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Phaunos Timber Fund Limited

Phaunos announces completion of Fazenda Turmalina acquisition in Minas Gerais, Brazil

(28 April 2010), 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 that its wholly owned subsidiary, Mata Mineira Investimentos Ltda ("Mata Mineira"), completed the acquisition of over 19,000 hectares of properties ("Fazenda Turmalina") near the towns of Turmalina and Diamantina in the State of Minas Gerais, Brazil. The final purchase price is 145 million Brazilian Reais (approximately US\$ 83 million).

This acquisition, together with February's completion of the investment in New Zealand's Matariki Forestry Group, takes Phaunos to an 80% investment level, with funds reserved for working capital and further investments anticipated in the remainder of 2010.

Fazenda Turmalina is an established, investment grade eucalyptus plantation that has existing merchantable timber. The trees are grown on a seven year rotation to supply the local charcoal markets. The seller, Suzano Papel e Celulose SA ("Suzano"), which owned and managed Fazenda Turmalina, is one of the largest integrated pulp and paper companies in Latin America. This sale is part of Suzano's capital reallocation strategy and supports the company's new growth cycle. Suzano is publicly listed and trades on the Bovespa (Sao Paulo Stock Exchange) under the symbol SUZB5.

Fazenda Turmalina is Mata Mineira's first acquisition as part of its strategy to acquire and 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 environmentally friendly, carbon-neutral, and a cleaner fuel source than coal.

The completion of the acquisition follows the previous announcement of the conditional agreement to acquire Fazenda Turmalina on 14 December 2009. During the ensuing due diligence process, certain adjustments were made to the non-productive land area, decreasing the total hectares purchased to approximately 19,000 hectares. Due diligence also revealed that the actual timber volume on the land was greater than expected, increasing the final purchase price by approximately 7% to 145 million Reais.

Minas Gerais, one of the largest Brazilian States, is a natural location to develop forests. It has 30% of Brazil's eucalyptus plantations. Also, Minas Gerais, close to Brazil's biggest consumer centres such as Sao Paulo and Rio de Janeiro, plays an important role in the pig iron industry, producing 60% of Brazil's pig iron.

Helizander Brecailo, FourWinds Capital Management's Manager of Investments and Acquisitions for South America, commented on the announcement, "We are very pleased to add Fazenda Turmalina to Phaunos' portfolio. The properties contain timber that is ready to be harvested, providing near term cash flows and earnings for Phaunos. We are already in the process of marketing this wood."

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Notes to Editors

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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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