

PRESS RELEASE

**PT INTERNATIONAL NICKEL INDONESIA Tbk
REPORTS FIRST QUARTER 2008 EARNINGS
OF US\$139.6 MILLION**



PT INTERNATIONAL NICKEL INDONESIA Tbk
REPORTS FIRST QUARTER 2008 EARNINGS OF US\$139.6 MILLION

JAKARTA, April 25, 2008 --- PT International Nickel Indonesia Tbk (“PT Inco”, or the “Company”, IDX:INCO) today announced unaudited net earnings of US\$139.6 million for the first quarter of 2008 (US\$0.014 per share), compared to net earnings of US\$227.8 million (US\$0.023 per share) for the first quarter of 2007. Sales of US\$380 million in the first three months of 2008 compared to US\$446.7 million in the corresponding quarter of 2007. Lower sales revenue was primarily due to a lower average realized price for nickel in matte. Production of nickel in matte for the first quarter of 2008 was 20,136 metric tons, compared to 17,980 metric tons in the same period in 2007.

“We achieved higher output than at the same time last year, of the increase approximately 1,200 metric tons was due to deferring our planned shutdown for electric furnace maintenance to April 2008 and the balance due to better operations. The production number representing over 25 per cent of the higher end of our 2008 production target of 78,000-to-79,000 metric tons,” said Arif Siregar, the Company’s President Director. “The Company achieved this result in light of improved nickel grade, maintained power availability to our electric furnaces and improved production efficiencies despite the fact that we experienced lower precipitation level in our main catchment area compared to the same period in 2007.”

“It is our strategy in the current higher nickel price environment to increase production output by adding fossil fuel fired generators that provide the Company with increased revenue relative to the additional marginal cost” added Mr. Siregar.

PT Inco’s realized price for nickel in matte averaged US\$21,187 per metric ton in the first quarter of 2008, compared to US\$29,149 per metric ton in the corresponding period in 2007 and US\$23,816 per metric ton in the fourth quarter of 2007.

Unit cash cost of production in the first quarter of 2008 rose 20 per cent to US\$8,857 per metric ton from US\$7,386 per metric ton in the same quarter of 2007. This increase was



primarily due to the higher price of high sulphur fuel oil (HSFO) and the higher price and usage of diesel. These increases were partially offset by lower employee costs.

In the first quarter of 2008 we used 676,321 barrels of HSFO, a decrease from first quarter 2007 usage of 708,839 barrels. However, the average cost of HSFO rose to US\$75.63 per barrel in the first quarter of 2008 when compared to the average cost of US\$48.73 per barrel paid during the same period in 2007. PT Inco also consumed 47,640 kilolitres of diesel fuel at an average cost of US\$0.75 per litre, up from 28,996 kilolitres at US\$0.53 per litre in the first quarter 2007. The significant increase in diesel usage was mainly due to the addition of 32 diesel generators acquired and put into use in May and June 2007.

“We are assessing and implementing initiatives to enhance cost-efficiency and de-link part of our cost structure from the price of oil. In the short term, we are ensuring that hydroelectric generating facilities could produce maximum power to our electric furnaces by continuing our efforts on cloud seeding and energy conservation. In addition, we are now rebuilding our steam turbine generator which will operate at a lower cost when compared to diesel generators. In the medium run, we will be completing our coal conversion project which gives us flexibility to use coal. In the longer term, we will further reduce energy cost by completing our third hydroelectric power generating facility on the Larona River at Karebbe,” continued Mr. Siregar.

Cash provided by operating activities was US\$74.4 million in the first quarter of 2008, down from US\$291.5 million in the same quarter last year. This decrease was mainly because of lower receipts from customers as we recorded lower average realized price and higher payments to suppliers due to higher energy prices. Corporate tax payments during the first quarter of 2008 rose to US\$156.1 million from US\$134.0 million in the same period of 2007. The net increase in cash and cash equivalents of US\$43.8 million brought the quarter-end 2008 cash and cash equivalents balance to US\$338.1 million, higher than the US\$294.3 million at December 31, 2007.

PT INCO

Cash capital expenditures were US\$28.0 million in the first quarter of 2008, down from US\$28.6 million in the prior year period. PT Inco plans capital spending of US\$212 million in 2008, including: growth capital projects of US\$64 million, sustaining capital expenditures of US\$77 million, and US\$42 million for environment, health and safety.

Prior to March 31, 2008, certain provisions of the Company's 1968 Contract of Work were still in effect. On that date these provisions expired and the certain provisions of the Extended and Modified Contract of Work agreed in December 1995 came into force. With the passing of this important milestone at the end of the first quarter, the Company requested that its external auditor audit the accounts of the Company for the first three months ended March 31, 2008. PT Inco will publish its audited financial results by June 30, 2008.

The Company's unaudited results are summarized below – all figures in US\$ except for nickel in matte production and deliveries which are in thousand metric tons:

	First Quarter		Fourth Quarter
	<u>2008</u>	<u>2007</u>	<u>2007</u>
Nickel in matte production:	20.1	18.0	18.6
Nickel in matte deliveries:	17.7	15.1	19.0
Average realized price per metric ton	21,187	29,149	23,816
Net sales - millions	380.0	446.7	458.5
Net earnings - millions	139.6	227.8	200.5
Net earnings per share	0.014	0.023 ¹	0.020 ¹

¹Restated to reflect 10-for-1 stock split approved by shareholders on December 17, 2007 and effective on Indonesia Stock Exchange on January 15, 2008.

Under the Company's long-term U.S. dollar-denominated sales contracts, the selling price of its nickel in matte is determined based on the greater of Vale Inco Limited's net average realized price for nickel or a formula based on the London Metal Exchange cash price for nickel.



At March 31, 2008, the Company's inventories of nickel in matte were 3,230 metric tons, compared with 747 metric tons at December 31, 2007 and 3,544 metric tons at March 31, 2007. Variations in inventories and deliveries are largely due to shipment scheduling.

UNAUDITED CONDENSED FINANCIAL STATEMENTS ARE ATTACHED

For further information, please contact:

Indra Ginting, Director of Investor Relations & Corporate Secretary

gintiin@inco.com

Claudio Bastos, Senior Vice President and Chief Financial Officer

cbastos@inco.com

or visit our website at www.pt-inco.co.id.

-end-



PT INTERNATIONAL NICKEL INDONESIA Tbk
CONDENSED STATEMENTS OF EARNINGS
(UNAUDITED)
(US\$ in Thousands except Per Share Amounts)

	First Quarter 2008	First Quarter 2007	Fourth Quarter 2007
Sales	379,998	446,720	458,500
Cost of Goods Sold	177,613	128,600	187,652
Gross Profit	202,385	318,120	270,848
Selling, General and Administration Expenses	10,593	10,975	15,180
Operating Profit	191,792	307,145	255,668
Interest Expense	(255)	(331)	(478)
Other Income, net	8,074	18,659	31,622
	7,819	18,328	31,144
Earnings Before Income Taxes	199,611	325,473	286,812
Income Taxes	60,008	97,696	86,328
Net Earnings	139,603	227,777	200,484
Net Earnings Per Share	0.014	0.023 ¹	0.020 ¹

¹Restated to reflect 10-for-1 stock split approved by shareholders on December 17, 2007 and effective on Indonesia Stock Exchange on January 15, 2008.



PT INTERNATIONAL NICKEL INDONESIA Tbk
CONDENSED BALANCE SHEETS
(US\$ in Thousands)

	March 31, 2008 (Unaudited)	December 31, 2007 (Audited)
<u>ASSETS</u>		
Cash and Cash Equivalents	338,142	294,306
Trade Receivables from Affiliates	142,560	159,365
Other Receivables	25,780	20,268
Taxes Receivable	7,336	10,100
Inventories, net	150,183	137,783
Prepaid Expenses and Advances	13,760	14,694
Total Current Assets	677,761	636,516
Property, Plant and Equipment, net	1,243,934	1,244,294
Other Assets	6,921	6,386
Total Assets	1,928,616	1,887,196
<u>LIABILITIES AND EQUITY</u>		
Amounts Due to Affiliates	24,499	11,816
Trade Payables	34,440	44,715
Accrued Expenses	44,751	43,973
Taxes Payable	29,781	126,322
Current Maturities of Finance Leases	6,347	6,762
Other Current Liabilities	239,166	18,174
Total Current Liabilities	378,984	251,762
Deferred Income Tax Liabilities, net	213,753	213,812
Long Term Liabilities – Finance Leases	6,198	7,725
Employee Benefits Liability	3,046	2,265
Assets Retirement Obligation	25,463	25,104
Total Liabilities	627,444	500,668
Equity	1,301,172	1,386,528
Total Liabilities and Equity	1,928,616	1,887,196



PT INTERNATIONAL NICKEL INDONESIA Tbk
CONDENSED STATEMENTS OF CASH FLOWS

(UNAUDITED)
(US\$ in Thousands)

	First Quarter	
	2008	2007
Cash Flows from Operating Activities		
Receipts from Customers	396,803	534,476
Payments to Suppliers	(149,728)	(95,697)
Payments to Employees	(21,301)	(20,737)
Payments of Employee Benefit Contributions	(675)	(934)
Payments of Corporate Income Tax	(156,079)	(134,028)
Other Receipts	12,500	18,388
Other Payments	(7,161)	(9,961)
Net Cash Flows Provided by Operating Activities	74,359	291,507
Cash Flows from Investing Activities		
Payments for Property, Plant and Equipment	(28,000)	(28,582)
Net Cash Flows Used for Investing Activities	(28,000)	(28,582)
Cash Flows from Financing Activities		
Repayments of Finance Leases	(1,942)	(2,590)
Payments of Interest	(272)	(93)
Payments of Dividends	(309)	-
Net Cash Flows Used for Financing Activities	(2,523)	(2,683)
Net Increase in Cash and Cash Equivalents	43,836	260,242
Cash and Cash Equivalents at Beginning of Period	294,306	477,856
Cash and Cash Equivalents at End of Period	338,142	738,098