

Morning Star Gold NL
Suite 101, Jones Bay Wharf
26-32 Pirrama Road
Pyrmont NSW 2009

T 02 8569 7488
F 02 8569 7499
info@msgold.com.au
www.msgold.com.au


morningstar
mining a golden future

31st Oct 2010

QUARTERLY ACTIVITIES REPORT FOR PERIOD ENDING 30th SEP 2010



REPORTED DURING THE PAST QUARTER...

CONSTRUCTION OF ONSITE GRAVITY PROCESSING PLANT (GPP)

- DPIV & Mansfield Shire Approve Onsite Gravity Processing Plant (GPP)
- Concrete pours of mill footing slabs commenced in late July 2010
- Gekko built GPP will be constructed & commissioned over Q3 2010
- Onsite ore stockpile is available for initial processing / mill feed
- Four ore sources are being developed currently at ~150m - 280m depth
- Maxwell reef is available to be stoped along 41m high grade zone
- Underground tailings storage facility (TSF) is approved as part of milling work plan

DIAMOND DRILLING UPDATE AT ALL NATIONS PROSPECT

- Five diamond drill holes completed in 7-hole initial program
- Drill Hole AN-05 intercepts 13 metre fault zone at 185m depth
- Further drilling planned to test ore zones encountered in AN-05

OTHER UNREPORTED HIGHLIGHTS as at 30th Sept 2010

- All Nations – 8 drill holes completed to complete Stage 1 of program
- All Nations assays due back soon after
- Rose of Denmark – development of main adit reaches 125 metres from portal
- Visible Gold found in historic stoping off Rose of Denmark redevelopment adit
- Main haulage winder of Morning Star shaft completely reconditioned
- Mine site power upgrading program commenced
- GPP construction by Gekkos progressing well – final construction stages
- Heavy rains & snowfalls across tenements cause small delays in infrastructure upgrades



MCO's onsite Gravity Processing Plant (GPP) under construction during the Sept. Quarter 2010



ASX RELEASE

Morning Star Gold NL

Suite 101, Jones Bay Wharf
26-32 Pirrama Road
Pyrmont NSW 2009

T 02 8569 7488**F** 02 8569 7499

info@msgold.com.au

www.msgold.com.au



MORNING STAR MINE

Project Management Overview over the Sept. 2010 Quarter

- Mill construction – final trim of slab foundation / set-out of slab / formwork & concrete pours.
- Water filtration – Review various proposals on As. cleansing options
- Mine Waste disposal – site selection / native veg. assessment / preliminary designs of various sites
- DPIV & other Govt. authorities engaged in presentations on future mine planning
- Mine Planning – electrical usage review, optimisation reviews
- Production and development planning. Ventilation review and implementation
- Tailings Storage (TSF) - Preliminary geotech investigations (clay tests). Review sites & concept plans
- Building approvals – septic / planning / structural approvals for proposed accommodation.
- Mill – set out pedestals and concrete pours, oversee installation of plant components
- Backfill – review proposed systems for paste-fill plant
- Arsenic remediation – review final tenders and project inception
- Fuel farm design and preliminary implementation
- Metallurgy – sale discussions of concentrates to various bidders
- TSF – Site surveys, meeting with landowners, dam design, volume calculations prepare DPIV plans
- Fuel farm installation at Morning Star mine site

Gravity Mill Construction

The construction of the onsite gravity processing plant (GPP) was due to be completed shortly after the end of the Sept. Quarter. Morning Star Gold is compiling a list of completion requirements to Gekkos in October 2010. The power supply will be connected in October and the back end centrifuge over November. A full update of the construction and milling operations is set for November 2010.

Tailings Disposal – Underground

Work on implementation of the Coffey Mining designed paste-fill back end centrifuge was commenced late in the Sept. Quarter.

Mine Planning

Work for the Sept. Quarter focused on production scheduling, underground drilling, waste disposal planning and haulage upgrade planning.

A plan for underground resource delineation drilling at the Morning Star was submitted to the board and approved with drilling to commence in October. The drilling will target areas adjacent to the planned underground mining and is planned to add to the tonnage available and assist in the design of the development and stopes in the first 2 years of production.

The preliminary development and production plan aims for the establishment of 4 - 5 ore sources to be made available from 3 separate levels. Additionally a review and re-design of the mine haulage and tipping system has commenced to streamline ore flow to the surface and to the GPP.

As reported above, the initial stage of this upgrade has involved the complete reconditioning of the existing winder in the main shaft including new ropes, sheave wheel and bearings and the addition of a new secondary braking system. Stage two will be announced shortly and together with the works completed in the Sept. Quarter, is expected to significantly aid haulage rates at the Morning Star mine to cater for our milling operations and future expansion.

The full haulage review is expected to be completed early in 2011.

A significant amount of planning and implementation was commenced during the Sept. Quarter on tailings storage both in mine (paste-fill) and at local surface sites. The Board is looking over a wide ranging plan by expert consultants, covering the overall feasibility of a range of sites - fully costed over the next 10-15 years.

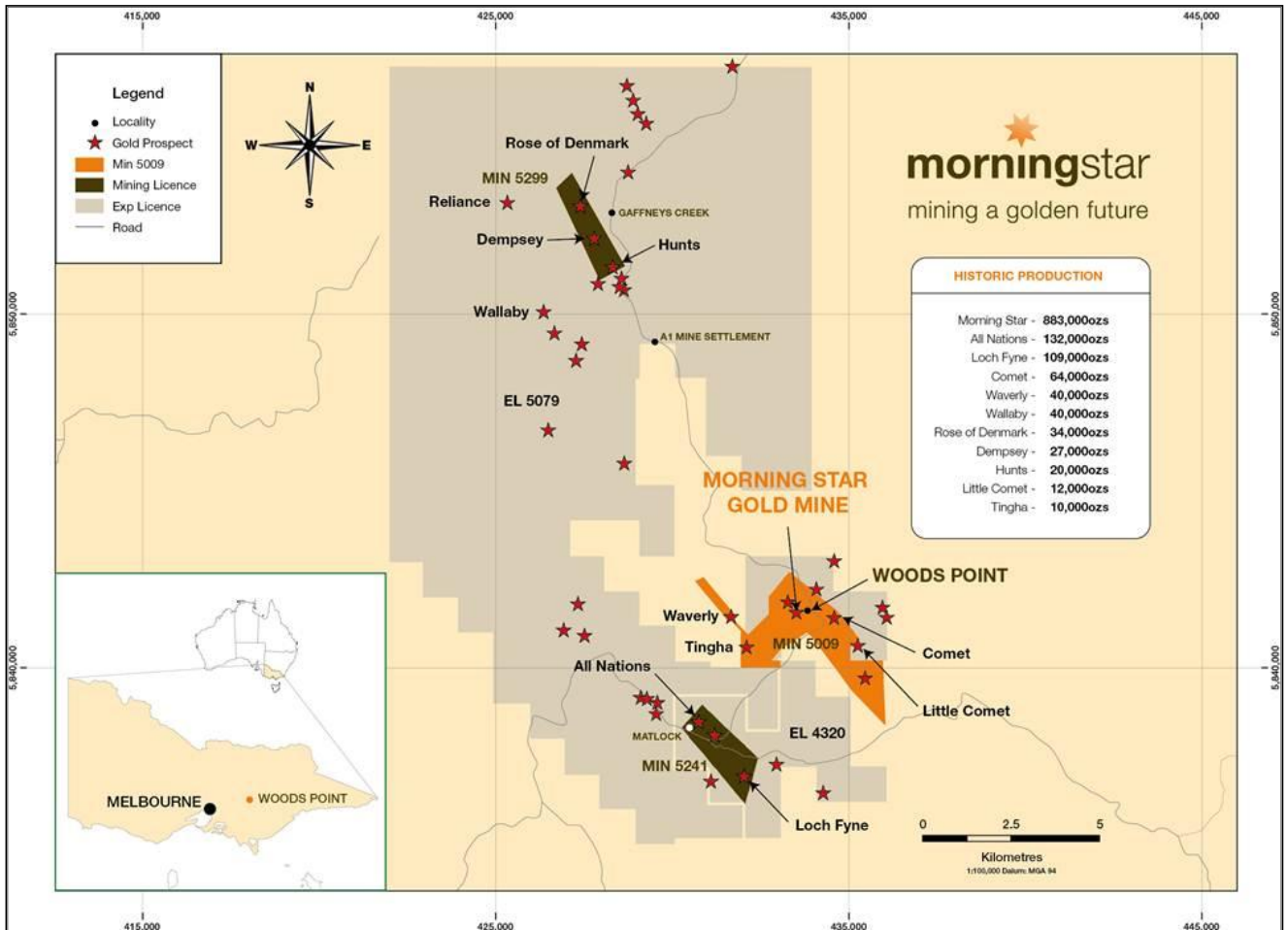
Electrical Upgrades

Significant improvements and upgrading of the mine site wide electrical system commenced during the Sept. Quarter with an experienced underground electrical contractor, Compliance Electrical, being appointed to oversee all supply and implementation moving forwards.

Compliance Electrical will now manage the entire mine site electrical system and implement any upgrades needed to ensure the smooth running of both the underground and mill power supply needs. This is a wide ranging and long term appointment and the focus is on power upgrading to sustain the project well into the future ranging from the in-mine power supply at the Morning Star mine to regional prospects and the connection with the overall grid.

ASX RELEASE

Regional Exploration Program



Morning Star Gold Tenement Plan (updated for Sept. Quarter 2010)

Exploration work for the quarter focused on drilling at the All Nations prospect preparation of the 2010 annual report to the Department of Primary Industries, devising and submitting exploration licence work plans for the coming exploration season (spring and summer 2010) and the preparation for drilling at the All Nations prospect, which commenced as reported on 16th June 2010 (see release below).

A particularly wet and inhospitable winter has prevented further ground work regionally but planning is continuing for the oncoming warmer months focusing on EL 5079 (Reliance, Wallaby & The Transit of Venus workings), MIN 5241 (Loch Fyne & All Nations) and MIN 5299 (Hunts and Rose of Denmark).

ASX RELEASE



Morning Star Gold NL
Suite 101, Jones Bay Wharf
26-32 Pirrama Road
Pymont NSW 2009

T 02 8569 7488
F 02 8569 7499
info@msgold.com.au
www.msgold.com.au

**** As reported over the Sept. Quarter 2010**

Background

Morning Star Gold (MCO) is delighted to announce that broad ranging regulatory approvals have been gained in relation to the situation and operation of its onsite gravity processing plant (GPP) at Woods Point in Victoria. The approvals relate to MCO's 100% owned Mining Licence 5009 which is one of five company licences located approximately 120kms northeast of Melbourne.

Various approvals have been gained from the Victorian Government (DPIV/Earth & Resources Division), Shire of Mansfield and EPA etc., in relation to construction of and use of the brand new tailor-made facility for the Morning Star mine site.

MCO commissioned Gekko Systems of Ballarat Victoria to construct and refabricate the GPP onsite at the Morning Star Gold Mine. Gekko are considered experts in the field of gravity gold processing facilities.

The GPP is modular in design in order to cater for any future expansion and ease of transport. It is initially designed to process ore at the rate of 10 tonnes per hour. Morning Star aims to build up throughput gradually and process up to 80,000 tonnes per annum targeting grades between 10 and 15 grams per tonne. 100 years of gold production at the Morning Star mine was thought to average grades of 24.5 grams per tonne excluding tailings. 883,000 ounces of gold were produced at the mine.

Recovery of Gold via the onsite 'GPP'

The design and implementation of the GPP is aimed at onsite gravity recovery only. There will be no secondary processing using chemicals onsite.

MCO is buoyed that various independent testwork on metallurgy has indicated in order of 80-90% of the gold will be free milling and able to be smelted onsite into gold 'dore' bars. Beyond the primary gravity recovery stage, the overriding balance of the gold will be contained in a lower grade concentrate to be on-sold for further processing away from Woods Point.



ASX RELEASE



Morning Star Gold NL
Suite 101, Jones Bay Wharf
26-32 Pirrama Road
Pyrmont NSW 2009

T 02 8569 7488
F 02 8569 7499
info@msgold.com.au
www.msgold.com.au

Tailings Storage Facilities (TSF)

An underground tailings storage facility (TSF) is approved by DPIV as part of the Milling plan on MIN 5009. Present designs allow TSF in vacant stopes with capacity for at least 2 years use at full milling operations. Underground TSF in the area is a very elegant environmental solution but more costly than surface storage. MCO has developed and is implementing various other TSF planning procedures to ensure long term operation of the GPP and efficient and economical operations at surface.



Concrete Pours at the Morning Star GPP in the Sept 2010 Quarter

WOODS POINT
150
YEARS OF GOLD

ASX RELEASE



Morning Star Gold NL
Suite 101, Jones Bay Wharf
26-32 Pirrama Road
Pyrmont NSW 2009

T 02 8569 7488
F 02 8569 7499
info@msgold.com.au
www.msgold.com.au

DIAMOND DRILLING UPDATE AT ALL NATIONS PROSPECT

To date Morning Star Gold NL (MCO) has completed 5 diamond drill holes from surface at its All Nations prospect which is located at Matlock, Victoria approximately 4 km from MCO's Morning Star mine. The All Nations mine produced 132,000ozs of gold historically.

Drillholes AN-01 and AN-02 were drilled to test the lateral and vertical extent of the historic Lawson reef which is a quartz vein system inside the sedimentary host rock (typically siltstone and sandstone). Both holes were drilled along the same azimuth but at different dips so the dip and continuity of the Lawson reef can be determined (see Table 1 below).

AN-01 and AN-02 determined at that position that the Lawson reef consists of a number of thin laminated quartz veins interspersed in the sedimentary host rock over a 5 - 7 metre wide zone. The quartz veins in the two Lawson reef zones ranged in thickness of between 5 and 150mm.

MCO is awaiting assay results from the sampling of quartz veins contained in core gained from holes AN-01 and AN-02 in the Lawson reef zone.

AN-03 was drilled to test the depth potential of the May Moon dyke, which was one of the main ore sources historically for the All Nations mine. A number of fault zones were found in core of AN-03. MCO believes this faulting may have truncated the May Moon dyke at this position or even that there's a possibility the historical positioning of the dyke is incorrect. As a result, AN-06 is currently being drilled to test the dyke underneath the main All Nations workings further to the north-west to again test the potential of the May Moon dyke (see plan below).

AN-04 was terminated 55 metres down hole due to poor ground conditions. No ore zones or dyke were encountered in this hole at that point.

Hole-ID	Northing (MGA)	Easting (MGA)	RL	Depth	Azimuth (True)	Dip
AN-01	5,838,323	431,086	1,038	113.9	44°	-41°
AN-02	5,838,323	431,086	1,038	152.5	48°	-75°
AN-03	5,838,301	431,099	1,039	152.1	316°	-56°
AN-04	5,838,317	431,091	1,039	55.6	356°	-57°
AN-05	5,838,310	431,140	1,037	224	202°	-65°

Table 1: Drillhole Location

AN-05 was positioned to drill back under the main workings of the All Nations mine and to intercept the 3 main ore zones (May Moon dyke, Prince of Wales reef and All Nations reef) at a depth below known workings. Altered mafic dyke material has been logged in core at 121 and 135 metres down hole in AN-05 (1.8 and 1.3 metres in length respectively).

In addition to the altered dyke, a fault zone measuring 13 metres in length has been logged at 205 metres downhole (a depth of 185 metres from surface). The discovery of this fault zone is very encouraging as it is made up of fault pug (the historical source of most of the All Nations gold) and sheared quartz veins for the whole 13 metre length of the intersection.

Due to the local surface terrain, drillhole AN-05 was drilled sub-parallel to the 3 ore zones and further drilling will be needed to estimate the true widths of the AN-05 intersections.

MCO expects logging and sampling of AN-05 to be completed next week and results and true width intersections will be released once they are available. AN-07 will be drilled shortly to test under the historic open cut at the site and replicate AN-05 along strike of the 3 known ore zones.

Update on Drilling at the All Nations Prospect (post Sept. Quarter)

Key Points:

- Stage 1 of Diamond Drilling has concluded on MIN 5241 at the All Nations
- All Nations produced ~132,000ozs at close to an ounce per tonne
- Eight holes drilled to intersect four known auriferous reefs
- MIN 5241 exploration & development being funded by Chinese JV partner

Morning Star Gold (MCO) has concluded an eight hole diamond-drilling program at its All Nations prospect at Matlock, Victoria. The drill site is located four kilometres southwest of MCO's Woods Point hub and the Morning Star mine.

The All Nations mine comprises an historic gold production centre active in the mid-late 1800's.

The All Nations is known to have produced at least 132,000 ounces of gold at recorded grades around 28 grams per tonne. The gold was won at the All Nations from at least four separate ore bodies containing quartz reefs in close proximity to each other. Mining was underground and included an open cut pit, which is accessible today.



Morning Star Gold NL
Suite 101, Jones Bay Wharf
26-32 Pirrama Road
Pymont NSW 2009

T 02 8569 7488
F 02 8569 7499
info@msgold.com.au
www.msgold.com.au

The historic workings at the All Nations are mostly shallow and predominantly located above the water table with the deepest workings being 90 metres below the surface and the main workings being only 60 metres deep. In light of this it's recognised that gold won per vertical metre at All Nations was at least equal to that of the Morning Star mine.

The All Nations drilling program was designed to test the continuation and depth potential of all the reefs below the water table. Progress and drill results will be released as they come to hand and are interpreted.

Results have been returned for the first batch of samples from holes AN-04 and AN-05. Samples from fault pugs in both holes came back with no discernable gold being detected and the best result being 0.05g/t Au (AN-04 217.3 – 217.6 metres). The All Nations prospect is a complex set of ore bodies and we are still in the process of understanding the geology beneath the old ore lodes. Further modelling is planned before embarking on Stage 2 of the drilling program.

Results of the balance of the sampling will be released once they have been received and interpreted by MCO.

Hole-ID	Northing (MGA)	Easting (MGA)	RL	Depth	Azimuth (True)	Dip
ALN-01	5,838,323	431,086	1,038	113.9	44°	-41°
ALN-02	5,838,323	431,086	1,038	152.5	48°	-75°
ALN-03	5,838,323	431,086	1,038	152.1	293°	-56°
ALN-04	5,838,290	431,140	1,042	55.6	071°	-56°
ALN-05	5,838,290	431,140	1,042	224.1	200°	-65°
ALN-06	5,838,344	430,932	1,067	137.6	348°	-65°
ALN-07	5,838,344	430,932	1,067	221.0	157°	-70°
ALN-08	5,838,344	430,932	1,067	132.0	136°	-56°

Table 1: Drillhole Location Table

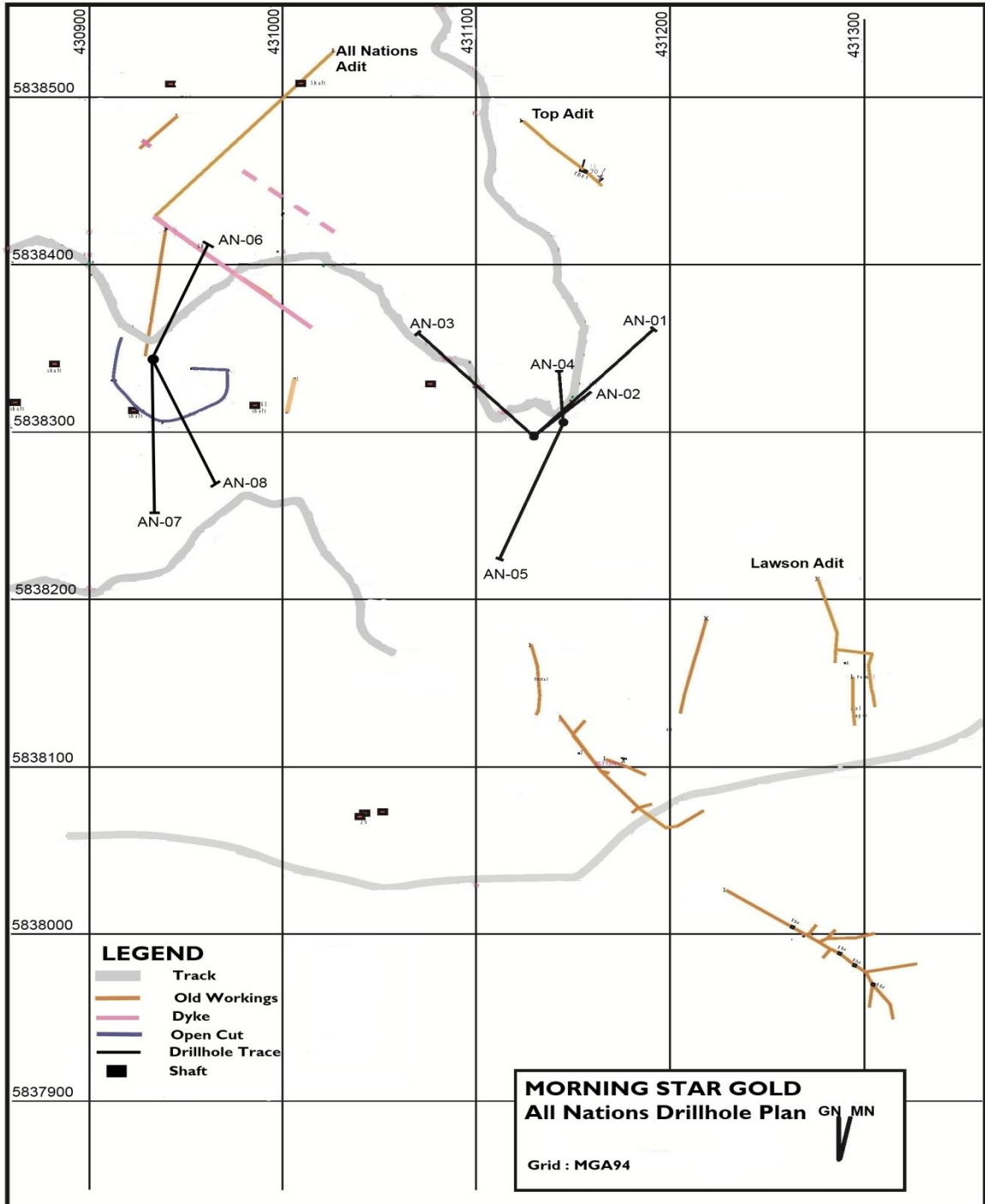


ASX RELEASE


morningstar
 mining a golden future

Morning Star Gold NL
 Suite 101, Jones Bay Wharf
 26-32 Pirrama Road
 Pyrmont NSW 2009

T 02 8569 7488
F 02 8569 7499
 info@msgold.com.au
 www.msgold.com.au



All Nations Drilling Stage 1



Morning Star Gold NL
Suite 101, Jones Bay Wharf
26-32 Pirrama Road
Pyrmont NSW 2009

T 02 8569 7488
F 02 8569 7499
info@msgold.com.au
www.msgold.com.au

Rose of Denmark (post Sept. Quarter 2010)

During the quarter MCO commenced rehabilitation works on the historic Rose of Denmark adit to prepare the adit drive for diamond drilling to occur, which will test the depth potential of the known mineralisation. Previous mining at the Rose of Denmark reached the 600 foot level (180 metres) below the adit and 34,000 oz of gold was produced.

Work at the Rose of Denmark adit included clearing out historic debris, assessing the ground conditions and rectifying to bring the drive up to industry standards, detouring the drive around three blockages and adding services.

Once the final blockage was cleared and access was gained to the historic winder room MCO discovered that the adit drive continues further than the historic plans stated, with the extra workings also being in the Rose of Denmark dyke. This new area will be mapped and sampled in the coming quarter.

During this work sampling of areas of quartz reef in the Rose of Denmark dyke occurred at two locations and very encouraging results were returned, which backed up the regular finding of visible gold in quartz material that was dislodged dyke during the rehabilitation work.

Six grab samples were collected from two sites within the old workings and the results are listed below and the sample locations are below (see Figs 4 & 5).

Sample	Grade (g/t Au)	Description
ROD 1	0.90	Quartz reef in fall material in second blockage
ROD 2	56.2	Laminated quartz vein in second blockage
ROD 3	11.9	Quartz reef in fall material in second blockage
ROD 4	1.56	Fines material from second blockage
ROD 5	3.03	Quartz stockwork from between the 2 blockages
ROD 6	1.70	Stockpile of material from first blockage

Table 2: Assays for rose of Denmark Grab Samples

MCO is planning to systematically map and sample the whole length of the drive where it exposes dyke and quartz reef material. This will be done prior to the commencement of drilling and the results will be used in assisting in the planning of the drillholes.

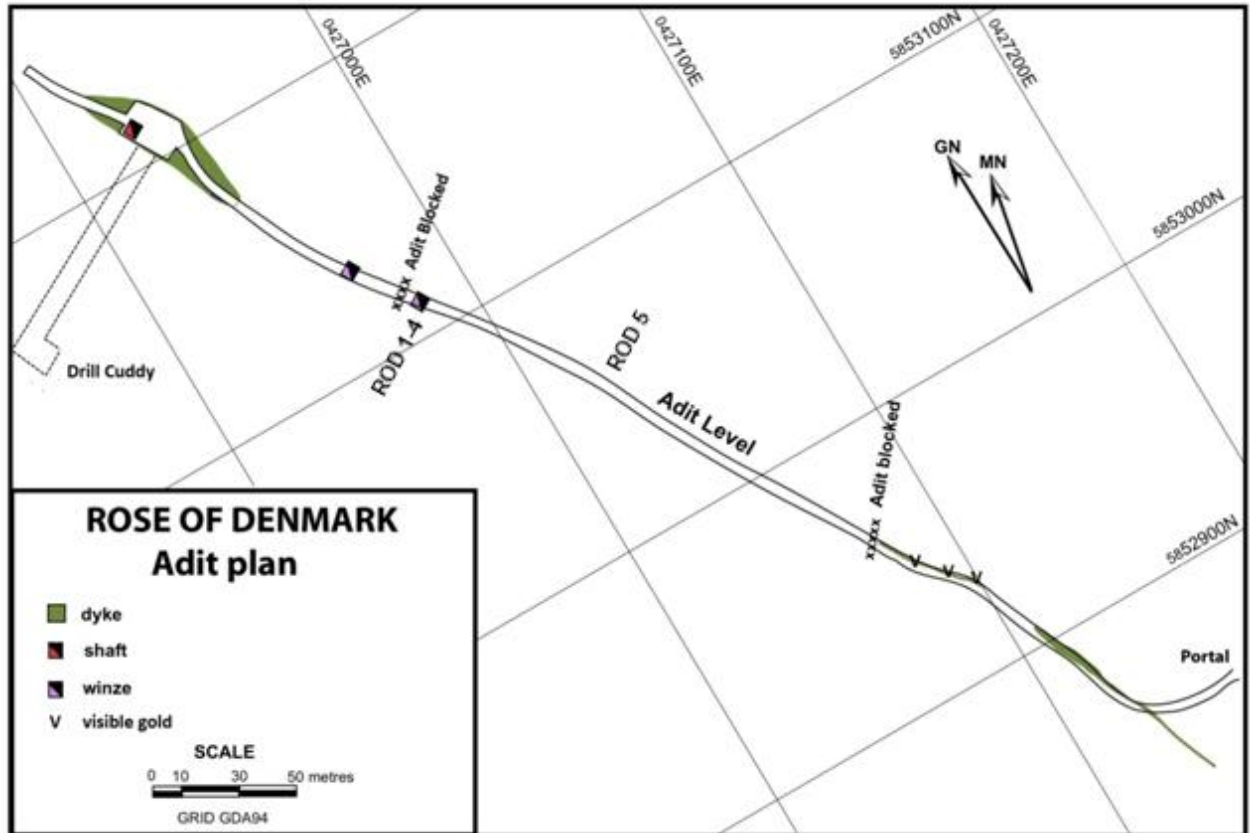


Fig 4: Grab Sample Plan of Rose of Denmark Adit

Occupational Health & Safety

There were no incidents or near miss occurrences (MTI) or lost time injuries (LTI) in the period.

Community Engagement

Morning Star Gold has announced it will inaugurate an award “The William Gooley Memorial Award” for outstanding local Community Service every year in the Woods Point district. 2011 will mark 150 years since William Gooley was credited for discovering gold in the ranges around Woods Point. The award will be decided by a company & community selection panel. During the Sept. Quarter, MCO continued its community engagement on several fronts with donations towards the local CFA for lifesaving rescue equipment, road repairs and a plan to participate in repairing the local Community Hall. The “Will Gooley” award poster is below:

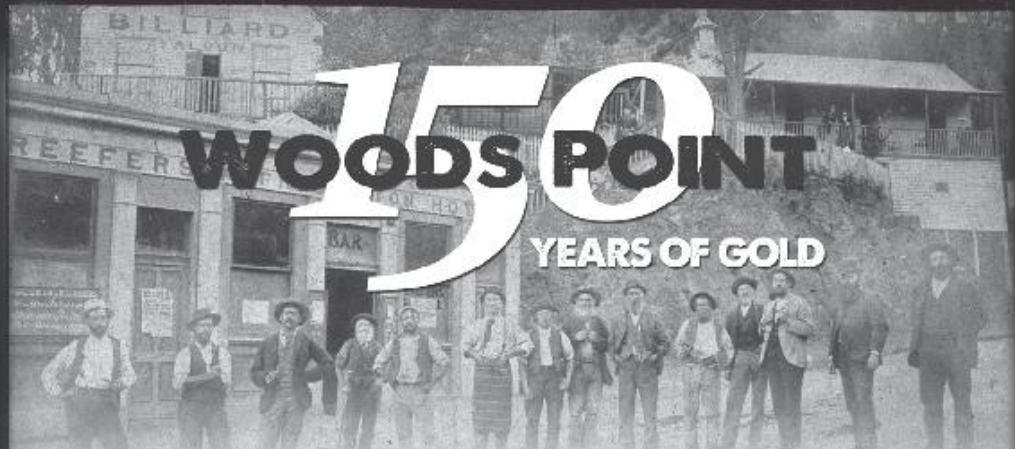


ASX RELEASE


morningstar
mining a golden future

Morning Star Gold NL
Suite 101, Jones Bay Wharf
26-32 Pirrama Road
Pymont NSW 2009

T 02 8569 7488
F 02 8569 7499
info@msgold.com.au
www.msgold.com.au



150 WOODS POINT YEARS OF GOLD

WILLIAM GOOLEY MEMORIAL AWARD FOR LOCAL COMMUNITY SERVICE

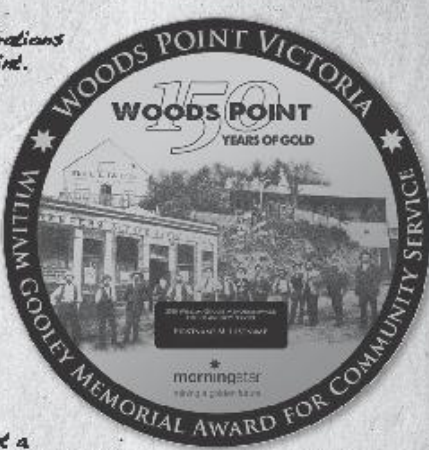
In early 2011 Morning Star Gold are planning celebrations to commemorate 150 Years of Gold in Woods Point. The first discovery of gold in the district was credited to William Gooley in 1861!

The ensuing gold rush made Woods Point one of the most talked about towns in Australia at that time. It also cemented the local goldfields as among the finest in Australia's rich golden history.

To mark 150 Years of Gold at Woods Point, Morning Star Gold is inaugurating an annual Community Award, which will be known as the William Gooley Memorial Award for Community Service.

An Awards committee including members of the Morning Star Gold board of directors will present a 'Gold Plaque' award to the person living and/or working in the Woods Point district who is judged to have made the most significant contribution over the previous year to the Woods Point community. The 'Bill Gooley' Award will be presented to the winner at a community celebration in Woods Point in February 2011.

Details will be made available to the Woods Point community nearer the time and in the Mountimer.



morningstar
1901 & 2001
6 Bridge Street, Woods Point VIC 3725
Phone: 05 5777 9368

*Thanks to the Woods Point Museum for permission to reproduce the above historic photograph from its collection.

150
WOODS POINT
YEARS OF GOLD



Morning Star Gold NL
Suite 101, Jones Bay Wharf
26-32 Pirrama Road
Pyrmont NSW 2009

T 02 8569 7488
F 02 8569 7499
info@msgold.com.au
www.msgold.com.au

MD Comments

Nick Garling commented, “the September Quarter 2010 was one where our regional focus (JV assets) was on completion of stage one All Nations surface drilling and the initial stage of the Rose of Denmark exploration & development. Both initial programs will be reported on during November in more detail. Closer to Woods Point, we focused on getting the gravity processing plant (GPP) built onsite and on a total refurbishment and upgrade of our haulage capability in the Morning Star mine along with other key infrastructure upgrades at the site. The coming period is about completing the GPP and our first gold production”.

About Morning Star Gold

Morning Star Gold <ASX: MCO> is 100% owner and manager of the Woods Point Gold Project in Victoria’s historic Eastern gold fields. The company’s 5 tenements (3 MINs and 2 ELs) are adjoining over 200km² and yielded ~2 million ounces of gold historically from various high-grade mines. Nearly half of this production was sourced from the Morning Star mine (circa 1MT mined at average grades approaching an 1oz/T) for a recorded production of 883,000ozs of gold.

At one point in the early 1940s, the Morning Star mine was Australia’s biggest gold mine. Gold Mines of Australia (WMC) operated it for 25 years (1934-1959). The Morning Star mine also carries an in situ gold underground resource, estimated in 2008 at 726Kozs at an average grade of 11.2g/t Au. Underground mining is set to recommence at Morning Star for the first time in 50 years.

Other gold production on MCO’s regional tenements was generally confined to relatively shallow workings in the weathered zone above the water table. Key current targets for new exploration and development include the Wallaby, All Nations, Loch Fyne and Rose of Denmark, Hunts, Waverly, Little Comet and Reliance mines. These mines collectively produced ~500,000 ounces of gold at grades between half an ounce to 1oz per tonne.

MCO’s Chinese partner, who is a large publicly listed Chinese conglomerate and investment house is spending \$4.5M over the next 2 years to farm-in to 51% of two of MCO’s regional MINs. The Morning Star mine and other priority production targets are 100% owned by MCO.

For further information please contact Nick Garling, Morning Star’s MD at 02 8569 7488 or you can subscribe to E-Alerts (via email) of all Morning Star’s news & ASX Releases at the company’s website.

You can also follow Morning Star Gold on: 

ASX RELEASE



Morning Star Gold NL
Suite 101, Jones Bay Wharf
26-32 Pirrama Road
Pymont NSW 2009

T 02 8569 7488
F 02 8569 7499
info@msgold.com.au
www.msgold.com.au

Forward Looking Statements - This material includes statements and information pertaining to Morning Star Gold's expectations and beliefs concerning future events. Forward risks, uncertainties and other factors, many of which are outside the control of Morning Star Gold can cause actual results to differ materially from such statements. Morning Star Gold makes no undertaking to subsequently update or revise such statements but has made every endeavour to ensure that they are wholly accurate at the time of presentation.

Competent Persons Statement - The information contained in this report was compiled Greg Curnow BSc MAUSIMM who the relevant experience in relation to the mineralisation being reported on, to qualify as a Competent Person as defined in the 2004 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Curnow works as a consultant to Morning Star Gold NL and consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

© Morning Star Gold NL – 31st October 2010





Morning Star Gold NL
 Suite 101, Jones Bay Wharf
 26-32 Pirrama Road
 Pyrmont NSW 2009

T 02 8569 7488
F 02 8569 7499
 info@msgold.com.au
 www.msgold.com.au

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

Morning Star Gold NL

ABN

34 003 312 721

Quarter ended ("current quarter")

30 September 2010

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 product sales and related debtors		
1.2	Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(937) (1,465) (413)	(937) (1,465) (413)
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		
1.6	Income taxes paid		
1.7	Other (GST Refunds)	197	197
	Net Operating Cash Flows	(2,564)	(2,564)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	(759)	(759)
1.9	Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets		
1.10	Loans to other entities		
1.11	Loans repaid by other entities		
1.12	Other (provide details if material)		

ASX RELEASE



Morning Star Gold NL
Suite 101, Jones Bay Wharf
26-32 Pirrama Road
Pymont NSW 2009

T 02 8569 7488
F 02 8569 7499
info@msgold.com.au
www.msgold.com.au

	Net investing cash flows	(759)	(759)
1.13	Total operating and investing cash flows (carried forward)	(3,323)	(3,323)

ASX RELEASE



Morning Star Gold NL
Suite 101, Jones Bay Wharf
26-32 Pirrama Road
Pyrmont NSW 2009

T 02 8569 7488
F 02 8569 7499
info@msgold.com.au
www.msgold.com.au

1.13	Total operating and investing cash flows (brought forward)	(3,323)	(3,323)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.		
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (provide details if material)		
	Net financing cash flows	0	0
Net increase (decrease) in cash held			
		(3,323)	(3,323)
1.20	Cash at beginning of quarter/year to date	6,792	6,792
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	3,469	3,469

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
1.23	Aggregate amount of payments to the parties included in item 1.2	14
1.24	Aggregate amount of loans to the parties included in item 1.10	0

1.25 Explanation necessary for an understanding of the transactions



ASX RELEASE



morningstar
mining a golden future

Morning Star Gold NL
Suite 101, Jones Bay Wharf
26-32 Pirrama Road
Pymont NSW 2009

T 02 8569 7488
F 02 8569 7499
info@msgold.com.au
www.msgold.com.au

Geological and consultancy fees



Morning Star Gold NL
 Suite 101, Jones Bay Wharf
 26-32 Pirrama Road
 Pyrmont NSW 2009

T 02 8569 7488
F 02 8569 7499
 info@msgold.com.au
 www.msgold.com.au

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 projects in which the reporting entity has an interest

--

Financing facilities available

Add notes as necessary for an understanding of the position.

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

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	300
4.2 Development	300
4.3 Production	100
4.4 Administration	400
Total	1,100



Morning Star Gold NL
 Suite 101, Jones Bay Wharf
 26-32 Pirrama Road
 Pyrmont NSW 2009

T 02 8569 7488
F 02 8569 7499
 info@msgold.com.au
 www.msgold.com.au

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
5.1	Cash on hand and at bank	3,249	6,557
5.2	Deposits at call	230	239
5.3	Bank overdraft		
5.4	Other (credit card)	(10)	(4)
Total: cash at end of quarter (item 1.22)		3,469	6,792

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1		Interests in mining tenements relinquished, reduced or lapsed		
6.2		Interests in mining tenements acquired or increased		



Morning Star Gold NL
 Suite 101, Jones Bay Wharf
 26-32 Pirrama Road
 Pyrmont NSW 2009

T 02 8569 7488
F 02 8569 7499
 info@msgold.com.au
 www.msgold.com.au

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference securities (description)				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	+Ordinary securities	251,709,766 500,000	251,709,766 500,000	10 cents 10 cents	10 cents 1 cent
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	8,000	8,000	10 cents	10 cents
7.5	+Convertible debt securities (description)				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options (description and conversion factor)			Exercise price	Expiry date



Morning Star Gold NL
 Suite 101, Jones Bay Wharf
 26-32 Pirrama Road
 Pyrmont NSW 2009

T 02 8569 7488
F 02 8569 7499
 info@msgold.com.au
 www.msgold.com.au

7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Debentures (totals only)				
7.12	Unsecured notes (totals only)				

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: Date: 29 October 2010

Director

Print name: Nicholas Garling

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 "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

ASX RELEASE



Morning Star Gold NL

Suite 101, Jones Bay Wharf
26-32 Pirrama Road
Pyrmont NSW 2009

T 02 8569 7488

F 02 8569 7499

info@msgold.com.au

www.msgold.com.au

4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.

5 **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.