined and redrawn. Management and consultants now have a better understanding of the geology of the Kliprivier Project and how this relates to the neighbouring projects, namely Northam's Booyseendaal Project and Aquarius' Everest South Mine situated on the northern border of the Kliprivier Project and the Platfield's Project that is situated immediately South of the Kliprivier Project.

Figure 1 Realm Resources' Tenements in relation to Northam's Booyendaal Project, Aquarius' Everest South Mine and the Platfield Project



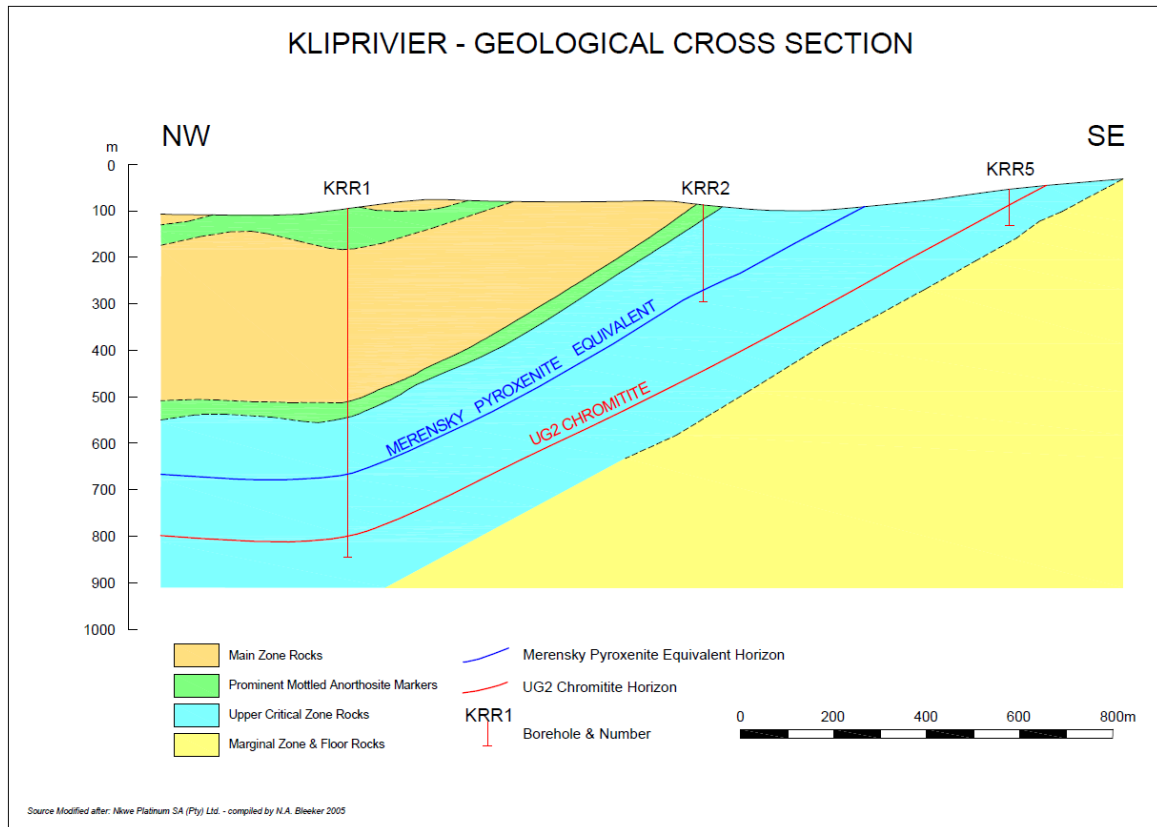
The geological plan of the Kliprivier Project has been redrawn and the location of the forecast UG2 Reef outcrop has been better defined.

Figure 2 Kliprivier Geological plan



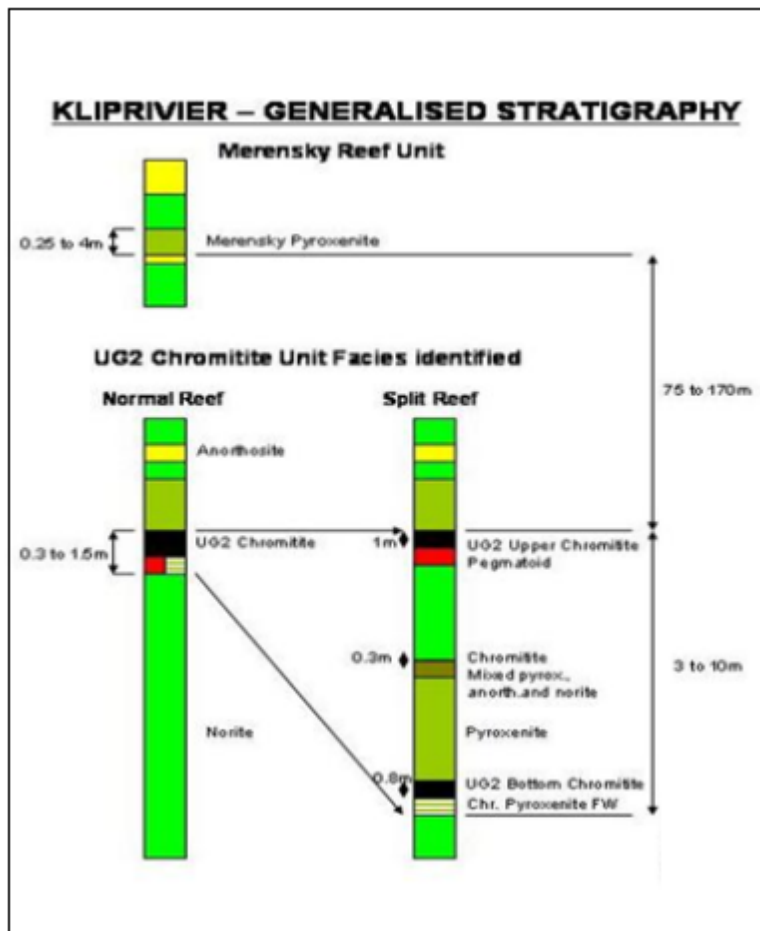
The location and structure of the UG2 Chromitite Reef is now better understood and cross-sections have been redrafted, enabling the near surface target zone to be better defined.

Figure 3 Kliprivier geological cross-section , Northernmost boreholes KRR1 - KRR5



In addition, examination of the bore cores has confirmed the presence of a the more typical single UG2 reef horizon as well as a wider reef or "split reef facies" where the UG2 mineralisation occurs in two horizons separated by 3 to 10 metres of host rock.

Figure 4 Kliprivier - Generalised stratigraphy



KLIPRIVIER WORK PROGRAMME NEXT STEPS

- Subject to regulatory approvals and consents; select and appoint a full service geological consultant to assist with the design and implement a drilling programme aimed at targeting shallow resources that are amenable to lower cost open pit or shallow underground mining
- Further sampling and preliminary resource and economic modelling
- The company is working with its advisors to finalise the details, timing and costs associated with the second, more capital intensive exploration and drilling phase of the programme. A preliminary budget and timeline has been drawn up and this information will be advised when it has been agreed with the company and its advisors.

ALUMICOR SA PTY LTD

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

Health and Safety

The disabling injury frequency rate (DIFR) for the December Quarter was 9.5, the same rate for the previous quarter. Efforts are continuing to reduce injury occurrence and training is continually implemented and revised.

Smelting and recovery performance comparison

Alumicor	Q1 2009	Q2 2009	Q3 2009	Q4 2009	% change Q3 2009
Tons smelted	3,695	4,280	3,639	3,977	9%
Average recovery %	68%	64%	67%	62%	(8)%

Operations

Plant operations continue to be stable. Plant throughput was 9% up on the prior quarter. During the quarter Hulammin increased its own plant throughput and is seeking to increase dross deliveries to Alumicor.

Financial

An interim commercial arrangement has been implemented with Hulammin. This together with a solid operating performance and cost controls has resulted in a positive net profit in the December Quarter of 2009. Negotiations continue to formalise the interim commercial arrangement.

An application to import aluminium dross into South Africa for testing is being prepared. Results from this testing will be used in tendering to process dross for Australian smelters.

BUSINESS DEVELOPMENT

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

- Platinum – completing the administrative side of the Realm Resources acquisition, collecting, re-examining and interpreting all the existing geological data on the projects;
- 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.

CORPORATE

Referring to the attached 4C schedule, net operating cash outflows were \$279,000 for the quarter (inflow \$99,000 in the prior quarter). There was a net decrease in cash held of \$136,000 (net increase of \$45,000 in the prior quarter).

Group cash position as at 31 December 2009 was \$6,354,000.

For further information please contact:

Richard Rossiter on 0418 688 338

Or Theo Renard (FD) on 0430 205 889.

Or visit the company's website www.msh.net.au

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")

31 December 2009

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (12 months) \$A'000
1.1	Receipts from customers	985	5,649
1.2	Payments for (a) staff costs	(427)	(1,621)
	(b) advertising and marketing		
	(c) research and development		
	(d) leased assets		
	(e) other working capital	(873)	(4,528)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	39	259
1.5	Interest and other costs of finance paid	(3)	(14)
1.6	Income taxes paid		10
1.7	Other (provide details if material)		
Net operating cash flows		(279)	(245)

+ 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 (12 months) \$A'000
1.8 Net operating cash flows (carried forward)	(279)	(245)
1.9 Cash flows related to investing activities		
Payment for acquisition of:		
(a) businesses (item 5)		
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets	(117)	(165)
(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	(27)	(34)
1.12 Loans repaid by other entities		
1.13 Other (provide details if material)	254	254
Net investing cash flows	110	55
1.14 Total operating and investing cash flows	(169)	(190)
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	49	49
1.18 Repayment of borrowings	(16)	(81)
1.19 Dividends paid		
1.20 Other (provide details if material)		
Net financing cash flows	33	(32)
Net increase (decrease) in cash held	(136)	(222)
1.21 Cash at beginning of quarter/year to date	6,498	6,583
1.22 Exchange rate adjustments to item 1.20	(8)	(7)
1.23 Cash at end of quarter	6,354	6,354

+ 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	316
1.25	Aggregate amount of loans to the parties included in item 1.11	34

1.26 Explanation necessary for an understanding of the transactions

1.13 \$254k in bank deposits acquired following acquisition of Realm Resources Limited

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

Acquisition of Realm Resources Limited during the quarter for 34,775,652 Morning Star Holdings (Australia) Limited shares.

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

N/A

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	79	79
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	128	264
4.2	Deposits at call	5,647	5,610
4.3	Bank overdraft		
4.4	Other (provide details)	579	624
Total: cash at end of quarter (item 1.23)		6,354	6,498

Acquisitions and disposals of business entities

		Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1	Name of entity	Realm Resources Limited	N/A
5.2	Place of incorporation or registration	Australia	
5.3	Consideration for acquisition or disposal	34,775,652 Morning Star Holdings (Australia) Limited shares issued as consideration	
5.4	Total net assets	\$208,234	
5.5	Nature of business	Holding Company	

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:  Date: 29 January 2010
 (Director/Company secretary)

Print name: Theo renard

+ 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.