

**ANNOUNCEMENT TO BURSA MALAYSIA BERHAD:
DEVELOPMENTS AT THE COMPANY'S 75% OWNED SUBSIDIARY,
PT KOBA TIN IN INDONESIA**

Further to the announcement made to Bursa Malaysia on 18 April 2007 regarding the completion of investigation by the Indonesian police on the allegation that the Company's 75% owned subsidiary in Indonesia, PT Koba Tin was involved in the collection of tin ore from small scale miners operating outside its Contract of Work (CoW) area, the Board of Directors of Malaysia Smelting Corporation Berhad wishes to advise that the three executive directors of PT Koba Tin were accused of the said allegation in the District Court of Sungailiat in Province of Bangka Belitung today.

All the three executive directors maintained a not guilty plead and the case is set for hearing on a date to be determined later. Meanwhile, the directors were released pending the hearing of the charges in accordance with the postponement of detention granted to the directors. PT Koba Tin has been advised by its legal counsel that the directors have a favourable chance of being acquitted of the charges.

No charge was made or proffered on PT Koba Tin, the subsidiary company.

The Board reiterates that PT Koba Tin is a responsible corporate citizen, operating within the legal parameters of Indonesian laws including paying of taxes and royalty for the export of tin from its leases. PT Koba Tin collects tin concentrates from small scale miners operating within its CoW mining leases based on annual quantity approved by the authorities. Further, all materials procured from small scale miners are methodically documented to ensure that the origin of the ore is from within the CoW area.

The Company acquired 75% stake in PT Koba Tin in 2002. PT Koba Tin operates under a CoW issued by the Government of Indonesia and covering a total mining acreage of about 41,000 ha. The CoW has enough reserves to last until its expiry date at the end of 2013.

This announcement is dated 4 June, 2007.

By order of the Board,
Abdul Rahim Hussain
Sharifah Faridah Abd. Rasheed
Company Secretaries