

Morning Star Holdings (Australia) Limited

ABN 98 008 124 025

6 August 2007

Company Announcement Office
Australia Stock Exchange Limited
Exchange Centre
Level 4, 20 Bridge Street
SYDNEY NSW 2000

Dear Sir / Ms

Re: Placement

The Company is pleased to advise that it has executed a Placement Agreement with a group of a strategic investor(s) to issue 17,000,000 shares at an issue price of \$0.06 ("the Placement") to raise \$1,020,000. The Placement is being conducted under the Company's 15% limit as allowed under the Listing Rules and therefore does not require shareholder approval.

The investor(s) will subscribe personally or cause subscriptions for the amount of the Placement. Completion of the Placement is expected on 10 August 2007.

The issue price is a 22% premium to Net Tangible Assets and approximately a 20% discount to the last 20 day average closing price of the Company's shares.

The strategic investor(s) subscribing to the Placement have been part of a team responsible for the re-vitalisation of a number of companies listed on the ASX. The Company sees the introduction of this strategic investor(s) onto the Company's register as a means of assisting in the introduction of potential acquisition opportunities in the future.

If you have any queries please contact Dean Gallegos on 0416 220 007.

Yours sincerely



Dean L Gallegos
Chairman