

25 June 2012

**Ms. Janet A. Encarnacion**  
Head, Disclosure Department  
Philippine Stock Exchange  
3/F PSE Plaza  
Ayala Triangle, Ayala Ave.  
Makati City



Dear *Ms. Encarnacion*:

In reply to your letter today, 25 June 2012, on the news article entitled "BOI approved P718-million Phoenix Pet investment" and which in part provided:

MANILA, Philippines - The Board of Investments (BOI) has approved the P718-million investment of Phoenix Petroleum Philippines Inc. (PPPI) for new storage terminals in Cagayan de Oro City and Bacolod City.

Data from the BOI showed that the company invested P525 million for a new storage facility in Cagayan de Oro inside the Phividec Industrial Estate. It will have a storage capacity of 37.28 million liters and was expected to have started commercial operations in April. The new facility is expected to employ 12 workers.

Some P193 million, on the other hand, was invested in the Bacolod City storage terminal which is located at the Bredco Port. It will have a storage capacity of 4.9 million liters and was likewise expected to have started commercial operations in April. The new facility is expected to employ 11 workers.

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We would like to clarify that our new Cagayan de Oro installation was completed sometime in November 2011 with tank capacity of 37 million liters and our Bacolod City depot early this year 2012 with tank capacity of 4.9 million liters. Our CDO installation is the biggest so far in Mindanao which will cater and serve our Northern Mindanao expansion while our Bacolod Depot will serve part of the Panay Islands. In the normal and usual course of business, the Company has applied for BOI registration after the completion of these storage terminals to avail of certain incentives under the Executive Order No. 226 otherwise known as the Omnibus Investment Code as amended. Our BOI applications were fortunately approved only through recent communication from the BOI. Currently, both storage terminals are already operational.

We hope we have sufficiently clarified the matter from our end.

Thank you and warm regards.

Very truly yours,

  
**Atty. Socorro Ermac Cabreros**  
Corporate Secretary