

PRESS RELEASE

**PT INTERNATIONAL NICKEL INDONESIA TBK
REPORTS 2009 FOURTH QUARTER EARNINGS
OF US\$60.0 MILLION**



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JAKARTA, February 11, 2010 --- PT International Nickel Indonesia Tbk (“PTI”, or the “Company”, IDX: INCO) announces unaudited 2009 fourth quarter results. PTI’s performance in the last quarter of 2009 compared to the third quarter of 2009 was primarily impacted by a planned three week maintenance shutdown of one of its electric furnaces resulting in lower production, lower deliveries of nickel in matte and lower net earnings.

PTI recorded net earnings of US\$60.0 million in the fourth quarter of 2009 (US\$0.006 per share), which represents a decrease from the US\$75.9 million (US\$0.008 per share) achieved in the third quarter of 2009. EBITDA totalled US\$106.1 million in the fourth quarter of 2009, compared to US\$128.3 million in the third quarter of 2009.

Sales revenue was US\$234.8 million for the three months ended December 31, 2009, a decrease of 6 per cent as compared to US\$249.8 million in the third quarter of 2009. Nickel in matte deliveries totalled 17,095 metric tons in the fourth quarter of 2009 as compared to 18,653 metric tons in the third quarter of 2009. Lower deliveries were compensated by an increase in the average realized price for nickel in matte, which averaged US\$13,733 per metric ton during the fourth quarter of 2009 as compared to US\$13,394 per metric ton in the third quarter of 2009. Production of nickel in matte in the fourth quarter of 2009 was 17,029 metric tons as compared to 17,800 metric tons in the third quarter of 2009.

“After running some of the our thermal generators for a brief period in the third quarter, we decided to restart our thermal generators in October 2009 to produce more nickel in matte to benefit from higher nickel prices, as well as in an effort to conserve our water levels,” said Claudio Bastos, the Company’s Vice-President Director. “Our annual nickel in matte production in 2009 was 7 per cent below our 2008 production, as we relied mainly on hydro generating power in 2009 only operating the thermal generators for 15 weeks in 2009 compared to 43 weeks in 2008.”



As a result of the decision to re-start the thermal generators, the cost of goods sold in the fourth quarter of 2009 increased to US\$142.2 million from US\$133.6 million in the third quarter of 2009. PTI consumed 24,702 kilolitres of diesel fuel at an average cost of US\$0.56 per litre in the fourth quarter of 2009 compared to 13,764 kilolitres at an average cost of US\$0.48 per litre in the third quarter of 2009. In addition, the Company consumed 605,706 barrels of high sulphur fuel oil (HSFO) at an average cost of US\$69.81 per barrel compared to 588,719 barrels at an average cost of US\$61.30 per barrel in the third quarter of 2009. Nevertheless, the fourth quarter results show that the Company's non-fuel related costs continued to decrease.

The cost of goods sold in 2009 decreased 36 per cent to US\$516.1 million as compared to US\$808.5 million in 2008. This significant decrease resulted from an overall reduction in fuel consumption and fuel prices over the course of the year, as well as reductions in other major cost components such as services and contracts, royalties and employment costs.

In the fourth quarter of 2009, cash provided by operating activities was US\$93.5 million; which added to the cash balance at the beginning of the quarter, allowing PTI to pay an interim dividend of US\$106 million on December 29, 2009.

Construction of a third hydroelectric power plant at the Karebbe site is underway at a cost of US\$410 million. All fabrication packages are progressing as planned. The Karebbe project is expected to come on stream in the second 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 PTI's energy cost reduction program.

Under the previously announced loan facility provided by a group of Japanese banks, with the support of Nippon Export and Investment Insurance, the Company recovered a portion of the disbursements made on the Karebbe Project, by making the first drawdown on December 30, 2009 of US\$150 million. A second drawdown is expected in March 2010 and will fund the conclusion of Karebbe project.



“PTI completed the installation of Electrostatic Precipitators (ESP) at its three remaining Reduction Kilns in 2009 which was well ahead of schedule. This brought the Kilns’ particulate emissions down to World Bank guidelines,” added Mr. Bastos.

The Company plans to spend US\$257.7 million on capital expenditures in 2010, which consists of US\$112.1 million for sustaining capital, US\$141.3 million for growth capital, and US\$4.3 million for health, safety and environment.

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.

	Fourth Quarter <u>2009</u>	Third Quarter <u>2009</u>	Full Year <u>2009</u>	Full Year <u>2008</u>
Nickel in matte production:	17,029	17,800	67,329	72,400
Nickel in matte deliveries:	17,095	18,653	67,782	74,000
Average realized price per metric ton	13,733	13,394	11,227	17,724
Net sales – millions	234.8	249.8	761.0	1,312.1
Net earnings – millions	60.0	75.9	170.4	359.3
Net earnings per share	0.006	0.008	0.017	0.036

UNAUDITED CONDENSED FINANCIAL STATEMENTS ARE ATTACHED

For further information, please contact:

Indra Ginting, Director of Investor Relations & Corporate Secretary indra.ginting@valeinco.com
Cláudio Bastos, Vice President Director and Chief Financial Officer claudio.bastos@valeinco.com
or PTI.InvestorRelations@valeinco.com
or visit our website at www.pt-inco.co.id



**PT INTERNATIONAL NICKEL INDONESIA Tbk
CONDENSED STATEMENTS OF EARNINGS**

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

	Fourth Quarter 2009 <u>(Unaudited)</u>	Third Quarter 2009 <u>(Unaudited)</u>	Full Year 2009 <u>(Unaudited)</u>	Full Year 2008 <u>(Audited)</u>
Sales	234,758	249,835	760,952	1,312,097
Cost of Goods Sold	<u>(142,220)</u>	<u>(133,640)</u>	<u>(516,059)</u>	<u>(808,472)</u>
Gross Profit	92,538	116,195	244,893	503,625
Selling, General and Administration Expenses	<u>(4,685)</u>	<u>(4,530)</u>	<u>(13,018)</u>	<u>(25,367)</u>
Operating Profit	<u>87,853</u>	<u>111,665</u>	<u>231,875</u>	<u>478,258</u>
Interest Expense	(16)	(31)	(190)	(605)
Other Income/(Expense), net	<u>(4,957)</u>	<u>(6,112)</u>	<u>5,019</u>	<u>(14,401)</u>
	<u>(4,973)</u>	<u>(6,143)</u>	<u>4,829</u>	<u>(15,006)</u>
Earnings Before Income Taxes	82,880	105,522	236,704	463,252
Income Taxes	<u>22,922</u>	<u>29,643</u>	<u>66,287</u>	<u>(103,936)</u>
Net Earnings	<u>59,958</u>	<u>75,879</u>	<u>170,417</u>	<u>359,316</u>
Basic Net Earnings Per Share	<u>\$0.006</u>	<u>\$0.008</u>	<u>\$0.017</u>	<u>\$0.036</u>



PT INTERNATIONAL NICKEL INDONESIA Tbk
CONDENSED BALANCE SHEETS

(US\$ in Thousands)

	December 31, 2009 (Unaudited)	September 30, 2009 (Unaudited)	December 31, 2008 (Audited)
<u>ASSETS</u>			
Cash and Cash Equivalents	261,050	169,615	166,107
Trade Receivables – Related Parties	97,752	119,886	63,566
Other Receivables	8,310	9,057	7,609
Taxes Receivable	132,695	122,108	82,580
Inventories, net	117,649	109,371	147,015
Prepaid Expenses and Advances	11,780	13,725	17,734
Total Current Assets	629,236	543,762	484,611
Property, Plant and Equipment, net	1,379,103	1,376,258	1,336,122
Other Assets	29,661	18,159	22,453
Total Assets	2,038,000	1,938,179	1,843,186
<u>LIABILITIES AND EQUITY</u>			
Trade Payables – Related Parties	4,307	9,151	5,527
– Third Parties	28,597	29,633	38,972
Accrued Expenses	29,969	27,362	35,276
Taxes Payable	8,712	2,527	5,740
Current Maturities of Long-Term Liability:			
Finance Leases	1,708	3,190	6,017
Other Current Liabilities	13,669	11,380	10,174
Total Current Liabilities	86,962	83,243	101,706
Deferred Income Tax Liabilities, net	182,762	182,047	179,569
Long-Term Liability:			
Borrowings	150,000	-	-
Finance Leases	-	-	1,708
Employee Benefits Liability	2,452	3,391	2,794
Asset Retirement Obligation	34,518	38,155	36,525
Total Liabilities	456,694	306,836	322,302
Equity	1,581,306	1,631,343	1,520,884
Total Liabilities and Equity	2,038,000	1,938,179	1,843,186

PT INTERNATIONAL NICKEL INDONESIA Tbk
CONDENSED STATEMENTS OF CASH FLOWS
(US\$ in Thousands)

	Fourth Quarter 2009	Third Quarter 2009	Full Year	
	(Unaudited)	(Unaudited)	(Unaudited)	2008 (Audited)
Cash Flows from Operating Activities				
Receipts from Customers	256,892	211,093	726,766	1,407,896
Payments to Suppliers	(109,791)	(87,026)	(379,187)	(709,240)
Payments of Corporate Income Tax	(14,424)	(12,724)	(63,331)	(324,822)
Payments to Employees	(13,157)	(22,195)	(67,386)	(88,582)
Payments of Employee Benefits				
Contributions	(767)	-	(3,118)	(4,702)
Other Receipts	394	(227)	27,002	38,661
Other Payments	(25,611)	(2,329)	(34,293)	(29,530)
Net Cash Flows Provided by Operating Activities	93,536	86,592	206,453	289,681
Cash Flows from Investing Activities				
Payments for Property, Plant and Equipment	(33,264)	(22,745)	(137,927)	(185,277)
Net Cash Flows Used for Investing Activities	(33,264)	(22,745)	(137,927)	(185,277)
Cash Flows from Financing Activities				
Receipt from Bank Loan	150,000	-	150,000	-
Payments of Finance Charges	(10,444)	-	(10,444)	-
Payments of Dividends	(106,890)	(7)	(106,912)	(225,130)
Payments of Finance Leases	(1,482)	(1,481)	(6,018)	(6,762)
Payments of Interest	(21)	(37)	(209)	(711)
Net Cash Flows Provided by/(Used for) Financing Activities	31,163	(1,525)	26,417	(232,603)
Net Increase/(Decrease) in Cash and Cash Equivalents	91,435	62,322	94,943	(128,199)
Cash and Cash Equivalents at the Beginning of the Period	169,615	107,293	166,107	294,306
Cash and Cash Equivalents at the End of the Period	261,050	169,615	261,050	166,107