



## PT Vale Indonesia Tbk Reports First Quarter 2012 Earnings of US\$3.8 million

**Jakarta, April 30, 2012** – PT Vale Indonesia Tbk (“PT Vale” or the “Company”, IDX Ticker: INCO) today announces its unaudited results for the first quarter of 2012 (1Q12).

During 1Q12 the nickel price trended up in January 2012 and declined during most of the rest of the quarter. The average realized price decreased by 24%, from US\$20,246 per metric ton in the first quarter 2011 (1Q11) to US\$15,470 per metric ton during 1Q12. Compared to 4Q11, the average realized price was slightly higher.

As disclosed previously, the Company undertook a rebuild of Electric Furnace 2 and repairs to Electric Furnace 1 since the last quarter of 2011. Repairs to Electric Furnace 1 included a roof replacement. The work was completed and the furnace reheating began in January 2012. The rebuild of Electric Furnace 2 was completed in the beginning of 2Q12. PT Vale expects that its Electric Furnace 2 to ramp up to normal operations in May 2012. PT Vale successfully completed all of its annual planned maintenance programs on the furnaces and expects to achieve full production from May to December - taking into account the new higher power capacity from Electric Furnace 2.

These rebuild and repairs resulted in production volume for 1Q12 being 9% and 25% lower than production volumes in 4Q11 and in 1Q11 respectively.

PT Vale delivered 12,514 metric tons (t) of nickel in matte in 1Q12. This was 20% less than deliveries in 4Q11 and 21% less than deliveries in 1Q11.

Unfavourable prices coupled with lower deliveries brought the Company’s sales down by 39% to US\$197 million for the three month period ended March 31, 2012 from US\$322.4 million in 1Q11. Sales were 17% lower than in 4Q11 as lower deliveries were partially offset by higher prices.

The Company’s total cost of goods sold (COGS) in 1Q12 increased by 10%, from US\$154.8 million in 1Q11 to US\$170.9 million. This increase was driven mainly by higher services and contracts and employee costs. However compared to COGS incurred in the 4Q11, the Company’s COGS in the quarter were down from US\$194.1 million to US\$170.9 million as it produced and delivered less nickel in matte in the respective periods.

Earnings before interest, taxes, depreciation and amortization (EBITDA) totalled US\$33.8 million in 1Q12, compared to US\$172.7 million in 1Q11. Lower EBITDA recorded in 1Q12 than in 1Q11 was due to lower volume delivered to customers as well as a lower average realized price during the period. Comparing to EBITDA in 4Q11, EBITDA achieved in 1Q12 was also 35% lower due to lower delivered volume.



The Company recorded net earnings of US\$3.8 million in 1Q12 (US\$0.0004 per share) compared to US\$111.9 million (US\$0.0113 per share) achieved in 1Q11.

In 1Q12, the Company used 410,095 barrels of High Sulphur Fuel Oil (HSFO) at an average cost of US\$110.14 per barrel compared to 425,089 barrels at an average cost of US\$105.99 per barrel in the previous quarter.

In 1Q12, the Company also used 12,691 kilolitres of diesel fuel at an average cost of US\$0.86 per litre while in 4Q11 it consumed 13,009 kilolitres at an average cost of US\$0.85.

The Company's cash and cash equivalent as of March 31, 2012 and December 31, 2011 were US\$300.4 million and US\$399.2 million respectively.

The shareholders of the Company in their Annual General Meeting on April 25, 2012 approved, in addition to several other resolutions, distribution of a final dividend of US\$0.0086 per share. This amount is equivalent to about US\$85 million. Including the interim dividend paid in November 2011, the Company will have distributed nearly US\$185 million dividend or about 55% of its 2011 earnings.

That final dividend payment reflects PT Vale's commitment to create value and generate returns for its shareholders, as well as its commitment to disciplined capital allocation.

During the quarter, the Company spent nearly US\$42 million in capital expenditures, primarily preparing for its plan to increase annual production to 120,000 t in the next few years. At the same time, the Company committed to improving its competitiveness by conducting several projects and initiatives such as the Operations and Maintenance Improvement Program (OMIP) and the Coal Conversion Project (CCP). These projects are expected to improve cost efficiency and savings as well as increase production capacity.

PT Vale Indonesia believes that it is on the right track to achieve its mission to transform natural resources into prosperity and sustainable development.

The Company's results are summarized on the following pages (unaudited) – all figures are in US\$ except for nickel in matte production and deliveries which are in metric tons.

	<b>First Quarter <u>2012</u></b>	Fourth Quarter <u>2011</u>	First Quarter <u>2011</u>
Nickel in matte production	<b>12,431</b>	13,728	16,501
Nickel in matte deliveries	<b>12,514</b>	15,604	15,924
Average realized price per metric ton	<b>15,470</b>	14,928	20,246
EBITDA <sup>1</sup>	<b>33.8</b>	51.3	172.7
Net sales <sup>1</sup>	<b>197.0</b>	237.0	322.4
Net earnings <sup>1</sup>	<b>3.8</b>	13.9	111.9
Net earnings per share	<b>0.0004</b>	0.0014	0.0113

<sup>1</sup> US\$ million

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**PT Vale Indonesia Tbk**  
**Condensed Statements of Comprehensive Earnings (Unaudited)**  
(In thousands US\$ except Basic Net Comprehensive Earnings per Share Amount)

	<b>First Quarter 2012</b>	Fourth Quarter 2011	First Quarter 2011
Sales	<b>196,963</b>	237,026	322,404
Cost of goods sold	<b>170,874</b>	194,108	154,757
<b>Gross profit</b>	<b>26,089</b>	42,918	167,647
Selling, general and administration expenses	<b>2,933</b>	4,175	6,454
Project development costs	<b>7,849</b>	13,668	4,152
Finance costs	<b>4,340</b>	5,387	513
Loss/(gain) on currency translation adjustments	<b>2,879</b>	(1,183)	(2,335)
Provision for obsolete supplies, net	<b>737</b>	1,829	9
Finance income	<b>(220)</b>	(261)	(178)
Others, net	<b>2,254</b>	(1,224)	9,515
Earnings before income tax	<b>5,317</b>	20,527	149,517
Income tax expense	<b>1,487</b>	6,624	37,655
<b>Net earnings for the period</b>	<b>3,830</b>	13,903	111,862
<b>Basic net comprehensive earnings per share</b>	<b>0.0004</b>	0.0014	0.0113

**PT Vale Indonesia Tbk**  
**Condensed Balance Sheets**  
(In thousands of US\$)

	<b>March 31, 2012</b> <b>(Unaudited)</b>	December 31, 2011 <b>(Audited)</b>	March 31, 2011 <b>(Unaudited)</b>
<b><u>ASSETS</u></b>			
Cash and cash equivalents	<b>300,389</b>	399,155	522,570
Restricted cash	<b>4,397</b>	17,464	538
Trade receivables – related parties	<b>103,848</b>	66,013	139,232
Other receivables	<b>8,873</b>	9,328	11,346
Taxes receivable	<b>99,910</b>	120,550	128,739
Inventories, net	<b>158,709</b>	163,271	134,164
Prepaid expenses and advances	<b>5,201</b>	4,741	4,246
<b>Total current assets</b>	<b>681,327</b>	780,522	940,835
Taxes receivable	<b>91,087</b>	45,782	-
Property, plant and equipment, net	<b>1,592,878</b>	1,579,351	1,487,953
Other assets	<b>14,867</b>	15,707	12,302
<b>Total assets</b>	<b>2,380,159</b>	2,421,362	2,441,090
Trade Payables – Related parties	<b>2,090</b>	6,427	7,733
– Third parties	<b>60,115</b>	77,724	64,739
Accrued expenses	<b>34,172</b>	36,006	39,727
Taxes payable	<b>3,181</b>	6,487	5,748
Current maturities of long-term liabilities:			
– Borrowings	<b>37,500</b>	37,500	18,750
Other current liabilities	<b>12,480</b>	14,674	27,230
<b>Total current liabilities</b>	<b>149,538</b>	178,818	163,927
Deferred income tax liabilities, net	<b>167,513</b>	167,191	172,524
Long-term liabilities:			
– Borrowings	<b>236,148</b>	254,653	272,073
Provision for employee benefits	<b>13,580</b>	11,726	3,779
Provision for asset retirement	<b>40,381</b>	39,805	37,085
<b>Total non-current liabilities</b>	<b>457,622</b>	473,375	485,461
<b>Total liabilities</b>	<b>607,160</b>	652,193	649,388
Equity	<b>1,772,999</b>	1,769,169	1,791,702
<b>Total liabilities and equity</b>	<b>2,380,159</b>	2,421,362	2,441,090



**PT Vale Indonesia Tbk**  
**Condensed Statements of Cash Flows (Unaudited)**  
(In thousands of US\$)

	<u>First Quarter</u> <u>2012</u>	<u>Fourth Quarter</u> <u>2011</u>	<u>First Quarter</u> <u>2011</u>
<b>Cash Flows from Operating Activities</b>			
Receipts from customers	159,127	258,101	307,233
Payments to suppliers	(127,722)	(151,836)	(132,977)
Payments of corporate income tax	(38,795)	(46,762)	(82,835)
Other taxes refund	12,963	-	-
Payments to employees	(30,594)	(13,554)	(24,921)
Other receipts	220	261	178
Other payments	(3,473)	(5,780)	(55,898)
<b>Net Cash Flows (Used for)/Provided from Operating Activities</b>	<b>(28,274)</b>	<b>40,430</b>	<b>10,780</b>
<b>Cash Flows from Investing Activities</b>			
Payments for property, plant and equipment	(41,990)	(77,909)	(38,566)
<b>Net Cash Flows Used for Investing Activities</b>	<b>(41,990)</b>	<b>(77,909)</b>	<b>(38,566)</b>
<b>Cash Flows from Financing Activities</b>			
Payments of dividends	(25)	(97,674)	-
Payment of long-term borrowings	(18,750)	-	-
Proceeds of long-term borrowings	-	-	150,000
Placement of restricted cash	(4,397)	(13,098)	(673)
Payments of finance costs	(5,330)	-	(3,100)
<b>Net Cash Flows Used for)/Provided from Financing Activities</b>	<b>(28,502)</b>	<b>(110,772)</b>	<b>146,227</b>
Increase/(Decrease) in Cash and Cash Equivalents	(98,766)	(148,251)	118,441
Cash and Cash Equivalents at the Beginning of the Period	399,155	547,406	404,129
<b>Cash and Cash Equivalents at the End of the Period</b>	<b>300,389</b>	<b>399,155</b>	<b>522,570</b>