



MSC raises mining output

Group wants to ride on recovery in global tin prices

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PETALING JAYA: Amid a recovery in global tin prices, Malaysia Smelting Corp Bhd (MSC) is targeting to raise its mining output by 30% for the financial year ending Dec 31, 2019 (FY19).

According to chief executive officer Patrick Yong, the global integrated tin mining and smelting group is on track to hit the target, thanks partly to its initiatives in improving the efficiencies of its processes at its tin mines.

He told *StarBiz* that MSC expected to

increase further the production of its tin-in-concentrates by maintaining its new daily mining output throughout this year.

"The future production cost on a per tonne basis will also decrease as a result of our improved efficiency in maximising the recovery yields of tin ore," he said.

Yong added that MSC would be on the lookout for strategic opportunities that would enable the group to expand on its mining capacity, especially in Malaysia.

He expects the company to incur capital expenditure of about RM10mil to further enhance its mining output to reach 10 tonnes

per day within the next two to three years.

Based on the Kuala Lumpur Tin Market statistics, the average monthly tin prices have been on the uptrend this year.

In January, February and March, the average tin prices had surged to US\$20,417, US\$21,268 and US\$21,317 per tonne, respectively. This is in comparison with the average price of US\$20,067 per tonne last year.

MSC owns and operates Rahman Hydraulic Tin Sdn Bhd (RHT), the country's largest open-pit mine, in Pengkalan Hulu, Perak.

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MSC unit's daily tin mining output exceeds 9 tonnes per day

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Since July 2018, RHT has successfully increased its daily mining output of tin to exceed 9 tonnes per day, from an average of 8.4 tonnes per day previously.

This was achieved with minimal capex and by improving the efficiencies of its mining processes. As a result, total production in FY18 from MSC's mine increased by 6% to 2,355 tonnes from 2,226 tonnes previously.

Yong noted that MSC's main aim is to increase RHT's daily production as well as explore new tin sources in Malaysia.

"We will start small-scale tin mining activities at Sungai Lembing, Pahang, via our 80%-owned subsidiary SL Tin Sdn Bhd.

"Mining and first commercial production are expected to be carried out this year. This will contribute to additional tin production,"

said Yong.

In September last year, RHT entered into a memorandum of understanding (MoU) with Menteri Besar Inc Perak (MB Inc) to lease two parcels of land measuring about 100 acres and 323 acres, respectively.

In the near term, this will be used for waste dumping and further tin ore extraction from discards.

The move would also free up space within the existing mining leases, allowing the company to increase mining productivity.

The MoU will pave the way for both parties to commence strategic alliances and other joint ventures.

According to Yong, tin mining has always been the key profit contributor to MSC.

In FY18, it contributed a net profit of RM25.3mil, representing more than 70% of the group's net profit.

However, net profit from the tin mining division during the period

under review was 27% lower than in 2017. This was partly due to the appreciation of ringgit against the US dollar, which led to lower tin prices in ringgit terms.

In 2018, the average tin price was traded marginally higher at US\$20,067 per tonne versus US\$20,036 in 2017.

On the status of MSC's new smelting plant in Pulau Indah, Klang, Yong said the initial testing and refinery works are being carried out and is expected to be completed by year-end.

"At the moment, our smelting division continues to incur higher expenses due to duplication of overhead costs, as we operate two plants concurrently, with only one generating revenue.

"Upon completion of our testing works, we aim to commence commercial production in early 2020, but this is subject to us obtaining

the necessary licences from the relevant authorities," he added.

Yong noted that with the new plant coming on stream, the group's production and cost efficiencies would significantly improve.

With the new smelting technology, MSC's maximum production capacity would be boosted by 50%, up to 60,000 tonnes per annum.

The furnace would also be able to treat a larger volume of feed materials, with higher reaction rates apart from lowering labour costs.

As for the prospects of the tin industry, Yong said while solder remains the major application of tin today, one key area of opportunity would be in emerging lithium-ion batteries for electric vehicles.

"There is a research which suggests that using tin can increase the energy storage capacity significantly while improving the charging rate of the battery."



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