

**PRESS RELEASE**

**PT INTERNATIONAL NICKEL INDONESIA Tbk  
REPORTS THIRD QUARTER 2009 EARNINGS OF  
US\$75.9 MILLION**



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**JAKARTA, October 29, 2009** --- PT International Nickel Indonesia Tbk (“PT Inco”, or the “Company”, IDX: INCO) announces unaudited 2009 third quarter results. PT Inco’s gross profit margin in the third quarter of 2009 increased to 46.5 per cent from 19.0 per cent in the second quarter of 2009 mainly due to an increase in the average realized price of nickel in matte.

Sales revenue was US\$249.8 million for the three months ended on September 30, 2009, an increase of 61.2 per cent compared to US\$155.0 million in the second quarter of 2009. This is due to an increase in the average realized price for nickel in matte which averaged US\$13,394 per metric ton during the third quarter of 2009 compared to US\$8,894 per metric ton in the second quarter of 2009 and higher deliveries of nickel in matte in this quarter which totalled 18,653 metric tons in the third quarter of 2009 compared to 17,423 metric tons in the second quarter of 2009. Production of nickel in matte in the third quarter 2009 was 17,800 metric tons compared to 16,300 metric tons in the second quarter of 2009.

“In addition to higher production and higher prices as major drivers to better earnings, PT Inco also achieved a structural operating cost reduction that improved its cost of production per unit. For instance, we reduced the fixed cost and improved our overall productivity,” said Arif Siregar, the Company’s President Director.

“PT Inco is continuing to look for opportunities for cost improvement and operations efficiency through integrated business planning. Some of the initiatives have already been implemented and resulted in cost reductions. We are also proceeding with a review of organizational structure with implementation already done in some areas of the Company,” said Mr. Siregar.

The cost of goods sold in the first nine months of 2009 decreased 40.9 per cent to US\$373.8 million compared to US\$632.8 million in the first nine months of 2008. This significant



decrease resulted from a reduction in fuel consumption and fuel prices as well as other major cost components such as services and contracts, royalties and employment costs.

The cost of goods sold in the third quarter of 2009 increased to US\$133.6 million from US\$125.6 million in the second quarter of 2009, due to higher realized deliveries. The third quarter figures show that the Company's non-fuel related costs continued to decrease. PT Inco consumed 13,764 kilolitres of diesel fuel at an average cost of US\$0.48 per litre in the third quarter of 2009 compared to 10,944 kilolitres at an average cost of US\$0.47 per litre in the second quarter of 2009. The increased consumption of diesel was due to the decision to restart some of the Company's thermal power generators with the increase in nickel prices. In addition the Company used 588,719 barrels of high sulphur fuel oil (HSFO) at an average cost of US\$61.3 per barrel compared to 583,156 barrels at an average cost of US\$49.0 per barrel in the second quarter of 2009.

“The Company's production in the third quarter of 2009 was slightly impacted by a run out of one of the electric furnaces caused by hot metal leak on September 7. The furnace is now operating at normal levels and the risk mitigation strategies have been successfully adopted,” said Arif Siregar. “Our current water level indicates that hydroelectric generating facilities will be able to support our nickel in matte production for the remainder of 2009.”

Construction of a third hydroelectric generating facility at the Karebbe site at a cost of US\$410 million is underway with overall progress of 36 per cent year to date. All fabrication packages are progressing as planned. The Karebbe project is expected to be fully completed in the first half of 2011. The project will produce enough hydroelectric energy to displace all existing oil and diesel generation to feed the electric furnaces at the Sorowako facility and is the main initiative in PT Inco's energy cost reduction program.

The Company recorded net earnings of US\$75.9 million in the third quarter of 2009 (US\$0.008 per share), which represents a substantial increase from the US\$17.4 million (US\$0.002 per share) achieved in the second quarter of 2009. EBITDA totalled US\$128.3 million in the third quarter of 2009, compared to US\$47.3 million in the second quarter of 2009.



In the third quarter of 2009, cash provided by operating activities, but before capital expenditures, was US\$86.6 million. Cash used for capital expenditures in the third quarter of 2009 was US\$22.7 million which was about half the US\$41.7 million spent in the second quarter 2009. There was a net cash inflow of US\$62.3 million in the third quarter of 2009 compared with a cash outflow of US\$55.1 million in the second quarter of 2009.

The Company's results are summarized below (unaudited) – all figures are in US\$ except for nickel in matte production and deliveries which are in metric tons.

	Third Quarter <u>2009</u>	Second Quarter <u>2009</u>	Nine Months <u>2009</u>	Nine Months <u>2008</u>
Nickel in matte production:	<b>17,800</b>	16,300	<b>50,300</b>	56,227
Nickel in matte deliveries:	<b>18,653</b>	17,423	<b>50,687</b>	57,171
Average realized price per metric ton	<b>13,394</b>	8,894	<b>10,381</b>	19,803
Net sales – millions	<b>249.8</b>	155.0	<b>526.2</b>	1,132.1
Net earnings – millions	<b>75.9</b>	17.4	<b>110.5</b>	369.1
Net earnings per share	<b>0.008</b>	0.002	<b>0.011</b>	0.037

#### UNAUDITED CONDENSED FINANCIAL STATEMENTS ARE ATTACHED

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PT INTERNATIONAL NICKEL INDONESIA Tbk  
CONDENSED STATEMENTS OF EARNINGS

(Unaudited)

(US\$ in Thousands except Net Earnings Per Share Amount)

	<b>Third Quarter 2009</b>	Second Quarter 2009	<b>Nine Months 2009</b>	Nine Months 2008
Sales	<b>249,835</b>	154,964	<b>526,194</b>	1,132,111
Cost of Goods Sold	<b>(133,640)</b>	(125,559)	<b>(373,839)</b>	(632,832)
<b>Gross Profit</b>	<b>116,195</b>	29,405	<b>152,355</b>	499,279
Selling, General and Administration Expenses	<b>4,530</b>	2,246	<b>8,333</b>	(25,232)
<b>Operating Profit</b>	<b>111,665</b>	27,159	<b>144,022</b>	474,047
Interest Expense	<b>(31)</b>	(51)	<b>(174)</b>	(565)
Other Income/(Expense), net	<b>(6,112)</b>	(2,798)	<b>9,976</b>	3,662
	<b>(6,143)</b>	(2,849)	<b>9,802</b>	3,097
Earnings Before Income Taxes	<b>105,522</b>	24,310	<b>153,824</b>	477,144
Income Taxes	<b>29,643</b>	6,905	<b>43,365</b>	(108,021)
<b>Net Earnings</b>	<b>75,879</b>	17,405	<b>110,459</b>	369,123
<b>Basic Net Earnings Per Share</b>	<b>0.008</b>	0.002	<b>0.011</b>	0.037



**PT INTERNATIONAL NICKEL INDONESIA Tbk**  
**CONDENSED BALANCE SHEETS**

(US\$ in Thousands)

	<b>September 30, 2009 (Unaudited)</b>	December 31, 2008 (Audited)	September 30, 2008 (Unaudited)
<b><u>ASSETS</u></b>			
Cash and Cash Equivalents	169,615	166,107	192,625
Trade Receivables – Related Parties	119,886	63,566	129,894
Other Receivables	9,057	7,007	8,899
Taxes Receivable	122,108	82,580	48,102
Inventories, net	109,371	147,015	151,248
Prepaid Expenses and Advances	13,725	31,146	28,456
<b>Total Current Assets</b>	<b>543,762</b>	497,421	559,224
Property, Plant and Equipment, net	1,376,258	1,336,122	1,294,935
Other Assets	18,159	9,041	10,060
<b>Total Assets</b>	<b>1,938,179</b>	1,842,584	1,864,219
<b><u>LIABILITIES AND EQUITY</u></b>			
Trade Payables – Related Parties	9,151	5,527	10,907
– Third Parties	29,633	38,972	48,793
Accrued Expenses	27,362	35,276	38,786
Taxes Payable	2,527	5,740	8,272
Current Maturities of Long-Term Liability:			
Finance Leases	3,190	6,017	6,064
Other Current Liabilities	11,380	10,174	6,979
<b>Total Current Liabilities</b>	<b>83,243</b>	101,706	119,801
Deferred Income Tax Liabilities, net	182,047	179,569	180,204
Long-Term Liability:			
Finance Leases	-	1,708	3,189
Employee Benefits Liability	3,391	2,192	4,087
Asset Retirement Obligation	38,155	35,525	26,246
<b>Total Liabilities</b>	<b>306,836</b>	321,700	333,527
Equity	<b>1,631,343</b>	1,520,884	1,530,692
<b>Total Liabilities and Equity</b>	<b>1,938,179</b>	1,842,584	1,864,219



**PT INTERNATIONAL NICKEL INDONESIA Tbk**  
**CONDENSED STATEMENTS OF CASH FLOWS**

(Unaudited)  
(US\$ in Thousands)

	<b>Third Quarter 2009</b>	<b>Second Quarter 2009</b>	<b>Nine Months</b>	
			<b>2009</b>	2008
<b>Cash Flows from Operating Activities</b>				
Receipts from Customers	<b>211,093</b>	127,007	<b>469,874</b>	1,161,582
Payments to Suppliers	<b>(87,026)</b>	(102,217)	<b>(269,396)</b>	(560,685)
Payments of Corporate Income Tax	<b>(12,724)</b>	(20,129)	<b>(48,907)</b>	(284,933)
Payments to Employees	<b>(22,195)</b>	(12,928)	<b>(54,229)</b>	(70,675)
Payments of Employee Benefits				
Contributions	-	(1,238)	<b>(2,351)</b>	(3,503)
Other Receipts	<b>(227)</b>	(182)	<b>26,608</b>	37,997
Other Payments	<b>(2,329)</b>	(1,563)	<b>(8,682)</b>	(25,201)
<b>Net Cash Flows (Used) for/ Provided by Operating Activities</b>	<b>86,592</b>	(11,886)	<b>112,917</b>	254,582
<b>Cash Flows from Investing Activities</b>				
Payments for Property, Plant and Equipment	<b>(22,745)</b>	(41,651)	<b>(104,663)</b>	(125,334)
<b>Net Cash Flows Used for Investing Activities</b>	<b>(22,745)</b>	(41,651)	<b>(104,663)</b>	(125,334)
<b>Cash Flows from Financing Activities</b>				
Payments of Dividends	<b>(7)</b>	(15)	<b>(22)</b>	(225,109)
Payments of Finance Leases	<b>(1,481)</b>	(1,528)	<b>(4,536)</b>	(5,235)
Payments of Interest	<b>(37)</b>	(55)	<b>(188)</b>	(585)
<b>Net Cash Flows Used for Financing Activities</b>	<b>(1,525)</b>	(1,598)	<b>(4,746)</b>	(230,929)
Net Increase/ (Decrease) in Cash and Cash Equivalents				
	<b>62,322</b>	(55,135)	<b>3,508</b>	(101,681)
Cash and Cash Equivalents at the Beginning of the Period	<b>107,293</b>	162,428	<b>166,107</b>	294,306
<b>Cash and Cash Equivalents at the End of the Period</b>	<b>169,615</b>	107,293	<b>169,615</b>	192,625