



19 December 2011

Ms. Janet A. Encarnacion
Head, Disclosure Department
Philippine Stock Exchange
3rd Floor, Philippine Stock Exchange Plaza
Ayala Triangle
Ayala Ave., Makati City

Attn: **Mr. Juan Federico C. De Guzman**
Analyst, Disclosure Department

Dear *Ms. Encarnacion*:

We write in reference to your letter-directive pertaining to the news article posted in Philstar.com today, December 19, 2011 entitled "Phoenix allots P500 million for new stations" which wrote in part:

MANILA, Philippines - Phoenix Petroleum Philippines Inc. is spending P500 million next year to put up more than 100 stations all over the country.

Raymond Zorrilla, Phoenix spokesman said, they are planning to build about 43 stations in Luzon, 40 in Mindanao and 20 in the Visayas.

"We will be putting up 100 additional stations next year to formalize our claim to be the leading independent player," he said.

Zorrilla said they would finance the cost of the new stations through internally-generated funds, savings and loans.

He said the company would be increasing its sales volume by 25 percent next year because of the expansion of its retail network and improvement in its commercial trade.

Aside from the new service stations, he said they would also be putting up additional oil depots next year.

"We are planning to put up three more installations or depots next year. We intend to put up in Iloilo, Bacolod and Cebu," he said.

According to the official, they will also be expanding their oil warehouses in Davao and Batangas.

The above information was not a press statement officially released by the Company nor was it a response from an official interview from a press conference called for the purpose. Atty.

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: 25/F Fort Legend Towers, 3rd Ave. Corner 31st Street, Fort Bonifacio, Global City, 1634 Taguig City, Philippines
Manila Telefax: 02-403-4013; 403-4025 to 27
www.phoenixphilippines.com



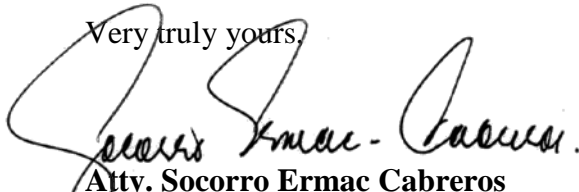
Zorrilla made such response from what he thought was question asked in a casual conversation between a group of familiar reporters who by chance met him in a coffee shop.

While the Company may have plans to expand its retail operations next year, the figure quoted was actually a logical estimate deduced from a question pertaining to the number of planned stations to open next year as against the cost of each station. We may not deny such figure but the same is still soft information.

We hope to have clarified this matter on our end.

Thank you and warm regards

Very truly yours,



Atty. Socorro Ermac Cabreros
Corporate Secretary

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