

## **Phaunos Timber Fund Limited Announces Uruguayan Investment**

Phaunos Timber Fund Limited (“Phaunos”) announced today the establishment of a wholly owned subsidiary, Caldrey S.A. (“Caldrey”), a Uruguayan company, which will give Phaunos access to the growing forestry sector in Uruguay. Caldrey will be operated out of Montevideo, Uruguay’s capital.

Phaunos will invest US\$7 million into the new company, which will, in conjunction with a local partner, provide timber harvesting and road building services to forestry owners and operators. It is anticipated that this investment will also help provide Phaunos with access to further timberland investment opportunities in Uruguay.

The investment by Phaunos in Caldrey will be used to purchase harvesting and other equipment and to provide the initial working capital necessary to establish the operation. It is intended that over time, subject to the achievement of performance targets, the in-country partner, Fanerey S.A., will earn an equity position in Caldrey. Fanerey S.A., which will provide services to Caldrey and manage sub-contractors on its behalf, is already in contract negotiations on behalf of Caldrey with several major players in Uruguayan forestry. The projected returns from the Caldrey investment are considered by the Board to be attractive and it is not currently anticipated that Caldrey will require any further working capital injections from Phaunos within the foreseeable future.

Mason Browne of FourWinds Capital Management, Phaunos’ Investment Manager said, “This project, which has been in development since February of this year, is expected to be cash flow positive in its first year of operations. Uruguay has attracted the attention of international timber investment management organisations in recent years because of its excellent growing conditions. Additionally, two of the world’s largest pulp producers, Ence and Metsa Botnia, are building or have built facilities on the border between Argentina and Uruguay, increasing the demand for fibre in the region.”

“Phaunos is very pleased with the prospects for this investment,” said Keith Oates, Chairman of Phaunos’ Board of Directors. “It is a first step in what we hope will be a long and important part of our business strategy in Uruguay.”

Phaunos Timber Fund Limited is a closed-end Guernsey Investment Company listed on the Channel Island Stock Exchange (PTF) and traded on AIM, a subsidiary of the London Stock Exchange. It invests in timberland and timber-related assets internationally and is managed by FourWinds Capital

Management. For further information about Phaunos and its investment strategies, please visit [www.phaunostimber.com](http://www.phaunostimber.com).

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