

Borneo Oil to look for gold in Pahang

BY [JACK WONG](#) Thursday, 17 July 2014 | MYT 12:00 AM



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KUCHING: Borneo Oil Bhd plans to invest up to RM15mil in a new plant and equipment, as well as exploration works, in its new venture in gold-mining activities in Pahang.

Executive director Raymond Teo Kiew Leong said wholly-owned unit Borneo Oil & Gas Corp Sdn Bhd (BOG) had installed and commissioned the first phase of a mining plant and equipment last month.

He said more than 43 kg of gold had been recovered out of over 187,000 tonnes of alluvial processed since the company began mining operations recently.

Borneo Oil, whose core business is the franchise fast-food chain business under the brandname *SugarBun*, has proposed a private placement which is expected to raise up to RM35.5mil.

From the proceeds, the company intends to use RM10mil to purchase a new mining plant and equipment and RM5mil to fund gold exploration activities.

Another RM5mil will be used to set up a new fast-food central-processing plant here, while the balance will be for working capital, repayment of hire purchase and expenses related to the corporate exercise.

The company is awaiting approval from the relevant authorities on the proposed private placement that will involve an issuance of up to 20% of its issued and paid-up capital.

About four months ago, BOG was appointed by Champmark Sdn Bhd as its contractor to carry out the prospecting and mining of alluvial and lode gold on an exclusive basis in an area covering some 162ha in Merapoh, Pahang.

The mining area was contracted to Champmark by MMC Corp Bhd, which had leased it from Perbadanan Kemajuan Negeri Pahang on a sole and exclusive rights basis to carry out the prospecting and mining of minerals.

The sub-contract agreement BOG had entered into with Champmark was for five years, with a renewal option for another five years.

Teo said a mineral resources and site review conducted by Minarco Mine Consult in early 2012 had estimated that there were both indicated and inferred resources of 4.02 tonnes of gold in the alluvial. Minarco is the consultant for Federal Mining Resources Ltd, the holding company of Champmark.

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“We are currently in the process of conducting exploration drilling to verify the results (of the studies) before deciding on the processing method and design of the plant for the next phase of the mining operations,” Teo told *StarBiz*.

He said BOG had also conducted in-depth research into the recovery of gold from the existing tailings, which stood at some 900,000 tonnes as of last month.

“The designing of a suitable and effective process to recover more gold from the tailings is now in its final stage.

“This new process is expected to be implemented by end-2014,” he said.

He added that BOG was working closely with Champmark’s geologists to leverage on their technical expertise and experience in mineral exploration works, and that it would employ more experienced personnel in gold mining.

Teo, who foresees the next 12 to 36 months as an “exciting time” for the group’s mining division, is optimistic that the diversification into mining activities would contribute positively to Borneo Oil’s overall profits in the future.

He said Borneo Oil had been recently awarded a contract by Shell Timur Sdn Bhd for the engineering, procurement, construction and commissioning of two palm oil methyl ethylene bio-diesel storage tank facilities in Kuala Baram, Miri and Labuan.

As there are plans by the Government to get all the oil majors to build storage tanks nationwide to support its bio-diesel rollout plan for all petrol stations by next year, he said there was a strong possibility of the company securing more such jobs.

Teo said the number of franchised SugarBun restaurants had increased to 72 from 62 early last year, out of which 11 outlets are located in Brunei, China, Australia and Bangladesh. Another 17 new restaurants, according to him, are in the midst of opening for business.

Last month, Borneo Oil's appointed franchisor, SB Franchise Management Sdn Bhd, awarded an exclusive area franchise to Indonesian firm PT Mitra Adidaya Perkasa to operate SugarBun restaurants in Jakarta, Medan and West Kalimantan.

Under the agreement, 20 outlets will be set up by 2018.

The first SugarBun restaurant in Indonesia is due to commence operations at Ayani MegaMall, the biggest shopping mall in Pontianak, West Kalimantan, bordering Sarawak, this month.

The outlet will have a seating capacity of more than 200.

SB Franchise has also signed area franchise agreements for Johor and Sabah, under which the franchisees are required to open a minimum of 20 outlets each within five years.