



## MORNING STAR HOLDINGS (AUSTRALIA) LTD

ASX/Media Release

29 April 2010

### Quarterly report to 31 March 2010

#### Key Points

- Platinum - Morning Star has appointed the MSA Group to compile a comprehensive database and manage the drilling programmes at its priority Kliprivier platinum project in South Africa
- Profitability has been maintained at Alumicor following a steady operating performance
- Phase 2 of the Realm Resources acquisition is underway with, the Section 11 application progressing through the South African regulatory system
- Cash on hand of AUD 6,049,000

#### **REALM RESOURCES LIMITED**

Morning Star Holdings (Australia) Ltd ("**Morning Star**") has appointed the MSA Group (geological consultants) to oversee a limited scale drilling program to better define the near surface resource potential at its priority Kliprivier platinum project on the Eastern Limb of the Bushveld Igneous Complex, South Africa.

In addition, the MSA Group is compiling a database consisting of all the previous geological and sampling information to assist with the design of a more detailed follow up drilling program to upgrade the near surface resource potential and to conduct preliminary mine planning and economic modelling for the potential development of an open pit operation along strike of the UG2 horizon.

During the quarter Morning Star's consulting geologists and environmental consultants performed site visits in order to position the planned boreholes for maximum effect and to minimise any environmental impact that may eventuate from the drilling.

## 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 March Quarter has improved to 8.4 (9.5 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<br>2009 | Q2<br>2009 | Q3<br>2009 | Q4<br>2009 | Q1<br>2010 | % change<br>Q4 2009 |
|-----------------------|------------|------------|------------|------------|------------|---------------------|
| Tons smelted          | 3,695      | 4,280      | 3,639      | 3,977      | 3,823      | (4%)                |
| Average<br>recovery % | 68%        | 64%        | 67%        | 62%        | 61%        | (1)%                |

### Operations

Plant operations continue to be stable. Plant throughput was 4% down on the prior quarter, primarily due to furnace 3 undergoing essential repairs and maintenance.

### Financial

A solid operating performance and cost controls has resulted in a positive net profit in the March Quarter of 2010. An application to increase the throughput limit for the plant has been lodged with the environmental authorities, the increase will enable the plant to process the anticipated increase of dross tonnages from Hulammin.

## CORPORATE

Referring to the attached 4C schedule, net operating cash outflows were \$258,000 for the quarter (outflow of \$279,000 in the prior quarter), contributing to these outflows was; expenditure on the Kliprivier project and one-off essential repairs on furnace three at Alumicor. There was a net decrease in cash held of \$292,000 (net decrease of \$136,000 in the prior quarter).

Group cash position as at 31 March 2010 was \$6,049,000.

## ABOUT MORNING STAR

Morning Star's strategy is to create shareholder value through exploration and development of quality metal and minerals sector projects. The Company's core focus is on platinum group metals (PGM) in South Africa. The recent acquisition of three tenements on the Eastern Limb of the Bushveld Igneous Complex in South Africa, provides the Company with an inferred resource of 7.6 Moz of PGMs and an opportunity to assess the development potential of an open pit operation along 6 km of near surface outcrop of the UG2 reef horizon

on one of the tenements. In addition, the Company has an aluminium dross treatment plant located in Pietermaritzburg, South Africa.

## **ABOUT KLIPRIVIER PROJECT**

The Board of Morning Star have decided to focus the Company's attention on developing the Kliprivier project as it has the greatest potential for the discovery of economically viable mineralisation in the near term. The focus is being directed at near surface UG2 reef (<200m) which is anticipated to be amenable to lower cost open pit or shallow underground mining. Previous exploration work on the Kliprivier project has been carried out by at least five companies since 1969 with 30 boreholes drilled, some to in excess of 1,000m deep. An inferred UG2 resource of 109.6 Mt @ 2.3 g/t (3PGE+Au) containing 7.6 Moz 3PGE+Au (undiscounted) or 6.46Moz applying a 15% discount factor from surface over a 6km strike length on the 3,300ha permitted share of Kliprivier has been defined (based on information compiled by Mr Allen Maynard – Member of the Australasian Institute of Mining and Metallurgy (AusIMM) and the Australian Institute of Geoscientists (AIG). In addition, there is a lower chromite band with an estimated potential of 4.0 to 4.5Moz of target PGM mineralisation (Source Nkwe – Annual Financial Statements 2008). This target mineralisation is conceptual in nature and future exploration may or may not define this in whole or in part.

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](http://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 March 2010

### Consolidated statement of cash flows

| Cash flows related to operating activities |   | Current quarter<br>\$A'000 | Year to date<br>( 3 months)<br>\$A'000 |
|--|---|----------------------------|--|
| 1.1  | Receipts from customers                               | 1,152                      | 1,152                                  |
| 1.2  | Payments for (a) staff costs                          | (443)                      | (443)                                  |
|  | (b) advertising and marketing                         |                            |  |
|  | (c) research and development                          |                            |  |
|  | (d) leased assets                                     |                            |  |
|  | (e) other working capital                             | (913)                      | (913)                                  |
| 1.3  | Dividends received                                    |                            |  |
| 1.4  | Interest and other items of a similar nature received | 54                         | 54                                     |
| 1.5  | Interest and other costs of finance paid              | (3)                        | (3)                                    |
| 1.6  | Income taxes paid                                     | (105)                      | (105)                                  |
| 1.7  | Other (provide details if material)                   |                            |  |
| <b>Net operating cash flows</b>            |   | <b>(258)</b>               | <b>(258)</b>                           |

+ See chapter 19 for defined terms.

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

|  | Current quarter<br>\$A'000 | Year to date<br>(3 months)<br>\$A'000 |
|--|----------------------------|---------------------------------------|
| 1.8 Net operating cash flows (carried forward)       | (258)                      | (258)                                 |
| <b>Cash flows related to investing activities</b>    |                            |                                       |
| 1.9 Payment for acquisition of:                      |                            |                                       |
| (a) businesses (item 5)                              |                            |                                       |
| (b) equity investments                               |                            |                                       |
| (c) intellectual property                            |                            |                                       |
| (d) physical non-current assets                      | (18)                       | (18)                                  |
| (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                         |                            |                                       |
| 1.12 Loans repaid by other entities                  |                            |                                       |
| 1.13 Other (provide details if material)             |                            |                                       |
| <b>Net investing cash flows</b>                      | (18)                       | (18)                                  |
| <b>1.14 Total operating and investing cash flows</b> | (276)                      | (276)                                 |
| <b>Cash flows related to financing activities</b>    |                            |                                       |
| 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                         | (16)                       | (16)                                  |
| 1.19 Dividends paid                                  |                            |                                       |
| 1.20 Other (provide details if material)             |                            |                                       |
| <b>Net financing cash flows</b>                      | (16)                       | (16)                                  |
| <b>Net increase (decrease) in cash held</b>          | (292)                      | (292)                                 |
| 1.21 Cash at beginning of quarter/year to date       | 6,354                      | 6,354                                 |
| 1.22 Exchange rate adjustments to item 1.20          | (13)                       | (13)                                  |
| <b>1.23 Cash at end of quarter</b>                   | 6,049                      | 6,049                                 |

+ 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<br>\$A'000 |
|------|--|----------------------------|
| 1.24 | Aggregate amount of payments to the parties included in item 1.2 | 258                        |
| 1.25 | Aggregate amount of loans to the parties included in item 1.11   |                            |
| 1.26 | Explanation necessary for an understanding of the transactions   |                            |
|      | N/A  |                            |

## 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

|     |
|-----|
| N/A |
|-----|

- 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<br>\$A'000 | Amount used<br>\$A'000 |
|---------------------------------|-----------------------------|------------------------|
| 3.1 Loan facilities             | 61                          | 61                     |
| 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<br>\$A'000 | Previous quarter<br>\$A'000 |
|---|--------------------------|----------------------------|-----------------------------|
| 4.1   | Cash on hand and at bank | 78                         | 128                         |
| 4.2   | Deposits at call         | 5,410                      | 5,647                       |
| 4.3   | Bank overdraft           |                            |                             |
| 4.4   | Other (provide details)  | 561                        | 579                         |
| <b>Total: cash at end of quarter (item 1.23)</b>  |                          | <b>6,049</b>               | <b>6,354</b>                |

## Acquisitions and disposals of business entities

|     | Acquisitions<br>(Item 1.9(a))             | Disposals<br>(Item 1.10(a)) |
|-----|---|-----------------------------|
| 5.1 | Name of entity                            | 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:  Date: 29 April 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.

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