



THE PHILODRILL CORPORATION

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June 6, 2013

THE DISCLOSURE DEPARTMENT

3/F The Philippine Stock Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City

Attention: **MS. JANET A. ENCARNACION**
Head – Disclosure Department

Gentlemen:

We write in reference to your letter dated June 6, 2013 requesting us to clarify and / or confirm the news article posted in BusinessWorld Online on June 05, 2013 entitled “Galoc field production set to increase”, which states:

“THE CONSORTIUM operating service contract (SC) 14 – Galoc oil field – in waters northwest of Palawan has started fresh drilling aimed at doubling daily production at the site, according to a regulatory filing yesterday.

In a report to the Australian Securities Exchange, operator Otto Energy Ltd. said that drilling of two production wells in the area started on Tuesday.

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“Drilling is expected to take approximately 115 days, including the flowing of the wells for clean-up,” it added.

Otto said it will provide weekly updates on drilling progress.

The drilling activity in the oil field is part of the second phase of development of Galoc oil field.

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Otto reported in December last year that the joint venture would be spending \$188 million for the second phase of development.”

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We confirm the details mentioned in the news report as quoted above. Note, however, that the news was apparently taken from an interview made in relation to Otto Energy’s report to the Australian Securities Exchange instead of a formal press release which the operator is supposed to furnish the consortium members prior to giving any official statement/s. To date, however, we have not received any such formal press release. Nevertheless, we confirm the details stated on the report, except the last paragraph of the news article relating to the participation of Otto Energy in other exploration projects in the Philippines.

Very truly yours,

ADRIAN S. ARIAS
Corporate Secretary