

4 February 2011

Attn: Kim-Ly Nguyen, ASX
Principal Adviser, Listings (Sydney)

Dear Kim-Ly (& Stephanie),

Apologies for the delay in getting back to you as our company secretary is currently on extended sick leave after major surgery and hospitalisation over Xmas/New Year.

Answers to your query are as follows:

1. The '2008 notice' notifies interests in the company of the director. The '2009 notice' notifies the movement in the director's interests due to an exercise of options. The '2011 notice' represented a consolidation of the director's interests notified in the '2008 notice' and '2009 notice'.
2. The '2011 notice' contains a typographical error in the 'Date of Change'. An amended 3Y, which is being prepared currently, will restate the correct date of change. The lodgement was late due to the company secretary being hospitalised at the time of the change and the date of change was incorrectly stated as 13 Jan, which was the date the 3Y form was prepared. It is simply a typographical error.
3. Jamcofec Pty Ltd is the trustee of the Jamcofec Trust and the holding was reflected in the '2011 notice' by Jamcofec Pty Ltd in its capacity of trustee.
4. An amended 3Y will provide a breakdown of the Nature of Change in the '2011 notice' as requested showing on-market trade bought 6,048,605, off-market trade transfer of 17,637,580, exercise of options +16,802,863 leading to a total change in FPO of +5,213,888 (NIL options are held).
5. Yes changes in the '2011 notice' were in accordance with the policy, however as an amended 3Y is being prepared currently to reflect changes detailed above in (2.); The date of change precedes the adoption of the policy anyway.
6. The 3Y was lodged late as it was not advised by the company secretary at the time. It was subsequently picked up in an external audit during the compilation of the Annual Report and noted therein.

If I can be of any further assistance, please let me know on the numbers below.

Kim-Ly, please note that the company has sought legal advice as to whether all of the indirect holdings notified in the '2011 notice' are in fact notifiable. Depending on the outcome of this advice a further amended Appendix 3Y on the prescribed form may be lodged.

Yours faithfully



Director

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18 January 2011

Nick Garling
Chairman and Managing Director
Morning Star Gold N.L.
Suite 101, Jones Bay Wharf
26-32 Pirrama Road
Pymont NSW 2009

Dear Nick

RE: APPENDIX 3Y

We refer to the following.

1. The Appendix 3Y lodged by the Company with ASX on 14 January 2011 for Nicholas Garling (the "Director") (the "2011 Notice").
2. The Appendix 3Y lodged by the Company with ASX on 28 September 2009 for the Director (the "2009 Notice");
3. The Appendix 3Y lodged by the Company with ASX on 11 November 2008 for the Director (the "2008 Notice");
4. Notes on page 46 of the Company's annual report for the period ended 30 June 2010, which states that a total of 26,044,690 shares were transferred by the Director to Ample Rise Investments during November 2009 (the "Transfers").
5. Listing rule 3.19A which requires an entity to tell ASX the following:
 - 3.19A.1 The notifiable interests of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) at the following times.
 - On the date that the entity is admitted to the official list.
 - On the date that a director is appointed.The entity must complete Appendix 3X and give it to ASX no more than 5 business days after the entity's admission or a director's appointment.
 - 3.19A.2 A change to a notifiable interest of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust). The entity must complete Appendix 3Y and give it to ASX no more than 5 business days after the change occurs.
 - 3.19A.3 The notifiable interests of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) at the date that the director ceases to be a director. The entity must complete Appendix 3Z and give it to ASX no more than 5 business days after the director ceases to be a director.

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6. Listing rule 3.19B which states as follows.

An entity must make such arrangements as are necessary with a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) to ensure that the director discloses to the entity all the information required by the entity to give ASX completed Appendices 3X, 3Y and 3Z within the time period allowed by listing rule 3.19.A. The entity must enforce the arrangements with the director.

7. The Companies Update dated 27 June 2008, reminding listed entities of their obligation to notify ASX within 5 business days of the notifiable interests in securities held by each director and outlining the action that ASX would take in relation to breaches of listings rules 3.19A and 3.19B.

ASX has noted the following.

1. The securities held prior to a change in the 2009 Notice do not correlate to the number of securities held after a change in the 2008 Notice.
2. The securities held prior to a change in the 2011 Notice do not correlate to the number of securities held after a change in the 2009 Notice.
3. The 2011 Notice indicates that a change in the Director's notifiable interest occurred on 13 January 2010. It appears that the Director's Notice should have been lodged with ASX by 20 January 2010. Consequently, the Company may be in breach of listing rules 3.19A and/or 3.19B.
4. The 2011 Notice indicates that Jamcofec Pty Ltd holds an indirect interest of 500,000 shares, however the Company's website states that Jamcofec Trust holds a 12.05% interest in the Company.
5. The 2011 Notice is not in a format in accordance with the recent listing rule changes and does not include information in relation to changes of interest during a closed period. It appears that changes in the Directors interest may have occurred during a black out period, which is not in accordance with the Company's Revised Securities Trading Policy lodged with ASX on 31 December 2010.
6. The Company's annual report indicates that a change in the Director's notifiable interest occurred during November 2009. It appears that an Appendix 3Y should have been lodged with ASX within 5 business days after the date of this change.

Having regard to listing rules 3.19A and 3.19B and Guidance Note 22: "Director Disclosure of Interests and Transactions in Securities - Obligations of Listed Entities", we ask that you answer each of the following questions .

1. Please explain the discrepancies in relation to the number of securities held in the 2008, 2009 and 2011 Notices.
2. Please advise why the 2011 Notice was lodged late.
3. Please explain the relationship between Jamcofec Pty Ltd and Jamcofec Trust; and whether the holding by Jamcofec Trust should also be included in the 2011 Notice.
4. Please provide a breakdown of the nature of change in the 2011 Notice.
5. Please advise whether changes in the Director's holdings noted in the 2011 Notice was conducted in accordance with the Company's Revised Securities Trading Policy.
6. Please advise why an Appendix 3Y was not lodged in relation to the Transfers.

I will be out of the office from Wednesday, 19 January 2011 to Monday 7 February 2011.

During my absence could you please kindly send your response to my colleague Stephanie So.

Please see below for Stephanie's details.

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Yours sincerely

[sent electronically, without signature]

Kim-Ly Nguyen
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