

For immediate release

PT Vale Continued to Increase Its Quarterly Production Volume

Jakarta, October 31, 2013 – Today, PT Vale Indonesia Tbk (“PT Vale” or the “Company”, IDX Ticker: INCO) announces its unaudited results for the third quarter of 2013 (3Q13). In the quarter, PT Vale produced 3% more nickel in matte than in the second quarter of 2013, confirming its 2013 production target of 10% more than in 2012.

PT Vale delivered 19,613 metric tons (t) nickel matte in 3Q13 compared to 20,109 t in 2Q13.

On a year-to-date basis, both production and sales volumes in 2013 were up by 16%. This increased production results in a lower fixed-cost per unit and improves PT Vale’s cost competitiveness – even in these challenging market conditions.

Average realized price in 3Q13 declined by 11% compared to 2Q13, and accordingly, revenue declined by 13% in this same period. EBITDA, which was \$10 million lower this quarter, was also impacted by these lower average realized prices. Revenue in the first nine months of 2013 was 4% higher than in the same period of 2012, as deliveries increased by 16% offsetting a 10% decline in average prices. Year-to-date EBITDA, period over period, increased by \$38 million also benefitting from the increase in deliveries and lower unit costs.

Cost of revenue in 3Q13 decreased by 10% and was driven mainly by a 9% decline in the costs of fuels and lubricant in 3Q13 when compared to 2Q13. This was caused, in large part, by a decreased usage of High Sulphur Fuel Oil (HSFO) as a result of the commissioning of the Coal Conversion Phase 1 project (CCP1) in the mid of 3Q13.

In the third quarter of this year, the Company consumed 608,058 barrels of HSFO at an average cost of US\$99.65 per barrel compared to 679,306 barrels at an average cost of US\$100.76 per barrel in the second quarter of 2013. Going forward, HSFO consumption should further decrease when CCP1 is in full operation.

The Company also consumed 14,774 kilolitres of diesel fuel at an average cost of US\$0.87 per litre, while in 2Q13 it consumed 14,732 kilolitres at an average cost of US\$0.85 per litre.

Overall, the Company continues to advance its cost savings initiatives without compromising the health and safety of our employees or our foremost value: life matters most. Also, the management of PT Vale believes that the Company is on track to execute its strategy to ensure 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.

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PT Vale Indonesia Tbk
Production and financial highlights

	Third Quarter 2013	Second Quarter 2013	Nine Months 2013	Nine Months 2012
Nickel in matte production ¹	19,771	19,218	57,503	49,411
Nickel matte deliveries ¹	19,613	20,109	58,621	50,611
Average realized price per metric ton ²	10,981	12,297	12,301	13,706
EBITDA ³	39.4	49.3	162.7	124.3
Revenue ³	215.4	247.3	721.1	693.7
Profit ³	3.2	12.6	47.3	28.9
Earnings per share ²	0.0003	0.0013	0.0048	0.0029

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)

	Third Quarter 2013	Second Quarter 2013	Nine Months 2013	Nine Months 2012*
Revenue	215,372	247,286	721,071	693,688
Cost of revenue	192,138	213,046	605,242	598,255
Gross profit	23,234	34,240	115,829	95,433
Other income	(111)	(165)	(353)	(450)
Operating expenses	3,094	4,201	9,765	7,830
Other expenses	9,441	9,778	29,107	37,230
Operating profit	10,810	20,426	77,310	50,823
Finance costs	3,619	3,673	11,192	11,724
Profit from continuing operations before income tax	7,191	16,753	66,118	39,099
Income tax expense	3,974	4,197	18,835	10,163
Profit for the period	3,217	12,556	47,283	28,936
Other comprehensive income				
Actuarial gain/(loss) from pension plan and post-retirement medical benefits	12	(27)	(15)	-
Total comprehensive income for the period	3,229	12,529	47,268	28,936
Earnings per share				
- Basic (in US Dollars)	0.0003	0.0013	0.005	0.003

* Reclassified

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

	September 30, 2013 (Unaudited)	June 30, 2013 (Unaudited)	December 31, 2012 (Audited)
Assets			
Cash and cash equivalents	221,345	210,823	172,239
Restricted cash	4,181	16,940	17,333
Trade receivables - Related parties	96,696	118,118	112,640
Inventories	143,293	146,689	152,849
Prepaid taxes - Corporate income tax	-	-	45,289
- Other taxes	116,865	30,059	44,333
Prepayments and advances	6,172	3,241	9,659
Other current financial assets	8,143	8,607	10,548
Total current assets	596,695	534,477	564,890
Prepaid taxes - Corporate income tax	14,241	93,632	79,668
- Other taxes	47,292	47,292	47,217
Non-trade receivables - related parties	376	465	111
Fixed assets	1,637,139	1,635,908	1,624,571
Other non-current financial assets	16,567	14,597	16,623
Total assets	2,312,310	2,326,371	2,333,080
Liabilities and Equity			
Trade payables - Related parties	6,037	6,665	10,888
- Third parties	59,736	57,733	68,171
Accruals	36,951	37,112	31,614
Short-term employee benefit liabilities	14,173	13,692	12,914
Taxes payable	3,572	3,603	4,654
Current portion of long-term bank borrowings	35,750	35,750	35,643
Current portion of post-employment benefit liabilities	345	368	345
Share-based payment liabilities	13	5	14
Other current financial liabilities	1,438	1,443	1,422
Total current liabilities	158,015	156,371	165,665
Long-term bank borrowings	183,120	201,624	219,991
Long-term post-employment benefit liabilities	21,567	22,622	21,875
Deferred tax liabilities	161,037	161,345	162,005
Provision for asset retirement	44,909	43,976	42,110
Total non-current liabilities	410,633	429,567	445,981
Total liabilities	568,648	585,938	611,646
Equity	1,743,662	1,740,433	1,721,434
Total liabilities and equity	2,312,310	2,326,371	2,333,080

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

	Third Quarter 2013	Second Quarter 2013	Nine Months 2013	Nine Months 2012*
Cash flows from operating activities				
Receipts from customers	236,794	252,458	737,015	624,675
Payments to suppliers	(154,636)	(136,870)	(449,833)	(451,482)
Payments of corporate income tax	(6,954)	(9,652)	(31,529)	(100,256)
Refunds/(payments) of other taxes	(3,304)	48,527	49,515	24,175
Payments to employees	(23,271)	(34,693)	(82,225)	(78,319)
Other receipts	111	165	353	450
Other payments	(3,548)	(3,548)	(10,898)	(10,457)
Net cash flows provided from operating activities	45,192	116,387	212,398	8,786
Cash flows from investing activities				
Payments for acquisition of fixed assets	(25,555)	(32,570)	(106,066)	(115,986)
Net cash flows used for investing activities	(25,555)	(32,570)	(106,066)	(115,986)
Cash flows from financing activities				
Payments of dividends	(3)	(25,019)	(25,022)	(85,466)
Placement of restricted cash	(8,415)	(17,038)	(29,688)	(30,686)
Usage of restricted cash	21,174	4,333	42,840	43,816
Payments of long-term borrowings	(18,750)	-	(37,500)	(37,500)
Payments of finance costs	(3,846)	(438)	(9,179)	(10,724)
Net cash flows used for financing activities	(9,840)	(38,162)	(58,549)	(120,560)
Net increase/(decrease) in cash and cash equivalents	9,797	45,655	47,783	(227,760)
Cash and cash equivalents at the beginning of the period	210,823	164,601	172,239	399,155
Effect of exchange rate changes on cash and cash equivalents	725	567	1,323	283
Cash and cash equivalents at the end of the Period	221,345	210,823	221,345	171,678

* Reclassified