

PRESS RELEASE

**PT INTERNATIONAL NICKEL INDONESIA Tbk
REPORTS SECOND QUARTER 2010 EARNINGS OF
US\$142.6 MILLION**



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SECOND QUARTER 2010 EARNINGS OF US\$142.6 MILLION**

JAKARTA, July 30, 2010 --- PT International Nickel Indonesia Tbk (“PTI”, or the “Company”, IDX: INCO) announces unaudited results for the second quarter of 2010.

PTI recorded net earnings of US\$142.6 million (US\$0.014 per share) in the second quarter of 2010 (“2Q10”), an increase of 87% compared to US\$76.2 million (US\$0.008 per share) achieved in the first quarter of 2010 (“1Q10”). PTI’s earnings in 2Q10 were driven by higher nickel in matte deliveries and increased average realized selling prices of nickel in matte, as compared to 1Q10.

EBITDA totalled US\$214.5 million in 2Q10, 76% higher than US\$121.7 million in 1Q10. The quarter-on-quarter increase in EBITDA was primarily a result of higher average realized prices of nickel in matte and higher nickel in matte deliveries.

In 2Q10, PTI continued to focus on increasing the efficiency of its operations in order to pursue structural operating cost reductions. This effort included integrated business planning to identify efficiency improvements in some of our operations area, which resulted in cost savings in 2009.

Sales revenues were US\$363.6 million for the three months ended June 30, 2010, an increase of 42% compared to US\$255.6 million in 1Q10. This was mainly due to higher deliveries of nickel in matte and higher average realized prices. In 2Q10, deliveries totalled 20,010 metric tons compared to 18,021 metric tons in 1Q10. The Company recorded an average realized price for nickel in matte of US\$18,172 per metric ton during 2Q10, compared to US\$14,182 per metric ton in the previous quarter, an increase of 28%.

Production of nickel in matte in 2Q10 decreased 8.2% to 18,184 metric tons from 19,811 metric tons in 1Q10. This decrease was mainly due to a planned maintenance shutdown of one of our electric furnaces to repair the roof-top. Higher deliveries than production in 2Q10

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were due to timing of shipments, which also resulted in higher nickel in matte inventories at the end of the previous quarter.

The Company's total cost of goods sold in 2Q10 increased to US\$162.5 million from US\$150.4 million in 1Q10 primarily due to higher deliveries of nickel in matte. The cost of goods sold per metric ton delivered of nickel in matte in 2Q10 decreased by 3% compared to 1Q10 despite an increase in consumables prices. PTI consumed 22,387 kilolitres of diesel fuel at an average cost of US\$0.60 per litre in 2Q10 compared to 32,000 kilolitres at an average cost of US\$0.59 per litre in 1Q10. In addition, the Company used 656,605 barrels of high sulphur fuel oil (HSFO) at an average cost of US\$76.79 per barrel compared to 741,831 barrels at an average cost of US\$76.03 per barrel in the previous quarter. This decrease in fuel consumption was primarily due to the planned maintenance shutdown of one furnace in April 2010, along with the Company continuing to operate in an energy conservation mode given sufficient water levels in its main catchment area.

The Karebbe hydroelectric power generating plant project is continuing as planned. All engineering final designs have been completed, major procurement contracts have been awarded and the fabrication of equipment has also been completed. Overall, the project was 60% completed at the end of the second quarter and is expected to come on line in the second half of 2011. This third hydrogenerating facility will produce enough energy to displace all existing thermal power to feed the electric furnaces at the Sorowako facility and is the main initiative in PTI's energy cost reduction program.

In 2Q10, cash provided by operating activities, but before capital expenditures, increased to US\$271.7 million from US\$92.2 million in 1Q10, primarily due to an increase in receipts from customers of US\$78.7 million, lower payments to suppliers by US\$30.7 million and a decrease in taxes receivable of US\$63.0 million. Cash used in relation to capital expenditures in 2Q10 increased to US\$40.3 million from US\$25.0 million in the first three months of 2010. Cash used for dividend payments in 2Q10 increased to US\$140.1 million from nil in 1Q10. As a result, there was a net cash inflow of US\$90.7 million in 2Q10 compared with a cash inflow of US\$65.7 million for 1Q10.

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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.

	Second Quarter <u>2010</u>	First Quarter <u>2010</u>	First Half <u>2010</u>	Second Half <u>2009</u>
Nickel in matte production	18,184	19,811	37,995	34,829
Nickel matte deliveries	20,010	18,021	38,031	35,748
Average realized price per metric ton	18,172	14,182	16,281	13,556
Net sales – millions	363.6	255.6	619.2	484.6
Net earnings – millions	142.6	76.2	218.8	135.8
Net earnings per share	0.014	0.008	0.022	0.014

UNAUDITED CONDENSED FINANCIAL STATEMENTS ARE ATTACHED

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PT INTERNATIONAL NICKEL INDONESIA Tbk

CONDENSED STATEMENTS OF EARNINGS

(Unaudited)

(US\$, in Thousands, except Basic Earnings per Share)

	Second Quarter <u>2010</u>	First Quarter 2010	First Half <u>2010</u>	Second Half <u>2009</u>
Sales	363,615	255,570	619,185	484,593
Cost of Goods Sold	<u>162,487</u>	<u>150,384</u>	<u>312,871</u>	<u>275,859</u>
Gross Profit	201,128	105,186	306,314	208,734
Selling, General and Administration Expenses	<u>8,030</u>	<u>4,684</u>	<u>12,714</u>	<u>9,215</u>
Operating Profit	<u>193,098</u>	<u>100,502</u>	<u>293,600</u>	<u>199,519</u>
Interest Expense	-	4	4	48
Other Expenses, net	<u>2,811</u>	<u>2,348</u>	<u>5,159</u>	<u>11,070</u>
	<u>2,811</u>	<u>2,352</u>	<u>5,163</u>	<u>11,118</u>
Earnings Before Income Taxes	190,287	98,150	288,437	188,401
Income Tax Expense	<u>47,741</u>	<u>21,897</u>	<u>69,638</u>	<u>52,565</u>
Net Earnings	<u>142,546</u>	<u>76,253</u>	<u>218,799</u>	<u>135,836</u>
Basic Earnings Per Share (in US\$)	<u>0.014</u>	<u>0.008</u>	<u>0.022</u>	<u>0.014</u>



PT INTERNATIONAL NICKEL INDONESIA Tbk

CONDENSED BALANCE SHEETS

(US\$, in Thousands)

	June 30, 2010 <u>(Unaudited)</u>	March 31, 2010 <u>(Unaudited)</u>	December 31, 2009 <u>(Audited)</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	417,476	326,762	261,050
Trade Receivables – Related Parties	119,362	93,872	97,752
Other Receivables	11,519	9,391	8,310
Taxes Receivable	66,857	129,843	132,695
Inventories, net	107,416	116,015	117,649
Prepaid Expenses and Advances	7,873	13,304	11,780
Total Current Assets	730,503	689,187	629,236
Restricted Cash	1,520	697	-
Property, Plant and Equipment, net	1,414,551	1,392,455	1,379,103
Other Assets	11,561	11,957	29,661
Total Assets	2,158,135	2,094,296	2,038,000
<u>LIABILITIES AND EQUITY</u>			
Trade Payables – Related Parties	9,108	6,178	4,307
– Third Parties	32,396	9,705	28,597
Accrued Expenses	31,681	32,320	29,969
Taxes Payable	49,627	16,844	8,712
Current Maturities of Long-Term Liabilities:			
- Finance Leases	13	591	1,708
Dividends Payable	1,184	141,284	1,229
Other Current Liabilities	10,960	9,707	12,440
Total Current Liabilities	134,969	216,629	86,962
Deferred Income Tax Liabilities, net	178,477	179,211	182,762
Long-Term Liabilities:			
- Borrowings	140,037	139,774	150,000
Employee Benefits Liability	2,827	2,745	2,452
Asset Retirement Obligation	35,545	35,031	34,518
Other Non-Current Liability	6,277	3,449	-
Total Liabilities	498,132	576,839	456,694
Equity	1,660,003	1,517,457	1,581,306
Total Liabilities and Equity	2,158,135	2,094,296	2,038,000



PT INTERNATIONAL NICKEL INDONESIA Tbk
CONDENSED STATEMENTS OF CASH FLOWS

(Unaudited)

(US\$, in Thousands)

	Second Quarter 2010	First Quarter 2010	First Half 2010	2009
Cash Flows from Operating Activities				
Receipts from Customers	338,125	259,450	597,575	258,781
Payments to Suppliers	(91,467)	(122,186)	(213,653)	(182,370)
Payments of Corporate Income Tax	(19,334)	(16,041)	(35,375)	(36,183)
Payments to Employees	(17,117)	(21,602)	(38,719)	(32,034)
Payments of Employee Benefits	(2,416)	(1)	(2,417)	(2,351)
Contributions				
Other Receipts	66,495	102	66,597	26,835
Other Payments	(2,624)	(7,503)	(10,127)	(6,353)
Net Cash Flows Provided from Operating Activities	271,662	92,219	363,881	26,325
Cash Flows from Investing Activities				
Payments for Property, Plant and Equipment	(40,265)	(24,966)	(65,231)	(81,918)
Net Cash Flows Used for Investing Activities	(40,265)	(24,966)	(65,231)	(81,918)
Cash Flows from Financing Activities				
Payments of Dividends	(140,102)	-	(140,102)	(15)
Payments of Finance Charges	-	(413)	(413)	-
Payments of Finance Leases	(578)	(1,117)	(1,695)	(3,055)
Payments of Interest on Finance Leases	(3)	(11)	(14)	(151)
Net Cash Flows used for Financing Activities	(140,683)	(1,541)	(142,224)	(3,221)
Net Increase/(Decrease) in Cash and Cash Equivalents	90,714	65,712	156,426	(58,814)
Cash and Cash Equivalents at the Beginning of the Period	326,762	261,050	261,050	166,107
Cash and Cash Equivalents at the End of the Period	417,476	326,762	417,476	107,293