

PRESS RELEASE

**PT INTERNATIONAL NICKEL INDONESIA Tbk
REPORTS THIRD QUARTER 2010 EARNINGS OF
US\$109.7 MILLION**



PT INTERNATIONAL NICKEL INDONESIA Tbk REPORTS
THIRD QUARTER 2010 EARNINGS OF US\$109.7 MILLION

JAKARTA, October 28, 2010 --- PT International Nickel Indonesia Tbk (“PTI”, or the “Company”, IDX: INCO) announces unaudited results for the third quarter of 2010.

PTI recorded net earnings of US\$109.7 million (US\$0.011 per share) in the third quarter of 2010 (“3Q10”), a decrease of 23.1% compared to US\$142.6 million (US\$0.014 per share) achieved in the second quarter (“2Q10”). PTI’s earnings in 3Q10 were impacted by a 12.9% lower average realized selling price for nickel in matte and higher prices of consumables, as compared to 2Q10. Consequently, the EBITDA decreased by 20% to US\$171.5 million in the 3Q10 compared to US\$214.5 million in 2Q10. Removing the impact of the decrease in the average realized price from Q210, the Company would have recorded a better EBITDA in 3Q10 than the previous quarter.

Sales revenues were US\$327.9 million for the three months ended September 30, 2010, a decrease of 9.8% compared to US\$363.6 million in 2Q10. In 3Q10, deliveries totalled 20,725 metric tons compared to 20,010 metric tons in 2Q10 an increase of 3.6%; however, the average realized price for nickel in matte of US\$15,822 per metric ton during 3Q10 compared to US\$18,172 per metric ton 2Q10, decreased by 12.9%.

In 3Q10, PTI continued to focus on increasing the efficiency of its operations to pursue structural operating improvements which resulted in higher productivity, better nickel recovery and better fuel consumption in the processing plant. As a result, production of nickel in matte in 3Q10 increased 10% to 19,998 metric tons from 18,184 metric tons in 2Q10. This output is the fifth best quarterly production result in the Company’s history and it was recorded under an energy-efficient mode of operations. In addition, the Company took advantage of the wet season by supplying the auxiliaries grid excess power from the company’s hydrogenerating facilities.

The Company’s total cost of goods sold in 3Q10 increased to US\$172.5 million from US\$162.5 million in 2Q10 primarily due to the 3.6% increase in deliveries of nickel in matte.

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The cost of goods sold per metric ton of nickel in matte delivered in 3Q10 increased by 2.5% compared to 2Q10 largely due to higher employee cost and realization of services and contract commitments. Higher employment cost was due to salary adjustment for staff retroactive to January 1, 2010. PTI consumed 16,339 kilolitres of diesel fuel at an average cost of US\$0.62 per litre in 3Q10 compared to 22,347 kilolitres at an average cost of US\$0.60 per litre in 2Q10. In addition, the Company used 700,094 barrels of high sulphur fuel oil (HSFO) at an average cost of US\$73.59 per barrel compared to 656,605 barrels at an average cost of US\$76.79 per barrel in the previous quarter. Higher consumption of HSFO in the 3Q10 was primarily due to the Company's decision of using more steam turbine generator than diesel generator for auxiliaries power. Consequently, this leads to a decrease in diesel consumption. PTI continues operating in an energy conservation mode, using less thermal power, given sufficient water levels in its main catchment area.

The Karebbe hydroelectric power generating plant project is continuing as planned. Overall, the project was 67% completed at the end of the third 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 electric furnaces at the Sorowako facility and is the main initiative in PTI's energy cost reduction program.

In 3Q10, cash provided by operating activities, before capital expenditures, decreased to US\$123.9 million from US\$271.7 million in 2Q10 or US\$147.8 million, primarily due to a decrease in receipts from customers of US\$40.9 million, higher payments to suppliers of US\$36.3 million, and lower other receipts of US\$66.0 million. Cash used in relation to capital expenditures in 3Q10 decreased to US\$35.7 million from US\$40.3 million in 2Q10 and cash outflows for financing decreased by US\$137.7 million as there were no dividends paid in 3Q10 whereas US\$140.1 million were paid in 2Q10. As a result, there was a net cash inflow of US\$85.3 million in 3Q10 compared with the cash inflow of US\$90.7 million for 2Q10.

Instead of having a major electric furnace repair, as previously announced, PTI has decided to rebuild one of its electric furnaces that is reaching the end of its operating life. The rebuild

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of electric furnace number 2 will take place in the beginning of the second half of 2011 and will be completed during a 21 week shut down.

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>2010</u>	Second Quarter <u>2010</u>	Nine Months <u>2010</u>	Nine Months <u>2009</u>
Nickel in matte production	19,998	18,184	57,993	50,300
Nickel matte deliveries	20,725	20,010	58,756	50,687
Average realized price per metric ton	15,822	18,172	16,119	10,381
Net sales – millions	327.9	363.6	947.1	526.2
Net earnings – millions	109.7	142.6	328.5	110.5
Net earnings per share	0.011	0.014	0.033	0.011

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)

	Third Quarter 2010	Second Quarter 2010	Nine Months 2010	Nine Months 2009
Sales	327,903	363,615	947,088	526,194
Cost of Goods Sold	(172,547)	(162,487)	(485,418)	(373,839)
Gross Profit	155,356	201,128	461,670	152,355
Selling, General and Administration Expenses	(6,756)	(8,030)	(19,471)	(8,333)
Operating Profit	148,600	193,098	442,199	144,022
Interest Expense	-	-	(4)	(174)
Other (Expenses)/Income, net	(1,284)	(2,811)	(6,443)	9,976
	(1,284)	(2,811)	(6,447)	9,802
Earnings Before Income Taxes	147,316	190,287	435,752	153,824
Income Tax Expense	(37,624)	(47,741)	(107,262)	(43,365)
Net Earnings	109,692	142,546	328,490	110,459
Basic Earnings Per Share (in US\$)	0.011	0.014	0.033	0.011



PT INTERNATIONAL NICKEL INDONESIA Tbk

CONDENSED BALANCE SHEETS

(US\$, in Thousands)

	September 30, 2010 <u>(Unaudited)</u>	September 30, 2009 <u>(Unaudited)</u>	December 31, 2009 <u>(Audited)</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	502,727	169,615	261,050
Trade Receivables – Related Parties	150,041	119,886	97,752
Other Receivables	11,022	9,057	8,310
Taxes Receivable	62,189	122,108	132,695
Inventories, net	88,558	109,371	117,649
Prepaid Expenses and Advances	10,547	13,725	11,780
Total Current Assets	825,084	543,762	629,236
Restricted Cash	303	-	-
Property, Plant and Equipment, net	1,427,535	1,376,258	1,379,103
Other Assets	12,549	18,159	29,661
Total Assets	2,265,471	1,938,179	2,038,000
<u>LIABILITIES AND EQUITY</u>			
Trade Payables – Related Parties	7,967	9,151	4,307
– Third Parties	14,741	29,633	28,597
Accrued Expenses	31,258	27,362	29,969
Taxes Payable	64,359	2,527	8,712
Current Maturities of Long-Term Liabilities:			
- Finance Leases	-	3,190	1,708
Dividends Payable	199,593	1,052	1,229
Other Current Liabilities	13,087	10,328	12,440
Total Current Liabilities	331,005	83,243	86,962
Deferred Income Tax Liabilities, net	176,287	182,047	182,762
Long-Term Liabilities:			
- Borrowings	140,299	-	150,000
Employee Benefits Liability	3,091	3,391	2,452
Asset Retirement Obligation	36,058	38,155	34,518
Other Non-Current Liability	7,764	-	-
Total Liabilities	694,504	306,836	456,694
Equity	1,570,967	1,631,343	1,581,306
Total Liabilities and Equity	2,265,471	1,938,179	2,038,000



PT INTERNATIONAL NICKEL INDONESIA Tbk
CONDENSED STATEMENTS OF CASH FLOWS

(Unaudited)

(US\$, in Thousands)

	Third Quarter 2010	Second Quarter 2010	Nine Months 2010	2009
Cash Flows from Operating Activities				
Receipts from Customers	297,224	338,125	894,799	469,874
			(341,399)	(269,396)
Payments to Suppliers	(127,746)	(91,467)))
Payments of Corporate Income Tax	(19,325)	(19,334)	(54,700)	(48,907)
Payments to Employees	(19,089)	(17,117)	(57,808)	(54,229)
Payments of Employee Benefits				
Contributions	(651)	(2,416)	(3,068)	(2,351)
Other Receipts	261	66,495	66,858	26,608
Other Payments	(6,769)	(2,624)	(16,896)	(8,682)
Net Cash Flows Provided from Operating Activities	123,905	271,662	487,786	112,917
Cash Flows from Investing Activities				
			(100,895)	(104,663)
Payments for Property, Plant and Equipment	(35,664)	(40,265)))
Net Cash Flows Used for Investing Activities	(35,664)	(40,265)	(100,895)	(104,663)
Cash Flows from Financing Activities				
		(140,102)	(140,102)	
Payments of Dividends	-))	(22)
Payments of Finance Charges	(2,977)	-	(3,390)	-
Payments of Finance Leases	(13)	(578)	(1,708)	(4,536)
Payments of Interest on Finance Leases	-	(3)	(14)	(188)
Net Cash Flows used for Financing Activities	(2,990)	(140,683)	(145,214)	(4,746)
Net Increase in Cash and Cash Equivalents	85,251	90,714	241,677	3,508
Cash and Cash Equivalents at the Beginning of the Period	417,476	326,762	261,050	166,107
Cash and Cash Equivalents at the End of the Period	502,727	417,476	502,727	169,615