

## APPENDIX 4E

### Preliminary final report

Year ended 31 December 2009

<b>PRELIMINARY RESULTS FOR ANNOUNCEMENT TO THE MARKET</b>
---

Lodged with the ASX under Listing Rule 4.3A

<b>Entity:</b>	<b>Morning Star Holdings (Australia) Limited</b>
<b>ABN:</b>	<b>98 008 124 025</b>
<b>Reporting Period</b>	<b>Year Ended 31 December 2009</b>
<b>Previous reporting Period</b>	<b>Year Ended 31 December 2008</b>

Revenue from ordinary activities	up	85%	to	<b>A\$</b> 5,623,973
Operating loss before tax	up	(129)%	to	(8,856,283)
Loss from ordinary activities after tax attributable to members	up	(139)%	to	(9,016,360)

<b>Earnings Per share</b>	31 December 2009	31 December 2008
	A\$	A\$
Basic earnings per share	(5.53)	(3.93)
Diluted earnings per share	(5.77)	(3.93)

<b>NTA Backing</b>	31 December 2009	31 December 2008
	A\$	A\$

Net tangible asset backing per ordinary share	0.044	0.065
---	-------	-------

Dividends	Amount per security	Franked amount per security
-----------	---------------------	-----------------------------

Interim dividend	N/A	N/A
------------------	-----	-----

Previous corresponding period	N/A	N/A
-------------------------------	-----	-----

Record date for determining entitlements to the dividends		N/A
---	--	-----

# Morning Star Holdings (Australia) Limited

## Year ended 31 December 2009

### Director's Report

Your directors submit their report for the year ended 31 December 2009.

### Directors

The names of the company directors in office during the financial year and until the date of this report are as below. Directors were in office for the entire period unless otherwise stated.

**Grant Button** - Chair and Non-executive Director

**Richard Rossiter** - Managing Director

**Theo Renard** - Executive Director and Company Secretary

**Dr Neale Fong** – Non Executive Director appointed on 10 December 2009

**Clive Sinclair-Poulton** - resigned as Non-executive Director on 10 December 2009

### Review of results and operations

Morning Star Holdings (Australia) Limited ("Morning Star" or "the Company") has recorded revenue from ordinary activities of A\$5,623,973 (A\$3,040,090 in 2008) and a net loss for the year ended 31 December 2009 of A\$9,016,360 versus a loss of A\$3,763,949 in 2008. The 2009 result was affected by:

- Morning Star's acquisition of 100% of Realm Resources Limited ("Realm"), 47.5% of Masedi Platinum (Proprietary) Limited ("Masedi") and 49.99 % of Nkwe Platinum (Scarlet) (Proprietary) Limited ("NPS") during October 2009. In line with current accounting standards the assets have been re-valued and an impairment of A\$7,901,075 has been taken on the Realm investment. An adjustment to the valuations of the investments in Masedi and NPS is still under consideration;
- Operational and financial performance improved at the operating subsidiary Alumicor SA Holdings (Pty) Ltd ("Alumicor"), resulting in a net profit of A\$597,345 (Loss of A\$917,771 in 2008)

### Platinum Group Metals

Morning Star Holdings (Australia) Ltd (**ASX code MSH, "the Company"**), has made significant progress with its strategy of expanding into quality resource sector projects and specifically into platinum group metals ("**PGM**") in 2009. Shareholder approval for the acquisition of Realm Resources Limited ("**Realm**") on 24<sup>th</sup> September 2009 exposes the Company to the robust South African platinum industry and specifically to three prospective tenements situated in Eastern Limb of the PGM bearing Bushveld Igneous Complex.

Stage 1 of the Realm acquisition was completed in November 2009. Stage 2, which will result in the acquisition of the remaining shares in Masedi and NPS, will follow Ministerial consent for the transfer of the assets (Section 11 application) to Realm. Management expects completion to occur in Q2 2010.

# Morning Star Holdings (Australia) Limited

## Year ended 31 December 2009

### Director's Report - continued

#### Focus on Kliprivier

The Company has decided to initially focus on progressing the Kliprivier prospect as it has the greatest potential for the discovery of economically viable mineralisation in the near term. The prospect, which is located on the Eastern Limb of the Bushveld Igneous Complex, is immediately south of Aquarius Platinum's Everest South mine and up dip of Northam's Booysendal project. Thirty boreholes have been drilled on the property since 1969 resulting in the definition of an inferred UG2 resource of 109.6 Mt @ 2.3 g/t (3PGE+Au) for 7.6 Moz (undiscounted or 6.46Moz applying a 15% discount factor) from surface over a 6 km strike length on the 3,300ha permitted share of Kliprivier. The potential of the other tenements, Ghost Mountain and Tinderbox, will also be assessed after the initial review of the priority target.

#### Low cost open pit mining approach

The Company will focus on the near surface UG2 Reef (less than 200m depth) which is amenable to lower cost open pit or shallow underground mining. The initial review of the data has indicated that the Kliprivier prospect might best be exploited via open pit methods with ore treated at a nearby low-cost plant. Additionally, the Company is exploring ways to enhance returns via the potential extraction and sale of by-product chromite.

The Company has consequently appointed Consulting Geologist (Peter Harrison MSc Pri.Sci.Nat.) to review and update all existing geological data on Kliprivier to ready the project for the next stage of exploration which will be aimed at defining an economic resource that can rapidly brought to account. The following work has been completed. Note: none of the activities listed below took the form of exploration work:

- All geological data has been collated, re-examined and reinterpreted. Selected boreholes have been re-logged to assist with the reinterpretation of geological sections and to better understand the distribution of the PGM mineralisation in and around the UG2 Reef horizon. Geological maps and sections have been redrawn and the forecast position of the outcrop of the UG2 Reef target has been refined.
- An initial environmental due diligence and risk assessment has been completed
- Interviews are underway to appoint a full service geological consultant to oversee the more detailed next phase of exploration.

The company is working with its advisors to finalise the details, timing and costs associated with the second, more capital intensive exploration and drilling stage 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.

#### Aluminium

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 (DIFR) for year has improved over the year to 9.5. Health and safety remains a key priority and training is continually implemented and revised.

# Morning Star Holdings (Australia) Limited

## Year ended 31 December 2009

### Director's Report - continued

#### Smelting and recovery performance comparison

Alumicor	Q4 2008	Q1 2009	Q2 2009	Q3 2009	Q4 2009
Tons smelted	3,168	3,695	4,280	3,639	3,977
Average recovery %	51%	68%	64%	67%	62%

### Operations

Plant operations showed a marked improvement in 2009. Following the improvement in global economic conditions Hualamin increased its own plant throughput and increased dross deliveries to Alumicor during 2009.

### Financial

An interim commercial arrangement has been implemented with Hualamin. This together with a solid operating performance and cost controls has resulted in a positive net profit of A\$597,345 for the financial year ending 2009 (loss of A\$917,771 in 2008). 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.

### Subsequent events

Nil.

### Corporate

During the year under review the following capital restructuring occurred:

	No. of shares
Ordinary Shares on issue at beginning of the year	104,707,809
Shares issued as consideration for Realm	34,775,652
Shares issued as consideration for Masedi and Nkwe Scarlet	15,214,348
Realm Share plan shares issued	6,500,000
Ordinary shares in issue at end of year	<u>161,197,809</u>

Agreed in accordance with a resolution of directors.



**Richard Rossiter**

**Managing Director**

**26 February 2010**

# Morning Star Holdings (Australia) Limited

## Year ended 31 December 2009

### **Competent Persons Statement**

*The information in this report which relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Allen Maynard, who is a Member of the Australian Institute of Geosciences ("AIG"), a Corporate Member of the Australasian Institute of Mining & Metallurgy ("AusIMM") and independent consultant to the Company. Mr Maynard is the principal of AI Maynard & Associates Pty Ltd and has over 30 years of exploration and mining experience in a variety of mineral deposit styles. Mr Maynard has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Maynard consents to inclusion in the report of the matters based on his information in the form and context in which it appears.*

### **Glossary**

PGM = Platinum Group Metals

UG2 = Upper Group 2 Chromitite Layer

3PGE+ Au = 3 platinum group metals (platinum, palladium and rhodium) plus gold

Mt – Millions of tons

Moz = Millions of ounces

# Morning Star Holdings (Australia) Limited

## Year ended 31 December 2009

### Consolidated Income statements

For the year ending 31 December 2009

	31 December 2009	31 December 2008
	A\$	A\$
<b>Revenue</b>		
Revenue from continuing operations	5,193,334	2,450,319
Interest Revenue	419,152	589,591
Other revenue	11,487	180
Total revenue	5,623,973	3,040,090
Other income		
Foreign exchange gain	-	52,508
Expenses		
Cost of goods sold	(3,409,359)	(2,179,659)
Finance Costs	(14,092)	(23,379)
Administration and corporate expenses	(2,367,342)	(1,406,126)
Share based payment expenses	(788,388)	(231,230)
Impairment expense	(7,901,075)	(3,115,967)
Total Expenses	(14,480,256)	(6,903,853)
<b>(loss)/profit before tax</b>	(8,856,283)	(3,863,763)
Income tax Benefit/(Expense)	(160,077)	73,371
<b>Profit after tax</b>	(9,016,360)	(3,790,392)
<b>Loss attributable to minority interest</b>	-	26,443
<b>Net (Loss)/profit attributable to members</b>	(9,016,360)	(3,763,949)
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	(5.53)	(3.93)
Diluted earnings per share	(5.77)	(3.93)

The income statement is to be read in conjunction with the notes to the financial statements set out in the notes to this report.

# Morning Star Holdings (Australia) Limited

## Year ended 31 December 2009

### Consolidated Balance sheets

As at 31 December 2009

	Note	31 December 2009 A\$	31 December 2008 A\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		6,353,631	6,583,519
Trade and other receivables		513,325	885,125
Inventories		14,885	103,820
Other current assets		43,925	38,431
<b>Total current assets</b>		<u>6,925,766</u>	<u>7,610,895</u>
<b>Non-current assets</b>			
Investment in associates		2,206,080	-
Property, plant and equipment		1,473,107	1,561,155
Deferred tax assets		155,331	141,245
<b>Total non-current assets</b>		<u>3,834,518</u>	<u>1,702,400</u>
<b>TOTAL ASSETS</b>		<u>10,760,284</u>	<u>9,313,295</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		566,615	1,041,065
Interest-bearing loans & Borrowings		64,105	99,062
<b>Total current liabilities</b>		<u>630,720</u>	<u>1,140,127</u>
<b>Non-current liabilities</b>			
Interest-bearing loans & borrowings		14,765	63,350
Deferred tax liabilities		76,931	39,898
<b>Total non-current liabilities</b>		<u>91,696</u>	<u>103,248</u>
<b>TOTAL LIABILITIES</b>		<u>722,416</u>	<u>1,243,375</u>
<b>NET ASSETS</b>		<u>10,037,868</u>	<u>8,069,920</u>
<b>EQUITY</b>			
<b>Equity attributable to equity holders of the parent</b>			
Contributed equity		20,821,894	10,022,465
Retained earnings		(11,054,085)	(2,093,255)
Reserves		270,059	140,710
<b>Parent interests</b>		<u>10,037,868</u>	<u>8,069,920</u>
<b>Minority interests</b>		-	-
<b>TOTAL EQUITY</b>		<u>10,037,868</u>	<u>8,069,920</u>

The balance sheet is to be read in conjunction with the notes to the financial statements set out in the notes to this report.

**Morning Star Holdings (Australia) Limited**  
**Year ended 31 December 2009**

**Statements of changes in equity**

**For the year ended 31 December 2009**

**Consolidated**

	<b>Issued share capital A\$</b>	<b>Retained income A\$</b>	<b>Reserves A\$</b>	<b>Total A\$</b>	<b>Minority interest A\$</b>	<b>Total equity A\$</b>
<b>Balance as at 1 January 2008</b>	7,584,787	1,640,094	30,600	9,255,481	-	9,255,481
Shares issued during the year	2,437,678			2,437,678		2,437,678
Share based payment compensation reserve transferred to retained income		30,600	(30,600)			
Share based payment compensation reserve			55,530	55,530		55,530
Minority interest acquired					26,443	26,443
Loss for the period		(3,763,949)		(3,763,949)	(26,443)	(3,790,392)
Foreign currency translation reserve			85,180	85,180		85,180
<b>Balance as at 31 December 2008</b>	10,022,465	(2,093,255)	140,710	8,069,920	-	8,069,920
Shares issued during the year	10,799,429			10,799,429		10,799,429
Reversal of option expense		55,530	(55,530)	-		-
Share based payment compensation reserve			193,439	193,439		193,439
Loss for the period		(9,016,360)		(9,016,360)		(9,016,360)
Foreign currency translation reserve			(8,560)	(8,560)		(8,560)
<b>Balance as at 31 December 2009</b>	20,821,894	(11,054,085)	270,059	10,037,868	-	10,037,868



# Morning Star Holdings (Australia) Limited

## Year ended 31 December 2009

### Cash flow statement

For the year ended 31 December 2009

	31 December 2009 A\$	31 December 2008 A\$
<b>Cash flows from operating activities</b>		
Receipts from customers	5,745,374	2,301,241
Payments to suppliers and employees	(6,287,842)	(3,124,905)
Interest received	270,588	511,717
Finance charges	(14,092)	(23,374)
Income tax payments	45,885	(6,578)
<b>Net cash flows (used in)/from operating activities</b>	<u>(240,087)</u>	<u>(341,899)</u>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(164,773)	(61,746)
Costs incurred on acquisition of subsidiary/investment	-	(290,267)
Acquisition of subsidiary/investment	253,644	(803,251)
<b>Net cash flows used in investing activities</b>	<u>88,871</u>	<u>(1,155,264)</u>
<b>Cash flows from financing activities</b>		
Loan granted	9,440	(1,182,466)
Payment of finance lease liabilities	(81,324)	(28,433)
<b>Net cash flows (used in)/from financing activities</b>	<u>(71,884)</u>	<u>(1,210,899)</u>
Net (decrease)/increase in cash and cash equivalents held	(223,100)	(2,708,062)
Net foreign exchange differences	(6,788)	(2,566)
Cash and cash equivalents at the beginning of period	6,583,519	9,294,147
<b>Cash and cash equivalents at end of period</b>	<u><u>6,353,631</u></u>	<u><u>6,583,519</u></u>

The cash flow statement is to be read in conjunction with the notes to the financial statements set out in the notes to the report.

# Morning Star Holdings (Australia) Limited

## Year ended 31 December 2009

### Cash flow statement reconciliation

	31 December 2009 A\$	31 December 2008 A\$
(a) Reconciliation of net profit after tax to net cash flows from operations		
Net (loss)/profit	(9,016,360)	(3,790,392)
<i>Adjustments for:</i>		
Depreciation	226,146	202,688
Impairment provision – African Dune loan	122,525	1,289,803
Impairment – investment in subsidiary		-
Impairment of goodwill	7,901,075	1,242,967
Impairment of fixed assets in subsidiary	-	571,263
Net loss/(gain) on foreign exchange	25,233	(55,121)
Share based payments expense	788,388	231,230
<i>Changes in assets and liabilities</i>		
(increase)/decrease in inventories	87,788	31,263
(increase)/decrease in trade and other receivables	195,791	(226,353)
(increase)/decrease in current tax assets	27,684	(6,576)
(increase)/decrease in deferred tax assets	(15,266)	(113,269)
(decrease)/increase in deferred tax liabilities	37,033	39,898
(decrease)/increase in trade and other payables	(692,750)	240,700
(decrease)/increase in current tax payable	72,626	-
Net cash from operating activities	<u>(240,087)</u>	<u>(341,899)</u>

# **Morning Star Holdings (Australia) Limited**

## **Year ended 31 December 2009**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**For the year ended 31 December 2009**

#### **1. Basis of preparation**

The financial report is a general purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial statements have been prepared on an accruals basis of historical cost.

The Company is a listed public company incorporated and domiciled in Australia, with operations in South Africa. The financial report is presented in Australian dollars.

#### **2. Summary of significant accounting policies**

These consolidated financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 December 2008, except for the adoption of amending standards mandatory for annual periods beginning on or after 1 January 2009.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 31 December 2008 and any public announcements made by Morning Star Holdings (Australia) Limited and its controlled entities during the year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

The accounting policies comply with Australian Accounting Standards and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

This financial report does not include full disclosure of the type normally included in an annual financial report.

**Morning Star Holdings (Australia) Limited**  
**Year ended 31 December 2009**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**For the year ended 31 December 2009**

**3. Profit before income tax expense**

Profit before income tax includes the following items of income and expense which together with other disclosures in this report are relevant in explaining the financial performance for the year:

	<b>31 December 2009</b> <b>A\$</b>	<b>31 December 2008</b> <b>A\$</b>
<b>(a) Amounts included in administrative expenses</b>		
Impairment of goodwill	7,901,075	1,242,967
Impairment provision loan	122,525	1,289,803
Impairment of fixed assets	-	583,197
Finance charges	14,092	23,374
Depreciation	42,157	44,403
<b>(b) Amounts included in other expenses</b>		
Wages and salaries	1,403,034	663,577
Administrative fine	-	129,716
<b>(c) Amount included in cost of sales</b>		
Depreciation	183,989	158,285

**4. Events subsequent to reporting date**

Nil.

**5. Share Capital**

**Issued and paid-up capital**

	<b>31 December 2009</b> <b>A\$</b>	<b>31 December 2008</b> <b>A\$</b>
161,197,809 (2008: 104,707,809) fully paid ordinary shares	<u>20,821,894</u>	<u>10,022,465</u>

Fully paid ordinary shares carry one vote per share and carry the rights to dividends.

	<b>31 December 2009</b> <b>A\$</b>	<b>31 December 2008</b> <b>A\$</b>
Movement in ordinary shares capital		
Balance at the beginning of the reporting period	10,022,465	7,584,787
Shares issued during the financial period	10,799,429	2,437,678
Balance at the end of the reporting period	<u>20,821,894</u>	<u>10,022,465</u>

**Morning Star Holdings (Australia) Limited**  
**Year ended 31 December 2009**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**For the year ended 31 December 2009**

**6. Retained earnings**

	31 December 2009 A\$	31 December 2008 A\$
Retained earnings at the beginning of the financial period	(2,093,255)	1,640,094
Reverse prior year option expense	55,530	30,600
Net (loss)/profit attributable to members	(9,016,360)	(3,763,949)
<b>Retained earnings at the end of the financial period</b>	<b>(11,054,085)</b>	<b>(2,093,255)</b>

**7. Business combination**

**Acquisition of Realm Resources Limited**

On 16 October 2009 Morning Star Holdings (Australia) Limited acquired 100% of the voting shares of Realm Resources Limited, an unlisted limited company based in Australia.

The total cost of the combination was A\$7,998,400 and comprised an issue of equity instruments. The Group issued 34,775,652 ordinary shares with a market value of A\$0.23.

The fair value of the identifiable assets and liabilities of Realm Resources Limited as at the date of acquisition were:

	Consolidated Recognised on acquisition A\$	Carrying value A\$
Cash and cash equivalents	253,644	253,644
Trade Receivables	6,685	6,685
Investment	100,000	-
	<u>360,329</u>	<u>260,329</u>
Trade payables	158,004	158,004
Share holder loan	5,000	5,000
	<u>163,004</u>	<u>163,004</u>
Fair value identifiable net assets	<u>97,325</u>	
100% purchased	97,325	
Goodwill arising on acquisition	<u>7,901,075</u>	
	<u>7,998,400</u>	
Cost of the combination:		
Shares issued, at market value	<u>7,998,400</u>	
Total cost of the combination	<u>7,998,400</u>	

## Morning Star Holdings (Australia) Limited

### Year ended 31 December 2009

The cash outflow on acquisition is as follows:

Net cash acquired with the subsidiary	253,644
Cash paid	-
Net consolidated inflow	<u>253,644</u>

#### 8. Significant features of operating performance

See Director's report.

#### 9. Segment Information

The group holds platinum resource tenements and operates in the aluminium dross refining business in South Africa

#### 10. Compliance statement

This report is based on financial statements that are in the process of being audited. It is anticipated that the full year financial statements will be available by 31 March 2009.