

For immediate release

PT Vale Recorded Higher Quarterly Volumes

Jakarta, August 15, 2013 – PT Vale Indonesia Tbk (“PT Vale” or the “Company”, IDX Ticker: INCO) today announces its unaudited results for the second quarter of 2013 (2Q13). In the quarter, PT Vale delivered 6% more nickel matte than the first quarter of 2013 supported by higher production volume, which increased from 18,514 metric tons (t) in 1Q13 to 19,218 t in 2Q13.

On a year on year basis, both production and sales volumes in 2013 were up by 30% and 33% respectively. These increases are due to PT Vale’s new production capacity and the Company reiterates its 2013 target of 10% more production than in 2012.

Average realized price in the second quarter of 2013 was US\$12,297 per t, or about 10% lower than realized price made in the 1Q13. The 10% decline in realized price was partially offset by the 6% increase in delivery volumes and resulted in a 4% decline in revenue in 2Q13 as compared to 1Q13.

Revenue in the first six months of 2013 was 19% higher than revenue in the same period of 2012 as deliveries increased by 33% which was partially offset by an 11% decrease in average realized price.

Cost of revenue in 2Q13 increased by 6% which is in line with the increase in deliveries outlined above.

Fuels and lubricants cost in 2Q13 increased by 8% as the Company consumed 679,306 barrels of High Sulphur Fuel Oil (HSFO) at an average cost of US\$100.76 per barrel compared to 607,539 barrels at an average cost of US\$103.05 per barrel in the previous quarter. The Company also consumed 14,732 kilolitres of diesel fuel at an average cost of US\$0.85 per litre while in 1Q13 it consumed 14,433 kilolitres with the same average cost.

That HSFO consumption should decrease significantly now that the Coal Conversion Phase 1 project (CCP1) has been completed. This project will convert our dryers to use coal rather than HSFO which will bring significant cost savings to the Company. With that volatile nickel price situation, it is crucial for the Company to manage its cost carefully.

The Company continued to expand cost savings initiatives to improve efficiencies without compromising our value of life matters most.



The management of PT Vale believes that the Company is on track to execute its strategy: ensuring long-term profitable growth by maximizing production through operational excellence.

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

For further information, please contact:
Febriany, Chief Financial Officer
ptvi.investorrelations@vale.com
or visit our website at
www.vale.com/indonesia

PT Vale Indonesia Tbk
Production and financial highlights

	Second Quarter <u>2013</u>	First Quarter <u>2013</u>	First Half <u>2013</u>	First Half <u>2012</u>
Nickel in matte production ¹	19,218	18,514	37,732	28,993
Nickel matte deliveries ¹	20,109	18,899	39,008	29,266
Average realized price per metric ton ²	12,297	13,673	12,964	14,535
EBITDA ³	49.3	74.0	123.3	64.7
Revenue ³	247.3	258.4	505.7	425.4
Profit ³	12.6	31.5	44.1	5.5
Earnings per share ²	0.0013	0.0032	0.0044	0.0006

¹ metric ton (t)

² US\$

³ US\$ million

PT Vale Indonesia Tbk
Statements of Comprehensive Income (Unaudited)
(In thousands of US\$ except basic earnings per share)

	Second Quarter 2013	First Quarter 2013	First Half 2013	First Half 2012*
Revenue	247,286	258,413	505,699	425,384
Cost of revenue	213,046	200,058	413,104	382,995
Gross profit	34,240	58,355	92,595	42,389
Other income	(165)	(77)	(242)	(369)
Operating expenses	4,201	2,470	6,671	3,728
Other expenses	9,778	9,888	19,666	23,330
Operating profit	20,426	46,074	66,500	15,700
Finance costs	3,673	3,900	7,573	7,851
Profit from continuing operations before income tax	16,753	42,174	58,927	7,849
Income tax expense	4,197	10,664	14,861	2,330
Profit for the period	12,556	31,510	44,066	5,519
Other comprehensive income				
Actuarial loss from defined benefit plan and post-retirement medical benefits	(27)	-	(27)	-
Total comprehensive income for the period	12,529	31,510	44,039	5,519
Earnings per share				
- Basic (in US Dollars)	0.0013	0.0032	0.0044	0.0006

* Reclassified

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

	June 30, 2013 (Unaudited)	March 31, 2013 (Unaudited)	December 31, 2012 (Audited)
Assets			
Cash and cash equivalents	210,823	164,601	172,239
Restricted cash	16,940	4,235	17,333
Trade receivables - Related parties	118,118	123,290	112,640
Inventories	146,689	140,153	152,849
Prepaid taxes - Corporate income tax	-	45,289	45,289
- Other taxes	30,059	38,427	44,333
Prepayments and advances	3,241	6,363	9,659
Other current financial assets	8,607	10,439	10,548
Total current assets	534,477	532,797	564,890
Prepaid taxes - Corporate income tax	93,632	83,833	79,668
- Other taxes	47,292	47,225	47,217
Non-trade receivables - related parties	465	94	111
Fixed assets	1,635,908	1,632,505	1,624,571
Other non-current financial assets	14,597	15,669	16,623
Total assets	2,326,371	2,312,123	2,333,080
Liabilities and Equity			
Trade payables - Related parties	6,665	4,247	10,888
- Third parties	57,733	42,173	68,171
Accruals	37,112	30,492	31,614
Short-term employee benefit liabilities	13,692	12,930	12,914
Taxes payable	3,603	3,773	4,654
Current portion of long-term bank borrowings	35,750	35,750	35,643
Current portion of post-employment benefit liabilities	368	360	345
Share-based payment liabilities	5	-	14
Other current financial liabilities	1,443	1,421	1,422
Total current liabilities	156,371	131,146	165,665
Long-term bank borrowings	201,624	201,379	219,991
Long-term post-employment benefit liabilities	22,622	22,400	21,875
Deferred tax liabilities	161,345	161,211	162,005
Provision for asset retirement	43,976	43,043	42,110
Total non-current liabilities	429,567	428,033	445,981
Total liabilities	585,938	559,179	611,646
Equity	1,740,433	1,752,944	1,721,434
Total liabilities and equity	2,326,371	2,312,123	2,333,080

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

	Second Quarter 2013	First Quarter 2013	First Half 2013	First Half 2012*
Cash flows from operating activities				
Receipts from customers	252,458	247,763	500,221	363,576
Payments to suppliers	(136,870)	(158,327)	(295,197)	(306,805)
Payments of corporate income tax	(9,652)	(14,923)	(24,575)	(69,778)
Refunds of other taxes	48,527	4,292	52,819	8,035
Payments to employees	(34,693)	(24,261)	(58,954)	(55,800)
Other receipts	165	77	242	369
Other payments	(3,548)	(3,802)	(7,350)	(6,830)
Net cash flows provided from / (used for) operating activities	116,387	50,819	167,206	(67,233)
Cash flows from investing activities				
Payments for acquisition of fixed assets	(32,570)	(47,941)	(80,511)	(84,830)
Net cash flows used for investing activities	(32,570)	(47,941)	(80,511)	(84,830)
Cash flows from financing activities				
Payments of dividends	(25,019)	-	(25,019)	(84,453)
Placement of restricted cash	(17,038)	(4,235)	(21,273)	(21,956)
Usage of restricted cash	4,333	17,333	21,666	21,829
Payments of long-term borrowings	-	(18,750)	(18,750)	(18,750)
Payments of finance costs	(438)	(4,895)	(5,333)	(5,342)
Net cash flows used for financing activities	(38,162)	(10,547)	(48,709)	(108,672)
Increase/ (decrease) in cash and cash equivalents	45,655	(7,669)	37,986	(260,735)
Cash and cash equivalents at the beginning of the period	164,601	172,239	172,239	399,155
Effect of exchange rate changes on cash and cash equivalents	567	31	598	104
Cash and cash equivalents at the end of the period	210,823	164,601	210,823	138,524

* Reclassified