

Regulatory Story

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Company	Phaunos Timber Fund Limited
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Phaunos Timber Fund Limited
22 December 2009

Phaunos Timber Fund Limited

Phaunos announces Loan Conversion

(22 December 2009), Phaunos Timber Fund Limited ("Phaunos" or the "Company"), the Authorised Closed-ended investment scheme managed by FourWinds Capital Management ("FourWinds") established to invest in timberland and timber related assets on a global basis, announces that its loan to Green Resources AS ("Green Resources") has been converted to equity. In December 2008, Phaunos loaned Green Resources NOK 67,510,000 (approximately US\$ 11.5 million) in a 27 month convertible note that was due to mature on the 28 February, 2011. On December 15, 2009 the Board of Green Resources unanimously voted to convert the loan to equity. Phaunos will receive shares in Green Resources for the principal amount as well as for all interest accrued up until the maturity date.

Phaunos, a minority shareholder in Green Resources, has been an investor in Green Resources since December 2008. After conversion, Phaunos now owns over 25% of the shares in Green Resources.

Green Resources manages over 14,300 hectares of timberland in East Africa including forests in Tanzania, Uganda and Mozambique.

Approximately 30% of the company's plantations are Forest Stewardship Council (FSC) certified. Green Resources intends to seek certification on all its plantations. Green Resources' industrial operation, Sao Hill Industries (SHI), is East Africa's largest sawmill and one of the largest transmission pole producers in the region.

Kristen Kleiman, FourWinds' Director of Investments and Acquisitions, said "We are pleased about the conversion of the loan to additional equity ownership in Green Resources, which is consistent with our original plans. Green Resources has a number of exciting strategic initiatives planned for 2010 that should increase the overall value of Phaunos' shares. We are particularly proud of the leadership Green Resources has demonstrated in the development of carbon-based programs that both enhance company revenues and are environmentally responsible."

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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 4.07 million Ordinary Shares for an aggregate total amount of approximately US\$2.81 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.

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