

PRESS RELEASE

**PT INTERNATIONAL NICKEL INDONESIA Tbk
REPORTS THIRD QUARTER 2011 EARNINGS
OF US\$81.7 MILLION**



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Jakarta, October 31, 2011 – PT International Nickel Indonesia Tbk (“PTI”, or the “Company”, IDX: INCO) today announces its unaudited results for the third quarter 2011 (“3Q11”).

PTI reports another quarter of good results registering an operating profit of US\$113.9 million reflecting the long term stability of the Company’s performance.

Total net earnings of the Company year-to-date in 2011 of US\$319.9 million are about 3% lower than net earnings of US\$328.5 million realized in the corresponding period in 2010. Net earnings of US\$81.7 million in 3Q11 (US\$0.008 per share) represent a decrease from US\$126.3 million (US\$0.013 per share) in the second quarter of 2011 due mainly to a lower volume of deliveries as well as a lower average realized price during the period.

Earnings before interest, taxes, depreciation and amortization (EBITDA) totalled US\$134.2 million in 3Q11, compared to US\$193.9 million in 2Q11. EBITDA in 2011 year-to-date of US\$500.8 million is slightly less than US\$507.7 million EBITDA obtained in the same period of 2010.

The Company recorded an average realized price of nickel in matte of US\$17,735 per metric ton during 3Q11, compared to US\$19,895 per metric ton in 2Q11. Net sales were US\$290.1 million for the three months ended September 30, 2011, a decrease of 26% compared to US\$393.0 million in 2Q11. In 3Q11 deliveries totalled 16,084 metric tons compared to 19,438 metric tons in 2Q11. The lower volume of deliveries is a result of shipment schedules and should be compensated for in the next quarter since the levels of production in 3Q11 were close to those in 2Q11.

Production of nickel in matte in 3Q11 was 18,073 metric tons, a decrease of 3% compared to 18,598 metric tons in 2Q11.

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The Company's total cost of goods sold in 3Q11 decreased by 21% to US\$166.8 million from US\$212.4 million in 2Q11 mainly due to lower delivered volume of nickel in matte.

In 3Q11 the Company used 18,492 kilolitres of diesel fuel at an average cost of US\$0.87 per litre while in 2Q11 it consumed 28,173 kilolitres at an average cost of US\$0.89 per litre. This lower consumption was partly offset by a higher usage of High Sulphur Fuel Oil (HSFO) because we had to test-run our steam turbine generators that had been repaired. We also started to see early benefits from the plant commissioning tests on the Karebbe hydroelectric project with the ensuing power supply replacing some of our thermal power.

In 3Q11 the Company used 697,872 barrels of HSFO at an average cost of US\$105.56 per barrel compared to 652,063 barrels at an average cost of US\$101.45 per barrel in the previous quarter.

PTI is focusing its projects on capital returns to all of its shareholders

We inaugurated the Karebbe Hydroelectric Power Generating Plant and marked the beginning of its full commissioning. This US\$410 million power plant will generate an average 90 MW electric power and bring our total hydro generation capacity to 370 MW. This provides a strategic opportunity that enables our growth aspiration to increase our volume of production to 120,000 metric tons; and a great competitive advantage since it will reduce our production costs.

In 3Q11, our cash balance was higher by US\$124.3 million compared to 2Q11.

In October, the Company also announced its intention to distribute a 2011 interim dividend in aggregate of US\$100 million or US\$0.01 per share. In addition to the final dividend in respect of 2010 paid in May 2011 of US\$145 million, this dividend payment will bring total dividend payments of US\$245 million to shareholders in 2011.

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PTI is in a very good and solid position, committed to increasing its shareholders returns and to continuing its growth plan to increase annual nickel production from 73,000 metric tons to 120,000 metric tons in the next years.

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>2011</u>	Second Quarter <u>2011</u>	Nine Month <u>2011</u>	Nine Month <u>2010</u>
Nickel in matte production	18,073	18,598	53,173	57,993
Nickel in matte deliveries	16,084	19,438	51,211	58,756
Average realized price per metric ton	17,735	19,895	19,323	16,119
EBITDA ¹	134.2	193.9	500.8	507.7
Net sales ¹	290.1	393.0	1,005.5	947.1
Net earnings ¹	81.7	126.3	319.9	328.5
Net earnings per share	0.008	0.013	0.032	0.033

¹ US\$ million

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PT INTERNATIONAL NICKEL INDONESIA Tbk
Condensed Interim Statements of Comprehensive Earnings
(Unaudited)

(In thousand US\$ except Basic Net Comprehensive Earnings per Share Amount)

	Third Quarter 2011	Second Quarter 2011	Nine Months 2011	Nine Months 2010
Sales	290,148	392,977	1,005,529	947,088
Cost of Goods Sold	(166,834)	(212,424)	(534,528)	(485,418)
Gross Profit	123,314	180,553	471,001	461,670
Selling, General and Administration Expenses	(9,408)	(8,943)	(24,805)	(19,471)
Operating Profit	113,906	171,610	446,196	442,199
Finance Costs	-	-	-	(4)
Other Expenses, net	(2,578)	(659)	(14,401)	(6,443)
	(2,578)	(659)	(14,401)	(6,447)
Earnings Before Income Taxes	111,328	170,951	431,795	435,752
Income Tax Expense	(29,612)	(44,668)	(111,935)	(107,262)
Net Comprehensive Earnings Attributable to Shareholders	81,716	126,283	319,860	328,490
Basic Net Comprehensive Earnings per Share (in US\$)	0.008	0.013	0.032	0.033



PT INTERNATIONAL NICKEL INDONESIA Tbk
Condensed Interim Statements of Financial Position
(In thousand US\$)

	September 30, 2011 (Unaudited)	June 30, 2011 (Unaudited)	December 31, 2010 (Audited)
<u>ASSETS</u>			
Cash and cash equivalents	547,406	423,064	404,129
Trade receivables – related parties	87,088	170,775	124,061
Other receivables	11,433	11,300	10,893
Taxes receivable	85,272	84,374	63,858
Inventories, net	154,095	120,564	101,986
Prepaid expenses and advances	3,787	2,940	6,768
Total current assets	889,081	813,017	711,695
Restricted cash	4,366	2,151	1,211
Taxes receivables	45,783	45,746	-
Property, plant and equipment, net	1,539,810	1,518,754	1,464,508
Other assets	13,279	17,552	12,821
Total assets	2,492,319	2,397,220	2,190,235
<u>LIABILITIES AND EQUITY</u>			
Trade Payables – Related parties	6,557	6,773	8,556
– Third parties	58,295	32,845	32,864
Accrued expenses	47,394	40,443	43,069
Taxes payable	5,196	11,730	49,416
Current maturities of long-term liabilities:			
– Borrowings	37,500	18,750	-
Other current liabilities	15,123	28,176	24,192
Total current liabilities	170,065	138,717	158,097
Deferred income tax liabilities, net	173,390	170,711	171,931
Long-term liabilities:			
– Borrowings	254,337	272,967	140,561
Employee benefits liability	728	4,313	3,235
Asset retirement obligation	39,169	37,598	36,571
Total liabilities	637,689	624,306	510,395
Equity	1,854,630	1,772,914	1,679,840
Total liabilities and equity	2,492,319	2,397,220	2,190,235



PT INTERNATIONAL NICKEL INDONESIA Tbk
Condensed Interim Statements of Cash Flows
(Unaudited)
(in thousand US\$)

	Third Quarter 2011	Second Quarter 2011	Nine Month 2011	2010
Cash Flows from Operating Activities				
Receipts from Customers	373,835	361,434	1,042,502	894,799
Payments to Suppliers	(138,365)	(171,945)	(443,986)	(341,399)
Payments of Corporate Income Tax	(32,571)	(38,706)	(154,112)	(54,700)
Payments to Employees	(32,070)	(27,415)	(83,632)	(57,808)
Payments of Employee Benefits				
Contributions	(257)	(747)	(1,778)	(3,068)
Other Payments	(1,342)	(25,185)	(82,425)	(16,896)
Other Receipts	180	238	596	66,858
Net Cash Flows Provided from Operating Activities	169,410	97,674	277,165	487,786
Cash Flows from Investing Activities				
Payments for Property, Plant and Equipment	(39,912)	(52,264)	(130,742)	(100,895)
Net Cash Flows Used for Investing Activities	(39,912)	(52,264)	(130,742)	(100,895)
Cash Flows from Financing Activities				
Proceeds of Long-term Borrowings	-	-	150,000	-
Payments of Dividends	(31)	(144,901)	(144,932)	(140,102)
Payments of Finance Costs	(5,125)	(15)	(8,214)	(3,404)
Payments of Finance Leases	-	-	-	(1,708)
Net Cash Flows used for Financing Activities	(5,156)	(144,916)	(3,146)	(145,214)
Net (Decrease)/Increase in Cash and Cash Equivalents	124,342	(99,506)	143,277	241,677
Cash and Cash Equivalents at the Beginning of the Period	423,064	522,570	404,129	261,050
Cash and Cash Equivalents at the End of the Period	547,406	423,064	547,406	502,727