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CATCo Reinsurance Opportunities Fund Ltd. ("the Company", or "CATCo")

Announces Publication of Circular and Notice of Special General Meeting

To: SFM, London Stock Exchange — Date: 20 April 2011

Following the Company's announcement on 8 April 2011 in relation to the intention to raise additional capital by way of a C-Share issuance, CATCo Reinsurance Opportunities Fund Ltd ("the Company" or "CATCo") announces that it is convening a special general meeting (the "SGM") to be held at Crawford House, 50 Cedar Avenue, Hamilton, HM 11 Bermuda on 13 May 2011 at 9.00 a.m. (Bermuda time) to consider and, if thought fit, pass the following resolutions:

- a Special Resolution to amend the Bye-laws of the Company; and

- a Special Resolution to disapply pre-emption rights.

The circular to shareholders, together with a notice convening the SGM and certain ancillary documents, was posted to shareholders yesterday and can be viewed via the National Storage Mechanism which is located at http://www.hemscott.com/nsm.do. A copy of the circular will be available to download from CATCo's website at http://www.catcoim.com

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The information in this announcement should be read in conjunction with the full text of the Circular issued by CATCo Reinsurance Opportunities Fund Limited, dated 19 April 2011. Capitalised terms used in this announcement shall, unless the context otherwise requires, bear the meaning given to them in the Circular.

EXPECTED TIMETABLE

Latest time and date for receipt of Forms of Direction from holders of Depository Interests	1:00 pm (UK time) on 10 May 2011
Latest time and date for receipt of Forms of Proxy from Shareholders	1:00 pm (UK time) on 10 May 2011
Special General Meeting	9:00 am (Bermuda time) on 13 May 2011

(*In the event that the Special General Meeting is adjourned, the timetable will be revised and Shareholders will be notified accordingly*)

INTRODUCTION

It is expected that the issue of New Shares will enable the Company to take advantage of the increased demand for retrocessional protection and consequent higher premiums, following the recent natural catastrophes in Australia, New Zealand and Japan and will allow the Company to increase the diversity of its underlying portfolio.

As described further below, the Company is indirectly exposed to potential losses arising from these events and, although the Board at this time is not of the view that the Company will ultimately be exposed to any losses, the Board believes that the Company would be in a better position to raise further capital if the Company was able to issue New Shares that would not expose new investors to potential losses arising from events that have occurred prior to the date of their investment. Based on information as at the date of the Circular, the Board does not currently believe that the Company will ultimately suffer any losses arising from these events; however, due to the uncertainty in valuing these investments and the tenure of these contracts, the SAC Board has designated the Master Fund's potential NZ Exposures and Japan Exposures as a Side Pocket Investment, represented by a new series of shares ("**SP Shares**"). Accordingly, SP Shares are expected to be issued as at 1 April 2011 to each Master Fund Shareholder (including the Company) by way of the conversion of a pro rata proportion of their Master Fund Shares into SP Shares. In this way, Master Fund Shares that are issued to Master Fund

Shareholders after 31 March 2011 will participate fully in the Master Fund's portfolio, except that they will not have any NZ Exposures or Japan Exposures and will accordingly not participate in any losses or premiums attributable to such exposures.

In order to achieve this, the Board is seeking the approval of Shareholders to change the Company's Bye-laws to permit the Company to issue New Shares that are exposed to all of the Company's portfolio other than in respect of losses (or any profits) arising from events that have occurred prior to the date on which New Shares are issued. It is proposed that any New Shares that are issued whilst the Company's position in respect of any losses from any event is unclear, will be issued as convertible shares (C Shares) which will convert into Ordinary Shares at such time when the Company's loss position in respect of such events is finally determined.

In addition, on 31 March 2011, the Company issued additional Ordinary Shares in order to satisfy demand that could not be met through the secondary market. This issuance has almost exhausted the Company's authority to allot Ordinary Shares on a non-pre-emptive basis (i.e. an issue of shares other than an issue to existing Shareholders pro rata to their holdings of Ordinary Shares). Where New Shares are issued when the Company's loss position is clear, the Company will issue New Shares as Ordinary Shares. Accordingly, in order to allow the Company to issue New Shares to new investors, the Board is also seeking the approval of Shareholders to disapply pre-emption rights.

BACKGROUND TO THE PROPOSALS

Reasons for the issue of New Shares

The extraordinary events of the last few months, including the natural disasters in Australia, New Zealand and Japan, have led to billions of dollars of losses in the reinsurance industry. As a consequence, reinsurers are seeking additional retrocessional protection leading to a significant increase in premium rates. The Board believes that the Company is in a position to provide such protection via CATCo-Re Ltd. (the "**Reinsurer**") and consequently to benefit from these higher rates.

In order to take advantage of this opportunity, the Board is proposing to raise further capital by issuing New Shares. The proposed capital raising will also enable the Company, through its investment in the Master Fund, to further diversify the exposure by risk type of its underlying portfolio. The issue of New Shares is subject to the passing of the Resolutions at the Special General Meeting and to the approval by the UK Listing Authority of a prospectus in connection with the proposed issue.

Side-pocketing of NZ and Japan Exposures by the Master Fund

The Reinsurer has entered into fully collateralised reinsurance contracts under which it is potentially exposed to losses arising from the New Zealand earthquake on 22 February 2011 and the Japan earthquake on 11 March 2011 (respectively, "**NZ Exposures**" and "**Japan Exposures**"). Based on information as at the date of the Circular, the Board does not currently believe that the Company will ultimately suffer any losses arising from these events; however, due to the uncertainty in valuing these investments and the tenure of these contracts, the SAC Board has designated the Master Fund's potential NZ Exposures and Japan Exposures as a Side Pocket Investment, represented by a new series of shares ("**SP Shares**"). Accordingly, SP Shares are expected to be issued as at 1 April 2011 to each Master Fund Shareholder (including the Company) by way of the conversion of a pro rata proportion of their Master Fund Shares into SP Shares. In this way, Master Fund Shares that are issued to Master Fund Shareholders after 31 March 2011 will participate fully in the Master Fund's portfolio, except that they will not have any NZ Exposures or Japan Exposures and will accordingly not participate in any losses or premiums attributable to such exposures.

Once the loss position in respect of the NZ and Japan Exposures is clarified, the Side Pocket Investment will be realised and the SP Shares will be exchanged for Master Fund Shares. Following the realisation of the Side Pocket Investment in such circumstances it is expected that any C Shares of the first tranche which have been issued will be converted into Ordinary Shares and will accordingly participate in any losses or premiums attributable to such exposures.

Details of the New Shares

For similar reasons, the Board is of the view that the Company would be in a better position to raise further capital if the Company is able to issue New Shares that are exposed to all of Company's portfolio other than in respect of potential losses and premiums attributable to events that have occurred before the date on which New Shares are issued. Therefore, during any period where one or more Side Pocket Investments are in existence, the Company is proposing to raise capital by way of the issue of C Shares.

C Shares are a separate class of Shares in the capital of the Company that convert into Ordinary Shares on the occurrence of a defined event. Traditionally, C Shares are used by investment companies as a way of raising money from new shareholders and constructing an investment portfolio over a period of time without exposing existing shareholders to uninvested cash. C Shares are then typically converted into ordinary shares once the cash has substantially been invested. In contrast to this, the Company intends to use the net proceeds of the issue of C Shares to subscribe for Master Fund Shares shortly after the C Shares are issued so that the net proceeds of the issue of C Shares will be invested shortly after their issue. The proceeds of the issue of C Shares will be invested in Master Fund Shares but will not participate in the SP Shares issued to the Company in respect of any events that have occurred before the date on which the C Shares are issued. In this way, the C Shares will, shortly after their issue, be exposed to the Master Fund's portfolio in the same way that the Ordinary Shares are, except that the C Shares will not be exposed to potential losses and premiums attributable to events that have occurred before the date on which the C Shares are issued.

Therefore, during any period where one or more Side Pocket Investments are in existence, the Company is proposing to raise capital by way of the issue of C Shares. C Shares may be issued in one or more tranches. If, after the issue of a tranche or tranches of C Shares, an event occurs whose effect on the Master Fund is unclear such that the Master Fund has designated the Master Fund's exposure to such event as a Side Pocket Investment and issued SP Shares is respect of it, the Company would issue a separate class of C Shares in respect of such event.

If the Resolutions are passed, it is intended that the C Shares issued whilst the extent of the Master Fund's exposure to any event that has occurred prior to the issue of the C Shares will be converted into Ordinary Shares once the extent of the Company's exposure to all such prior outstanding events has been finally determined.

It is expected that the Company will issue further Ordinary Shares, rather than C Shares, if no Side Pocket Investments are in existence at the time of such proposed issue.

DETAILS OF THE PROPOSALS

Proposed changes to the Bye-laws

The Directors are authorised to issue C Shares in one or more tranches. The Directors intend that the first tranche of C Shares will be issued shortly after the approval of the Proposals by Shareholders and the approval of a prospectus by the UK Listing Authority.

The issue of this tranche of C Shares will allow investors to invest in the Company without being exposed to potential NZ or Japan Exposures. It is intended that such C Shares will convert into Ordinary Shares immediately following the date on which both the New Zealand and Japan Side Pocket Investments are no longer designated as such and the relevant SP Shares have converted back into Master Fund Shares. Similarly, it is expected that any future tranches of C Shares will convert once the Side Pocket Investments in existence at the time they were issued are no longer so designated.

However, the Bye-laws do not currently permit the Directors to issue C Shares which convert on this basis. Consequently, the Board is seeking the approval of Shareholders by way of Special Resolution to be proposed at the Special General Meeting to amend the Company's Bye-laws to allow the Directors greater discretion in determining the timing of the conversion of C Shares into Ordinary Shares.

The proposed amendments are set out in Part 2 of the Circular and will permit the Board to determine the time on which a tranche of C Shares converts into Ordinary Shares at the time of the first issue of such tranche of C Shares. This is subject to the requirement that at least 80 per cent of the assets attributable to the relevant tranche of C Shares have been invested (as such term is defined in the Bye-laws).

The Board believes that such discretion would provide the Company with greater flexibility in the structuring of issues of C Shares which would ultimately increase the ability of the Company to effectively raise new capital.

Proposed disapplication of pre-emption rights

The Company issued 80,392,000 Ordinary Shares on 20 December 2010 following its initial public offering. Since then, the Ordinary Shares have traded on average at a premium to the Net Asset Value per Ordinary Share and on 31 March 2011 the Company issued a further 7,250,000 Ordinary Shares in order to satisfy demand that could not be met through the secondary market.

This issuance has almost exhausted both the Company's authority to allot Ordinary Shares on a non-pre-emptive basis (i.e. an issue of shares other than an issue to existing Shareholders pro rata to their holdings of Ordinary Shares) and the limit on the number of new Ordinary Shares that can be admitted to trading on the Specialist Fund Market without the publication of a new prospectus.

The initial issue of each tranche of C Shares will be made on a non-pre-emptive basis, notwithstanding the fact that they ultimately convert into Ordinary Shares. However, further issues of that class of C Shares would be required to be offered on a pre-emptive basis to C Shareholders, as will the issue of further Ordinary Shares (which the Company may issue when no Side Pocket Investments are in existence).

Accordingly, in order to permit the Company to issue New Shares (except for the initial issue of a tranche of C Shares) on a non-pre-emptive basis, the Board is seeking to disapply pre-emption rights in respect of an unlimited number of Shares until the Company's next annual general meeting by way of a Special Resolution to be proposed at the Special General Meeting.

The Board intends to seek approval for the disapplication of pre-emption rights at each annual general meeting, although once the Net Asset Value targets referred to above are met, the Board may limit the number of Shares that it can issue on a non-pre-emptive basis when seeking approval for such disapplication.

The Board has also resolved to publish a new prospectus in order to obtain admission to trading on the Specialist Fund Market of Shares to be issued pursuant to this authority.

Use of proceeds

The net proceeds of any issue of New Shares will be invested by the Investment Manager in accordance with the Company's published investment policy as detailed in the Prospectus.

Dilution

The allotment of New Shares (other than on a pro rata basis to then existing Shareholders) will dilute the voting control of existing Shareholders. Further dilution may occur on conversion of a particular tranche of C Shares into Ordinary Shares if the Net Asset Value of such C Shares has increased by a greater amount than the Net Asset Value of Ordinary Shares.

Consent

Numis Securities Limited has given and not withdrawn its written consent to the issue of the Circular with the inclusion in it of references to its name in the form and context in which they appear.

SPECIAL GENERAL MEETING

Each of the Proposals requires the approval of Shareholders at a special general meeting of the Company (the "**Special General Meeting**"). The Special General Meeting will be held at 9 am (Bermuda time) on 13 May 2011 at Crawford House, 50 Cedar Avenue, Hamilton, HM11 Bermuda.

The following resolutions will be proposed at the Special General Meeting:

- a Special Resolution to amend the Bye-laws; and
- a Special Resolution to disapply pre-emption rights.

RECOMMENDATION

The Board, which has received financial advice from Numis Securities Limited, considers that the passing of the Resolutions is in the best interests of Shareholders and Depository Interest Holders as a whole. In providing its financial advice, Numis Securities Limited has taken into account the Board's commercial assessment of the effects of the Proposals. Accordingly, the Directors unanimously recommend you to vote in favour of the Resolutions to be proposed at the Special General Meeting. The Chairman of the Board intends to vote in favour of the Resolutions in respect of the 110,000 Ordinary Shares held by him.

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