



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

Announcement of Distribution to Ordinary Shareholders

To: SFM, London Stock Exchange and
the Bermuda Stock Exchange

Date: 2 August 2012

Contingent Distribution

The Board of the Company wishes to announce that it has declared a distribution (the "Distribution") to Ordinary Shareholders of any proceeds it receives in connection with that part of its investment in CATCo Diversified Fund (the "Master Fund"), a segregated account of CATCo Reinsurance Fund Ltd. (the "Master Fund SAC"), which is exposed to potential losses arising from the Master Fund's investment in reinsurance contracts linked to the New Zealand earthquake that occurred on 22 February 2011 and the Japan earthquake that occurred on 11 March 2011 (together, the "NZ and Japan Exposures").

The Distribution will be made to Ordinary Shareholders on its register of members on 10 August 2012 (the "Record Date") pro rata to the number of Ordinary Shares held on the Record Date, as soon as practicable following receipt of any proceeds from the Master Fund.

The payment of any Distribution will be conditional upon the Company receiving the proceeds from the Master Fund and the Directors determining that the Company satisfies certain statutory solvency tests under Bermuda law at the time of payment. The Distribution may comprise one or more separate payments.

In light of the current loss reserve provision, Ordinary Shareholders should note that it is not expected that any Distribution will be made. In any event, no further payments will be received in respect of the underlying reinsurance contracts after 11 March 2014 and therefore no Distribution will be made after that date.

Background to Distribution

As announced on 11 July 2012, the Master Fund SAC's Board of Directors (the "SAC Board") has resolved to include a 100% loss reserve provision in respect of the NZ and Japan Exposures in the Net Asset Value calculation as at 30 June 2012, which, in turn, has been reflected in the Company's Net Asset Value.

As such, it is no longer anticipated that the Master Fund (and, in turn, the Company) will receive any proceeds in respect of the reinsurance contracts linked to the NZ and Japan Exposures. The SAC Board therefore wishes to close the outstanding side pocket attributable to the NZ and Japan Exposures (the "Closing"). However, notwithstanding the current loss reserve provision, given the possibility that some value will in future be due to the participating shareholders, the SAC Board believes that it is equitable to effect the Closing in a manner that also preserves each such shareholder's potential entitlement to future receipts. The SAC Board has therefore declared a conditional in specie distribution to participating shareholders, including the Company, of any proceeds it receives in respect of the reinsurance contracts linked to the NZ and Japan Exposures.

As at the date of this announcement, the Company holds 279,399.7867 shares in the Master Fund (excluding SP Shares) and 14,308.4121 SP Shares. The unaudited value of the current portfolio of the Company at 30 June 2012 is US\$ 356,966,811 attributable to its holding of shares in the Master Fund.

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