



18 December 2009

Ms. Janet A. Encarnacion
Head, Disclosure Department
Philippine Stock Exchange
Philippine Stock Exchange Center
Exchange Road, Ortigas Center
1605 Pasig City, Metro Manila

Dear *Ms. Encarnacion*:

In compliance with your letter dated December 18, 2009 seeking clarification on the news article entitled "Phoenix Petroleum Allots P500M for Expansion" published in the issue dated December 18, 2009 of Business Mirror, as follows:

LISTED independent oil player Phoenix Petroleum Philippines Inc. is set to spend next year P500 million to expand its retail network and its storage and logistics facilities, Dennis Uy, company president and chief executive, said on Thursday. "To fund the construction of additional 40 to 50 stations, we have allocated P200 million in our capital expenditure budget for next year," the Phoenix Petroleum executive told reporters.... Uy also noted that the company will spend P300 million to fund the expansion of storage and logistics facilities.... "We will likely tap the debt market and other instruments to finance our expansion endeavors," he added....

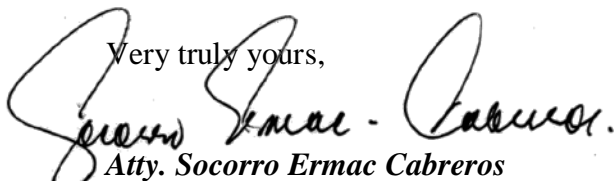
The above quoted article reiterates our previous disclosed plan of expansion for our retail network and depot and storage facilities by 2010. The figure cited by Mr Dennis Uy during the interview pertaining to the number of retail stations intended to open and establish by 2010 in the estimated amount of P200M for capital expenditure budget was merely in response to the query pertaining to the estimated total value of the retail stations to be opened by 2010 while the P300M capital expenditure was also the estimated cost of the storage and transport facilities. Hence, the total estimated capital expenditure of P500M for capital expenditure.

Further, as there is a need to raise funds for this expansion to augment reinvested earnings, the Company intends to access the debt and/or equity market for the purpose.

We hope that the above disclosure clarified the issue on the quoted article.

Thank you and best regards.

Very truly yours,


Atty. Socorro Ermac Cabreros
Corporate Secretary

PHOENIX PETROLEUM PHILIPPINES, INC.

Head Office: Phoenix Bulk Depot, Lanang, Davao City 8000, Philippines
Davao Tel : 082-302-5998 Fax: 082- 235-8888

Manila Office: Unit A, 7th Flr. ACT Tower, Sen. Gil Puyat Ave., Salcedo Village, Makati City 1227, Philippines
Manila Telefax: 02-750-1686
www.phoenixphilippines.com