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PHAUNOS ANNOUNCES SUCCESSFUL US\$ 370 MILLION 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 very pleased to announce that it has raised a further US\$ 370 million through a secondary round of equity fundraising to add to the US\$115 million raised for the Company in December 2006. This will enable the Company to substantially increase the global reach of its timberland and timber related portfolio.

The Company is raising a further US\$370 million by way of a placing of 355,769,230 new ordinary shares ranking pari passu with the existing ordinary shares of the Company at a placing price of US\$1.04 per ordinary share (the “Fundraising”).

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.

The proceeds of the Fundraising will provide further funds to invest in Phaunos’ existing pipeline of investment opportunities in Brazil, Uruguay, and New Zealand, together with further identified opportunities in Eastern Europe, Latin America, Africa, New Zealand and Australia. Phaunos is also monitoring further potential opportunities in emerging markets such as China and India. 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.

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, which is anticipated to take effect on Tuesday 5 June 2007.

Keith Oates, Chairman of Phaunos, commented:

“We are delighted with the huge success of this second fundraising, which now makes us both the first and by far the largest dedicated vehicle in London for investing in global timber opportunities. We have put together a highly experienced team of timber fund managers and an exciting pipeline of investment opportunities for Phaunos.”

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