

LEPANTO CONSOLIDATED MINING CO.

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

11 May 2011

Disclosure Department
Listings and Disclosure Group
Philippine Stock Exchange, Inc.
3rd Floor, Philippine Stock Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City

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


Gentlemen:

We are pleased to advise that Manila Mining Corporation ("MMC"), in which Lepanto holds a 20% interest, has finalized an agreement with Philex Mining Corporation for the exploration and joint development of the Kalayaan Project ("Project") located in Placer, Surigao del Norte. The Project is covered by Exploration Permit No. XIII-014B in the name of Kalayaan Copper Gold Resources, Inc. ("Kalayaan"), a 100%-owned subsidiary of MMC.

Pursuant to their agreement:

1. MMC sold to Philex for US\$25 million a total of 125,000 shares of stock of Kalayaan, representing a 5% interest in Kalayaan.
2. Philex shall earn a further 55% interest in Kalayaan, for a total of 60%, by sole-funding all pre-development expenses including a bankable feasibility study for the Project and the development of the Project jointly with MMC.

Very truly yours,


ODETTE A. JAVIER
Vice President and
Asst. Corporate Secretary