

For immediate release

PT Vale Indonesia Tbk recorded a profit of US\$31.5 million in first quarter 2013

Jakarta, April 30, 2013 – PT Vale Indonesia Tbk (“PT Vale” or “the Company”; IDX Ticker: INCO) produced 18,514 metric tons (t) of nickel in matte for the first quarter of 2013 (1Q13). Considering this, the management of PT Vale remains confident that the Company can deliver the 10% increase over the 2012 production targeted for 2013.

The first quarter production was 49% higher than the 1Q12 production of 12,431 t. However, it decreased 13% compared to production in the 4Q12 mainly because the Company executed a maintenance shutdown on one of its furnaces.

Nickel matte deliveries in 1Q13 were 18,899 t compared to 20,768 t in 4Q12 and 12,732 t in the 1Q12.

Our 1Q13 realized price was somewhat higher by 4% than the 4Q12 realized price of US\$13,176 per t. However, as the uncertainties in the global economy continued in the beginning of this year, our realized price for nickel was still 12% lower than the 1Q12 realized price of US\$15,470 per t.

The lower 1Q13 production than 4Q12 was partially offset by the higher average realized price in the 1Q13 as compared to the 4Q12 resulting in a 6% revenue decline from US\$273.6 million in 4Q12 to US\$258.4 million in 1Q13.

The 1Q13 cost of revenue for the Company decreased by 1% from previous quarter cost mainly driven by lower usage of fuels and supplies components due to the lower production level, partially offset by the cost of maintenance.

In 1Q13, the Company consumed 607,539 barrels of High Sulphur Fuel Oil (HSFO) at an average cost of US\$103.05 per barrel compared to 655,520 barrels at an average cost of US\$108.87 per barrel in the previous quarter. The Company used 14,433 kilolitres of diesel fuel at an average cost of US\$0.85 per litre while in 4Q12 it consumed 15,108 kilolitres at an average cost of US\$0.86 per litre.

Earnings before interest, taxes, depreciation and amortization (EBITDA) totaled US\$74.0 million in 1Q13. Comparing to 4Q12 EBITDA, EBITDA was 13% lower mainly due to the decline in the nickel matte deliveries.

PT Vale recorded profit of US\$31.5 million in 1Q13 (US\$0.0032 per share) compared to US\$3.8 million (US\$0.0004 per share) achieved in 1Q12.

The Company’s cash and cash equivalents as of March 31, 2013 and December 31, 2012 were US\$164.6 million and US\$172.2 million respectively.

[1]



The shareholders of the Company in their Annual General Meeting on April 23, 2013 approved, in addition to several other resolutions, the distribution of a final 2012 dividend of US\$0.00252 per share, equivalent to about US\$25 million. Including the interim dividend paid in December 2012, the Company will have distributed in dividends approximately US\$50 million or about 74% of its 2012 profit.

That 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 US\$47.9 million in capital expenditures, reported on the basis of financial disbursement, primarily for equipment purchase and replacement, for road upgrade, for its Operations and Maintenance Improvement Program (OMIP) and for the Coal Conversion Project Phase 1 (CCP1).

The CCP1 project, which will convert the dryers to use coal rather than HSFO, is in progress and we expect to start commissioning in the second semester of 2013. Conclusion of this project will bring significant cost savings to the Company. The management of PT Vale believes that the Company is on track to execute its strategy: ensuring long-term, profitable growth and maximizing production through operational excellence.

Readers are encouraged to review the summary of the Company's results on the following pages, including operational achievements and unaudited financial results – all figures are in US\$ except for nickel in matte production and deliveries which are in metric tons.

For further information, please contact:
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www.vale.com/indonesia

**PT Vale Indonesia Tbk
Production and financial highlights**

| | First Quarter <u>2013</u> | Fourth Quarter <u>2012</u> | First Quarter <u>2012</u> |
|--|--|----------------------------------|---------------------------------|
| Nickel in matte production ¹ | 18,514 | 21,306 | 12,431 |
| Nickel matte deliveries ¹ | 18,899 | 20,768 | 12,732 |
| Average realized price per metric ton ² | 13,673 | 13,176 | 15,470 |
| EBITDA ³ | 74.0 | 84.9 | 33.8 |
| Revenue ³ | 258.4 | 273.6 | 197.0 |
| Profit ³ | 31.5 | 38.6 | 3.8 |
| Earnings per share ² | 0.0032 | 0.0034 | 0.0004 |

¹ metric tons (t)

² US\$

³ US\$ million

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

| | First Quarter 2013 | Fourth Quarter 2012 ¹ | First Quarter 2012 ¹ |
|--|-----------------------------------|--|---------------------------------------|
| Revenue | 258,413 | 273,639 | 196,963 |
| Cost of revenue | 200,058 | 202,367 | 171,611 |
| Gross profit | 58,355 | 71,272 | 25,352 |
| Other income | (77) | (114) | (220) |
| Operating expenses | 2,470 | 4,783 | 2,933 |
| Other expenses | 9,888 | 10,518 | 12,982 |
| Operating profit | 46,074 | 56,085 | 9,657 |
| Finance costs | 3,900 | 3,761 | 4,340 |
| Profit from continuing operations before income tax | 42,174 | 52,324 | 5,317 |
| Income tax expense | 10,664 | 13,766 | 1,487 |
| Profit for the period | 31,510 | 38,558 | 3,830 |
| Other comprehensive income | - | 4,737 | - |
| Total comprehensive income for the period | 31,510 | 33,821 | 3,830 |
| Earnings per share | 0.0032 | 0.0034 | 0.0004 |

¹reclassified

PT Vale Indonesia Tbk
Statements of Financial Position
(In thousands of US\$)

| | March 31, 2013 (Unaudited) | December 31, 2012 (Audited) | March 31, 2012 ¹ (Unaudited) |
|--|---|-----------------------------------|---|
| Assets | | | |
| Cash and cash equivalents | 164,601 | 172,239 | 300,389 |
| Restricted cash | 4,235 | 17,333 | 4,397 |
| Trade receivables – related parties | 123,290 | 112,640 | 103,848 |
| Inventories | 140,153 | 152,849 | 158,709 |
| Prepaid taxes | 83,716 | 89,622 | 99,910 |
| Prepayments and advances | 6,363 | 9,659 | 5,201 |
| Other current financial assets | 10,439 | 10,548 | 8,873 |
| Total current assets | 532,797 | 564,890 | 681,327 |
| Prepaid taxes | 131,058 | 126,885 | 91,087 |
| Non – trade receivables - related parties | 94 | 111 | - |
| Fixed assets | 1,632,505 | 1,624,571 | 1,592,878 |
| Other non-current financial assets | 15,669 | 16,623 | 14,867 |
| Total assets | 2,312,123 | 2,333,080 | 2,380,159 |
| Liabilities and Equity | | | |
| Trade payables – Related parties | 4,247 | 10,888 | 2,090 |
| – Third parties | 42,173 | 68,171 | 60,115 |
| Accruals | 30,492 | 31,614 | 34,172 |
| Short-term employee benefit liabilities | 12,930 | 12,914 | 11,117 |
| Taxes payable | 3,773 | 4,654 | 3,181 |
| Current portion of long-term bank borrowings | 35,750 | 35,643 | 37,500 |
| Current portion of post-employment benefit liabilities | 360 | 345 | - |
| Share-based payment liabilities | - | 14 | - |
| Other current financial liabilities | 1,421 | 1,422 | 1,363 |
| Total current liabilities | 131,146 | 165,665 | 149,538 |
| Long-term bank borrowings | 201,379 | 219,991 | 236,148 |
| Long-term post-employment liabilities | 22,400 | 21,875 | 13,580 |
| Deferred tax liabilities | 161,211 | 162,005 | 167,513 |
| Provision for asset retirement | 43,043 | 42,110 | 40,381 |
| Total non-current liabilities | 428,033 | 445,981 | 457,622 |
| Total liabilities | 559,179 | 611,646 | 607,160 |
| Equity | 1,752,944 | 1,721,434 | 1,772,999 |
| Total liabilities and equity | 2,312,123 | 2,333,080 | 2,380,159 |

¹ Reclassified

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

| | First Quarter 2013 | Fourth Quarter 2012¹ | First Quarter 2012¹ |
|---|-----------------------------------|--|---|
| Cash Flows from Operating Activities | | | |
| Receipts from customers | 247,763 | 296,025 | 159,127 |
| Payments to suppliers | (158,327) | (197,430) | (145,144) |
| Payments of corporate income tax | (14,923) | (20,799) | (38,795) |
| Refunds of other taxes | 4,292 | 17,589 | 12,963 |
| Payments to employees | (24,261) | (21,811) | (30,594) |
| Other receipts | 77 | 114 | 220 |
| Other payments | (3,802) | (3,639) | (3,473) |
| Net cash flows provided from/(used for) operating activities | 50,819 | 70,049 | (45,696) |
| Cash Flows from Investing Activities | | | |
| Payments for acquisition of fixed assets | (47,941) | (30,979) | (41,990) |
| Net cash flows used for investing activities | (47,941) | (30,979) | (41,990) |
| Cash Flows from Financing Activities | | | |
| Payment of dividends | - | (24,994) | (25) |
| Payment of long-term bank borrowings | (18,750) | - | (18,750) |
| Usage of restricted cash | 17,333 | - | 17,464 |
| Placement of restricted cash | (4,235) | (12,999) | (4,397) |
| Payments of finance costs | (4,895) | - | (5,330) |
| Net cash flows used for financing activities | (10,547) | (37,993) | (11,038) |
| (Decrease)/increase in cash and cash equivalents | (7,669) | 1,077 | (98,724) |
| Cash and cash equivalents at the beginning of the period | 172,239 | 171,678 | 399,155 |
| Effect of exchange rate changes on cash and cash equivalents | 31 | (516) | (42) |
| Cash and cash equivalents at the end of the period | 164,601 | 172,239 | 300,389 |

¹ Reclassified