

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

The Board of Directors of Malaysia Smelting Corporation Berhad wishes to advise that as part of the Indonesian's government's efforts to regulate the country's tin mining industry and following the recent clampdown on independent smelters operating in Bangka island, the special task force of National police had commenced investigations at its 75% owned subsidiary, PT Koba Tin, yesterday afternoon in Bangka island.

The investigation is the result of a report alleging PT Koba Tin's involvement in the collection of tin ore from small scale miners operating outside its Contract of Work (CoW) area.

While the investigation is being carried out, PT Koba Tin has suspended ore collection from small scale miners. However, smelting operations will continue in order to smelt the company's production of tin concentrates from its own dredging and gravel pump operations. The police have also withheld a shipment of 500 tonnes of tin at the Pangkalbalam port for verification purposes. The Management of PT Koba Tin is in discussion with the police/authorities seeking permission for early release of the 500 tonnes of tin metal due for shipment.

PT Koba Tin collects tin concentrates from small scale miners operating within its CoW mining leases based on annual quantity approved by the authorities. 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 collection from small scale miners within the CoW area is estimated to account for about 45% of the anticipated 17,000 tonnes production of PT Koba Tin for the year 2007.

The Board wishes to state that PT Koba Tin, as a responsible corporate entity operating in Indonesia, shall co-operate fully with any investigative efforts by the police and/or government authority in Indonesia and shall continue to comply with all relevant Indonesian laws. PT Koba Tin has always operated within the legal parameters of Indonesian laws including paying of taxes and royalty for the export of tin from its leases and undertaking the necessary environmental and rehabilitation works.

The Company acquired a 75% stake in PT Koba Tin in 2002. PT Koba Tin operates under a CoW issued by the Indonesian Central Government 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 24 January 2007.

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