

LEPANTO CONSOLIDATED MINING CO.

BA-Lepanto Building, 8747 Paseo de Roxas, 1226 City of Makati, Philippines

29 April 2011

Disclosure Department
Listings and Disclosure Group
Philippine Stock Exchange, Inc.
4th Floor PSE Centre, Exchange Road
Ortigas Center, Pasig City

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

Re: Development Program of the Victoria Mine

Gentlemen:

Following is our disclosure concerning the development of the Victoria mine and adjustments in our operations:

To address the previous years' problem of insufficient development that caused low productivity and consequent losses, the Company will implement a five-month development program of the upper levels of the Victoria orebody starting in May 2011. The program consists of over 16 kilometers of internal ramps, level drives and stope development to fully delineate the production panels way ahead of extraction to ensure efficient mining operations for the next two years. Underground personnel and equipment will be concentrated towards achieving the critical development targets. Mining operations will be curtailed during the development period. The development program is intended to correct the operating losses of previous years and involves as well a reduction of the Company's manpower by about 400 employees through a retrenchment program. The affected employees would be appropriately compensated.

The development program which will cost about P700 million and the retrenchment cost will be funded out of the proceeds of the Company's recent stock rights offering and operating revenues.

The Board has approved this development program.

During the development period, the mill will process previously stock-piled low-grade ore to produce approximately 5,000 ounces of gold.

When full mining operations resume in the last quarter, production will double from 1,000 to 2,000 tonnes per day for an estimated monthly production of 5,000 ounces. The 2011 targets of at least 25,000 ounces of gold production and net income of P100 million announced during the recent annual general meeting stand.

Very truly yours,



ODETTE A. JAVIER
Vice President and
Asst. Corporate Secretary

cc: SEC