

Regulatory Announcement

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Phaunos Timber Fund Limited ("Phaunos" or the "Company")

Phaunos announces US\$ 25 million commitment in Minas Gerais, Brazil

(1 June 09), Phaunos Timber Fund Limited ("Phaunos" or the "Company"), the Authorised Closed-ended investment scheme managed by FourWinds Capital Management established to invest in timberland and timber related assets on a global basis, today announces a US\$ 25 million commitment to its newly established wholly owned subsidiary, Mata Mineira Investimentos Florestais Ltda ("Mata Mineira").

Mata Mineira is the Company's second project in Brazil after Eucateca, and will be used to hold investments in Minas Gerais, Brazil. Mata Mineira has signed agreements with TTG Brasil Investimentos Florestais, a subsidiary of Equator LLC, which will provide management services. Mata Mineira will develop eucalyptus plantations to provide charcoal to the prominent local pig-iron industry.

Charcoal, an essential component alongside iron ore in the production of pig-iron, is an environmentally friendly, carbon-neutral and cleaner fuel source than coal.

Minas Gerais is one of the most developed regions in Brazil, enjoying a long-held tradition in forestry, with experienced service providers and managers. It is host to large reserves of iron and has the largest concentration of Brazil's mining and steel industry facilities (Minas Gerais produces 60% of all Brazilian pig-iron¹), maintaining Brazil's prominent position in the global pig-iron industry. Brazil ranks second in the world in terms of iron ore reserves and fourth amongst world producers².

Mata Mineira will play an important social role in the region. It will increase the supply of charcoal that comes from reforestation and help to reduce the use of illegal charcoal as a product of deforestation in the Amazon rain forest.

Helizander Brecailo, FourWinds Capital Management's Project Lead for South America, commented: "We are excited by the establishment of our second project in Brazil. Minas Gerais, which means General Mines in Portuguese, holds a strategic position in the development of the country. It's an important domestic market, close to the big urban centres of Sao Paulo and Rio de Janeiro, and the second most populous state in the country. In addition, it plays an important role in exports due to its large industrial production and proximity to the ports".

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Notes to Editors

www.phaunostimber.com

The Company is a Guernsey-domiciled Authorised Closed-ended investment scheme pursuant to section 8 of the Protection of Investors (Bailiwick of Guernsey) Law 1987, as amended and rule 6.02 of the Authorised closed-ended Investment Schemes Rules 2008.

The Company has two classes of share in issue, US Dollar denominated Ordinary Shares and C Shares. The Company has raised a total of approximately US\$560 million (before expenses) through several placings of Ordinary Shares and C Shares.

The Ordinary Shares of the Company were admitted to trading on the Main Market on the 11 June 2008 and are admitted to listing and trading on the CISX.

Since November 2008, the Company has bought back to hold in treasury 2.36 million Ordinary Shares for an aggregate total amount of approximately US\$1.72 million.

The Company's investment objective is to provide shareholders with attractive long term total returns, expected to be in the form of capital appreciation but with some income, through a diversified portfolio of timberland and timber-related investments.

The Company intends to seek investments that meet or exceed the guidelines set out in the Sustainable Forestry Initiative and, wherever possible and practicable, to certify the lands under the Forest Stewardship Council guidelines

Investments are managed by FourWinds Capital Management.

The company ticker is PTF.

¹Source: Minas Gerais' pig-iron producer association ("Sindifer") web site

²Source: Annual USGS Mineral Commodities Summaries

This information is provided by RNS

The company news service from the London Stock Exchange

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