

PRESS RELEASE

**PT INTERNATIONAL NICKEL INDONESIA TBK
REPORTS FIRST QUARTER 2011 EARNINGS
OF US\$111.9 MILLION**



PT INTERNATIONAL NICKEL INDONESIA TBK REPORTS
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JAKARTA, May 6, 2011 --- PT International Nickel Indonesia Tbk (“PTI” or the “Company”, IDX: INCO) announces results for the first quarter 2011 (“1Q11”), unaudited.

PTI recorded net earnings of US\$111.9 million in 1Q11 (US\$0.011 per share), a slight increase compared to US\$108.9 million (US\$0.011 per share) achieved in the fourth quarter of 2010 (“4Q10”), and 47% above the US\$76.2 million (US\$0.008 per share) in first quarter of 2010 (“1Q10”). Earnings before interest, taxes, depreciation and amortization (“EBITDA”) totalled US\$172.7 million in 1Q11, compared to US\$170.1 million in 4Q10 and US\$121.7 million in 1Q10. The increase in net earnings and EBITDA in 1Q11 compared to 4Q10 was mainly driven by higher average realized prices, partially offset by lower deliveries mainly due to lower production.

The Company recorded an average realized price for nickel in matte of US\$20,246 per metric ton during 1Q11, compared to US\$18,011 per metric ton in 4Q10. Sales revenue was US\$322.4 million for the three months period ended March 31, 2011, a slight decrease compared to US\$329.2 million in 4Q10. This was mainly due to lower deliveries of nickel in matte. In 1Q11 deliveries totalled 15,924 metric tons compared to 18,280 metric tons in 4Q10.

Production of nickel in matte in 1Q11 was 16,501 metric tons, a decrease of 8% compared to 17,996 metric tons in 4Q10. Production was mainly impacted by natural events, like the earthquake that took place in Sorowako on February 15th, and lightning storms. Electrical lines and some facilities were impacted causing a temporary shutdown of production. All procedures were taken to guarantee a proper and safe operation before the restart. The production impact is expected to be compensated throughout 2011.

The Company’s total cost of goods sold in 1Q11 decreased to US\$155.3 million from US\$166.8 million in 4Q10, primarily due to lower production and deliveries of nickel in matte. The cost of goods sold per metric ton in 1Q11 increased by 7% compared to 4Q10,

mainly due to an increase in diesel costs, employee costs and services and contracts for additional activities at the Process Plant and Hydroelectric facility related to the earthquake, which were partially offset by the decrease in HSFO (High Sulphur Fuel Oil) costs.

The Karebbe hydroelectric power generating plant project is progressing very well, as planned, and is expected to be concluded on time and on budget. Overall, the project was approximately 87% complete at the end of 1Q11 and is expected to come on line in the second half of 2011. The project will produce enough hydroelectric energy to displace existing oil and diesel use to feed the electric furnaces at the Sorowako facility and it is expected to reduce our cost of energy.

On March 25, 2011, the Company made a US\$150 million second draw down of the Senior Export Facility Agreement (SEFA). As a result of this second draw down, PTI has fully utilized the total amount of US\$300 million from the loan facility provided by Bank of Tokyo-Mitsubishi UFJ, Ltd. and Mizuho Corporate Bank, Ltd., with the support of Nippon Export and Investment Insurance (NEXI) to fund the Karebbe hydroelectric project.

The Company plans to spend US\$232 million on capital expenditures in 2011.

PTI investments are in line with its strong growth strategy for the next years. The Company's goal is to achieve an annual production of 90,000 metric tons against the average of 73,000 metric tons in the last five years, an increase of 23%. PTI is also consolidating advanced studies for a further production increase distinctly beyond this annual level of 90,000 metric tons over the next few years, based on a sustainable business environment and consequently increasing the return to shareholders, enhancing the social and economic development of the local communities and generating further fiscal revenues for all levels of government.



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.

	First Quarter <u>2011</u>	Fourth Quarter <u>2010</u>	First Quarter <u>2010</u>
Nickel in matte production:	16,501	17,996	19,811
Nickel in matte deliveries:	15,924	18,280	18,021
Average realized price per metric ton	20,246	18,011	14,182
EBITDA ¹	172.7	170.1	121.7
Net sales ¹	322.4	329.2	255.6
Net earnings ¹	111.9	108.9	76.2
Net earnings per share	0.011	0.011	0.008

¹ US\$ million

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)

	<u>First Quarter 2011</u>	<u>Fourth Quarter 2010</u>	<u>First Quarter 2010</u>
Sales	322,404	329,235	255,570
Cost of goods sold	<u>(155,270)</u>	<u>(166,827)</u>	<u>(150,384)</u>
Gross profit	167,134	162,408	105,186
Selling, general and administration expenses	<u>(6,454)</u>	<u>(8,233)</u>	<u>(4,684)</u>
Operating profit	<u>160,680</u>	<u>154,175</u>	<u>100,502</u>
Finance costs	-	-	(4)
Other expenses, net	<u>(11,163)</u>	<u>(8,584)</u>	<u>(2,348)</u>
	<u>(11,163)</u>	<u>(8,584)</u>	<u>(2,352)</u>
Earnings before income taxes	149,517	145,591	98,150
Income tax expense	<u>(37,655)</u>	<u>(36,718)</u>	<u>(21,897)</u>
Net earnings	<u>111,862</u>	<u>108,873</u>	<u>76,253</u>
Basic net earnings per share	<u>0.011</u>	<u>0.011</u>	<u>0.008</u>



PT INTERNATIONAL NICKEL INDONESIA Tbk
CONDENSED BALANCE SHEETS
(US\$ in thousands)

	March 31, 2011 (Unaudited)	December 31, 2010 (Audited)	March 31, 2010 (Unaudited)
<u>ASSETS</u>			
Cash and cash equivalents	522,570	404,129	327,141
Trade receivables – related parties	139,232	124,061	93,872
Other receivables	11,346	10,893	9,391
Taxes receivable	128,739	63,858	129,843
Inventories, net	134,164	101,986	116,015
Prepaid expenses and advances	4,246	6,768	13,304
Total current assets	940,297	711,695	689,566
Restricted cash	538	1,211	296
Property, plant and equipment, net	1,487,953	1,464,508	1,392,455
Other assets	12,302	12,821	11,957
Total assets	2,441,090	2,190,235	2,094,274
<u>LIABILITIES AND EQUITY</u>			
Trade Payables – Related parties	7,733	8,556	6,178
– Third parties	64,739	32,864	9,705
Accrued expenses	39,727	43,069	32,320
Taxes payable	5,748	49,416	16,844
Current maturities of long-term liabilities:			
– Finance leases	-	-	591
– Borrowings	18,750	-	-
Other current liabilities	27,230	24,192	150,969
Total current liabilities	163,927	158,097	216,607
Deferred income tax liabilities, net	172,524	171,931	179,211
Long-term liabilities:			
– Borrowings	272,073	140,561	139,774
Employee benefits liability	3,779	3,235	2,745
Asset retirement obligation	37,085	36,571	35,031
Other non-current liabilities	-	-	3,449
Total liabilities	649,388	510,395	576,817
Equity	1,791,702	1,679,840	1,517,457
Total liabilities and equity	2,441,090	2,190,235	2,094,274



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

(Unaudited)
(US\$ in thousands)

	First Quarter 2011	Fourth Quarter 2010	First Quarter 2010
Cash Flows from Operating Activities			
Receipts from customers	307,233	355,215	259,450
Payments to suppliers	(133,650)	(187,162)	(121,807)
Payments of corporate income tax	(82,835)	(55,565)	(16,041)
Payments to employees	(24,147)	(18,852)	(21,602)
Payments of employee benefits contributions	(774)	397	(1)
Other receipts	178	69,505	102
Other payments	(55,898)	(10,480)	(7,503)
Net Cash Flows Provided from Operating Activities	10,107	153,058	92,598
Cash Flows from Investing Activities			
Payments for property, plant and equipment	(38,566)	(52,213)	(24,966)
Net Cash Flows Used for Investing Activities	(38,566)	(52,213)	(24,966)
Cash Flows from Financing Activities			
Proceeds of long-term borrowings	150,000	-	-
Payments of finance costs	(3,074)	(716)	(413)
Payments of dividends	-	(198,727)	-
Payments of finance leases	-	-	(1,117)
Payments of interest on finance leases	(26)	-	(11)
Net Cash Flows Provided from/(Used for) Financing Activities	146,900	(199,443)	(1,541)
Increase/(Decrease) in Cash and Cash Equivalents	118,441	(98,598)	66,091
Cash and Cash Equivalents at the Beginning of the Period	404,129	502,727	261,050
Cash and Cash Equivalents at the End of the Period	522,570	404,129	327,141
Non-cash transactions:			
Finance costs capitalized into construction in progress	(2,051)	(1,762)	(1,169)