

**PRESS RELEASE**

**PT INTERNATIONAL NICKEL INDONESIA Tbk  
REPORTS FIRST QUARTER 2009 EARNINGS  
OF US\$17.2 MILLION**



**PT INTERNATIONAL NICKEL INDONESIA Tbk**  
**REPORTS FIRST QUARTER 2009 EARNINGS OF US\$17.2 MILLION**

---

**JAKARTA, May 7, 2009** --- PT International Nickel Indonesia Tbk (“PT Inco”, or the “Company”, IDX: INCO) today announced unaudited 2009 first quarter results.

PT Inco’s focus on reducing operating costs resulted in an improved financial performance in the first quarter of 2009 as compared to the fourth quarter of 2008 despite a 22% decline in the average realized price of nickel in matte. In the quarter, PT Inco relied solely on hydroelectric generating power for our operations in Sorowako, which significantly reduced input costs. Production of nickel in matte for the first quarter of 2009 was 16,200 metric tons, compared to 17,300 metric tons in the fourth quarter of 2008.

“In addition to realizing a decline in input prices, the Company continued to focus on increasing operational efficiency in such areas as human capital, consumption of commodities and contracts and services,” said Arif Siregar, PT Inco’s President Director. “Our nickel in matte production in the first quarter of 2009 represents 20% less than we achieved in the corresponding quarter in 2008. This is in line with our anticipation of a production decrease going forward due to the October 2008 decision by management to shut down all thermal generators to maintain the Company’s profitability.”

The Company recorded net earnings of US\$17.2 million in the first quarter of 2009 (US\$0.002 per share) compared to a net loss of US\$9.8 million (US\$-0.001 per share) in the fourth quarter of 2008 and compared to net earnings of US\$139.6 million (US\$0.014 per share) in the first quarter of 2008. Sales were US\$121.4 million for the three months ended March 31, 2009, compared to US\$380.0 million in the corresponding quarter of 2008. EBITDA totaled US\$46.3 million in the first quarter of 2009, compared to US\$221.8 million in the first quarter of 2008.

“In the current market situation, our strategy is to continue to rely on hydroelectric power generation for our operations in Sorowako. The water level in our main catchment area as at

# PT INCO

March 31, 2009 was more than 2 meters higher than last year's level of 317.4 meters above sea level (ASL). The level is now comfortably above the minimum water level of 317.6 meters ASL required for full hydroelectric power generation. This is a result of higher rainfall at all our catchment areas. Therefore, we believe that sufficient levels of water for hydroelectric power generation exist to support our 2009 nickel in matte production," added Mr. Siregar.

"We also maintained our safety record with no disabling injuries for PT Inco in the first quarter of 2009. The end of the quarter marked 15 months, or more than 10 million man-hours, without a disabling injury, a record for the Company and a benchmark within the industry. Key programs aimed at minimizing risks to safety continue, including the Major Hazard Standard Program," continued Mr. Siregar.

PT Inco's realized price for nickel in matte averaged US\$8,309 per metric ton during the first quarter of 2009, compared to US\$21,188 per metric ton in the corresponding quarter of 2008 and US\$10,675 per metric ton in the fourth quarter of 2008.

The cost of goods sold in the first quarter of 2009 decreased to US\$114.6 million from US\$177.6 million in the same quarter of 2008. Unit cash cost of production in the first quarter of 2009 decreased by 26.7% compared to the first quarter of 2008. In the first quarter of 2009, PT Inco consumed 10,893 kilolitres of diesel fuel at an average cost of US\$0.74 per litre, down from 47,640 kilolitres at an average cost of US\$0.75 per litre in the first quarter of 2008. These decreases were primarily due to the strategic decision to shut down all thermal power generators. In the first quarter of 2009, the Company used 571,287 barrels of high sulphur fuel oil at an average cost of US\$54.37 per barrel, a decrease from 676,321 barrels at an average cost of US\$75.63 per barrel in the corresponding quarter of 2008. The decrease was mainly a result of lower production of nickel in matte.

Cash provided by operating activities was US\$38.2 million in the first quarter of 2009, down from US\$74.4 million in the same quarter last year. Corporate tax payments during the first

# PT INCO

quarter of 2009 were US\$16.1 million compared to US\$156.1 million in the same period of 2008. The net decrease in cash and cash equivalents of US\$3.7 million brought the quarter-end 2009 cash and cash equivalents balance to US\$162.4 million as compared to a balance of US\$338.1 million at March 31, 2008.

The Company successfully recovered business interruption loss cover from its underwriter in the amount of US\$26.25 million in March 2009 that was claimed due to a transformer fire on May 23, 2006.

Cash capital expenditures were US\$40.3 million in the first quarter of 2009, up from US\$28.0 million in the corresponding quarter of the prior year, due to expenditures relating to the Karebbe hydroelectric project. The Company continues to prioritize its capital expenditures on the Karebbe hydroelectric project, electrostatic precipitators project and sustaining capital. Given the unfavorable immediate costs relative to the short-term benefits, PT Inco put on hold its coal conversion and coal transportation projects which were initially expected to be completed in 2010.

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

		First Quarter	Fourth Quarter
	<u>2009</u>	<u>2008</u>	<u>2008</u>
Nickel in matte production:	<b>16,200</b>	20,100	17,300
Nickel in matte deliveries:	<b>14,600</b>	17,900	16,800
Average realized price per metric ton	<b>8,309</b>	21,188	10,675
Net sales – millions	<b>121.4</b>	380.0	180.0
Net earnings (loss) – millions	<b>17.2</b>	139.6	(9.8)
Net earnings (loss) per share	<b>0.002</b>	0.014	(0.001)



**UNAUDITED CONDENSED FINANCIAL STATEMENTS ARE ATTACHED**

For further information, please contact:

Indra Ginting, Director of Investor Relations & Corporate Secretary [indra.ginting@valeinco.com](mailto:indra.ginting@valeinco.com)

Cláudio Bastos, Senior Vice President and Chief Financial Officer [claudio.bastos@valeinco.com](mailto:claudio.bastos@valeinco.com)

or [PTI.InvestorRelations@valeinco.com](mailto:PTI.InvestorRelations@valeinco.com)

or visit our website at [www.pt-inco.co.id](http://www.pt-inco.co.id)



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

	<b>First Quarter 2009 (Unaudited)</b>	<b>First Quarter 2008 (Audited)</b>	<b>Fourth Quarter 2008 (Unaudited)</b>
Sales	<b>121,395</b>	379,998	179,986
Cost of Goods Sold	<b>(114,641)</b>	(177,613)	(175,640)
<b>Gross Profit</b>	<b>6,754</b>	202,385	4,346
Selling, General and Administration Expenses	<b>1,557</b>	9,496	135
<b>Operating Profit</b>	<b>5,197</b>	192,889	4,211
Interest Expense	<b>(91)</b>	(254)	(40)
Other Income/(Expense), net	<b>18,887</b>	6,976	(18,063)
	<b>18,796</b>	6,722	(18,103)
Earnings/(Loss) Before Income Taxes	<b>23,993</b>	199,611	(13,892)
Income Taxes	<b>6,817</b>	60,008	4,085
<b>Net Earnings/(Loss)</b>	<b>17,176</b>	139,603	(9,807)
<b>Net Earnings/(Loss) Per Share</b>	<b>0.002</b>	0.014	(0.001)



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

	<b>March 31, 2009 (Unaudited)</b>	<b>December 31, 2008 (Audited)</b>
<b><u>ASSETS</u></b>		
Cash and Cash Equivalents	162,428	166,107
Trade Receivables from Affiliates	52,187	63,566
Other Receivables	6,668	7,007
Taxes Receivable	102,808	82,580
Inventories, net	130,826	147,015
Prepaid Expenses and Advances	19,274	31,146
<b>Total Current Assets</b>	<b>474,191</b>	<b>497,421</b>
Property, Plant and Equipment, net	1,345,441	1,336,122
Other Assets	19,285	9,041
<b>Total Assets</b>	<b>1,838,917</b>	<b>1,842,584</b>
<b><u>LIABILITIES AND EQUITY</u></b>		
Amounts Due to Affiliates	3,764	5,527
Trade Payables	27,879	38,972
Accrued Expenses	26,042	35,276
Taxes Payable	3,973	5,740
Current Maturities of Finance Leases	5,607	6,017
Other Current Liabilities	12,293	10,174
<b>Total Current Liabilities</b>	<b>79,558</b>	<b>101,706</b>
Deferred Income Tax Liabilities, net	181,357	179,569
Long Term Liabilities – Finance Leases	591	1,708
Employee Benefits Liability	2,335	2,192
Asset Retirement Obligation	37,016	36,525
<b>Total Liabilities</b>	<b>300,857</b>	<b>321,700</b>
Equity	1,538,060	1,520,884
<b>Total Liabilities and Equity</b>	<b>1,838,917</b>	<b>1,842,584</b>



**PT INTERNATIONAL NICKEL INDONESIA Tbk**  
**CONDENSED STATEMENTS OF CASH FLOWS**  
**(US\$ in Thousands)**

	<b>First Quarter</b>	
	<b>2009</b>	<b>2008</b>
	<b><u>(Unaudited)</u></b>	<b><u>(Audited)</u></b>
<b>Cash Flows from Operating Activities</b>		
Receipts from Customers	<b>132,774</b>	396,803
Payments to Suppliers	<b>(80,153)</b>	(147,207)
Payments to Employees	<b>(19,106)</b>	(21,354)
Payment of Employee Benefit Contributions	<b>(1,113)</b>	(675)
Payment of Corporate Income Tax	<b>(16,054)</b>	(156,080)
Other Receipts	<b>26,653</b>	10,031
Other Payments	<b>(4,790)</b>	(7,159)
<b>Net Cash Flows Provided by Operating Activities</b>	<b><u>38,211</u></b>	<u>74,359</u>
<b>Cash Flows from Investing Activities</b>		
Payments for Property, Plant and Equipment	<b>(40,267)</b>	(28,000)
<b>Net Cash Flows Used for Investing Activities</b>	<b><u>(40,267)</u></b>	<u>(28,000)</u>
<b>Cash Flows from Financing Activities</b>		
Payment of Finance Lease	<b>(1,527)</b>	(1,942)
Payment of Interest	<b>(96)</b>	(272)
Payment of Dividend	<b>-</b>	(309)
<b>Net Cash Flows Used for Financing Activities</b>	<b><u>(1,623)</u></b>	<u>(2,523)</u>
Net (Decrease) Increase in Cash and Cash Equivalents	<b>(3,679)</b>	43,836
Cash and Cash Equivalents at Beginning of Period	<b>166,107</b>	294,306
<b>Cash and Cash Equivalents at End of Period</b>	<b><u>162,428</u></b>	<u>338,142</u>