



SAN MIGUEL CORPORATION

January 24, 2012

The Philippine Stock Exchange, Inc.
Disclosure Department
3rd Floor, Tower One and Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City

Attention: **Ms. Janet A. Encarnacion**
Head - Disclosure Department

Gentlemen:

We refer to your letter dated January 24, 2012 with respect to the news article entitled: "San Miguel to revive Surigao nickel plant," published in the January 24, 2012 issue of the Manila Standard Today. The article reported in part that:

"SURIGAO CITY – Conglomerate San Miguel Corp. is bringing back into operation a nickel processing facility in Nonoc Island, said Mayor Ernesto Matugas.

"The old nickel refinery owned by Philnico Mining Corp. will be rehabilitated by San Miguel Corp. within this year, which committed to replace it with a modernnickel (sic) plant using the electro-magnetic processing technology in extracting nickel ores, "he told Manila Standard....

He said SMC chief operating officer Ramon Ang last January 4 signed an agreement with Philnico president Evaristo Narvaez over the assumption of \$300 million in back taxes following a buy out agreement for the nickel plant with the approval of President Benigno Aquino III and Finance Secretary Cesar Purisima.

He said Ang pledged P50-million to built (sic) an additional 800-meter runway at the Surigao City Airport to be offset from the company's tax obligation...."

We advise that the Company is in talks with the controlling stockholders of Philnico Mining Corp. and evaluating the viability of investing in the Nonoc Nickel Mining Project. An appropriate disclosure shall be made to the Exchange in the event such investment is concluded.

Very truly yours,


FERDINAND K. CONSTANTINO
Corporate Information Officer