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**19 April 2007**

**PHAUNOS ANNOUNCES SECONDARY ISSUE TO BUILD GLOBAL TIMBERLAND PORTFOLIO**

Phaunos Timber Fund Limited (“Phaunos” or the “Company”), a closed-ended investment company admitted to trading on the AIM market of the London Stock Exchange, is pleased to announce it is undertaking a secondary round of equity fundraising to increase the global reach of its timber and timber related portfolio.

The Company intends to raise approximately US\$100 million by way of a placing of new ordinary shares ranking *pari passu* with the existing ordinary shares of the Company (the “Fundraising”). The Fundraising is expected to occur at a premium to the placing price of US\$1 per ordinary share for the placing that took place in connection with the Company’s admission to trading on the AIM market on 20 December 2006.

Since its admission to trading on AIM, Phaunos has focused on investments in North America, South America, Eastern Europe and New Zealand. The Company has committed or provisionally allocated an estimated 95 per cent. of the current assets under management, including a commitment of US\$30 million to an investment partnership investing in the northwestern United States that focuses on intensively managed hybrid poplar tree farms and is certified under Forest Stewardship Council (FSC) guidelines.

Phaunos has also identified and negotiated a pipeline of investment opportunities in Brazil, Uruguay, and New Zealand, with non-binding agreements in place where appropriate. Additionally Phaunos has engaged a consulting firm specializing in Eastern European forestry investments to assist in developing its operating plan to execute its strategy in that region. It is proposed that a substantial proportion of the proceeds of the Fundraising will be applied to this pipeline, as well as to expanding into other regions that meet the Company’s investment criteria.

Phaunos is managed by FourWinds Capital Management, which has built a timber management team the senior members of which have more than 100 years combined experience in the timberland business and have worked with industry leaders such as Hancock Timber Resource Group, GMO Renewable Resources and Global Forest Partners.

It is anticipated that the Fundraising will close on 24 May 2007 and an application will be made to admit the new ordinary shares to trading on AIM and for admission to trading on the Official List of the Channel

Islands Stock Exchange LBG as soon as possible thereafter. A further announcement will be made upon completion of the Fundraising.

Please visit [www.phaunostimber.com](http://www.phaunostimber.com) for more information or contact:

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