18 May 2011

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CATCo Reinsurance Opportunities Fund Ltd.

("CATCo" or the "Company")

Result of Placing of new C-shares of US$0.0001 each to raise USD 124.4 million

INTRODUCTION

CATCo is pleased to announce today that it has raised gross proceeds of USD 124.4 million (approximately USD 121.1 million net of commissions and expenses) through the issue of 124,446,737 C-shares (CATC.L) at a price of $1.00 per C-Share (the "Placing Price") with institutional investors (the "Placing").

These 124,446,737 new C Shares form the First Closing of a wider placing of up to 400 million New Shares which opens on 18 May 2011, and will close on the earliest of (i) the first anniversary of the date of this Announcement, (ii) the date on which an aggregate of 400 million New Shares have been admitted to trading on the Specialist Fund Market ("SFM") and (iii) such other date as may be agreed between the Company, CATCo Investment Management Ltd. (the "Investment Manager") and Numis Securities Limited (the "Placing Agent").

TIMETABLE:

For the First Closing

Admission of the first tranche of New Shares to trading on the London Stock Exchange's Specialist Fund Market	20 May 2011
CREST accounts to be credited in respect of the Depository Interests representing the first tranche of New Shares	20 May 2011
Admission of the first tranche of New Shares and the existing Ordinary Shares to trading on the Bermuda Stock Exchange	20 May 2011

Application has been made for these new C Shares to be admitted to trading on the London Stock Exchange's Specialist Fund Market. Trading is expected to commence on 20 May 2011. On Admission the Company will have in issue 87,642,000 Ordinary Shares and 124,446,737 new C-Shares

The full terms and conditions of the Placing are set out in the Appendix to this Announcement.

BACKGROUND TO AND REASONS FOR THE PLACING:

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 is proposing to raise further capital by issuing New Shares which it is intended will allow the Company to take advantage of the current higher premium rates with the aim of providing better returns to Shareholders and will enable the Investment Manager to further diversify the Current Portfolio. The issue of further Shares will spread operating costs over a larger capital base which will cause the total expense ratio per Share to fall and will also assist the Company to meet the Net Asset Value targets set out in the prospectus issued at the initial public offering of the Company.

The Directors believe that the issue of New Shares should be beneficial to the Company in that they will:

- allow the Company, through its investment in the Master Fund, to take advantage of the current higher premium rates with the aim of providing better returns to Shareholders;

- enable existing Shareholders to subscribe for New Shares and provide other investors with an opportunity to make an investment in the Company;

- enable the Investment Manager to further diversify the Current Portfolio;

- facilitate the Company's raising of further equity capital by permitting the Company to offer New Shares that are not exposed to liabilities or potential liabilities arising from events that pre-date the issuance of such New Shares; and

- grow the Company, thereby spreading operating costs over a larger capital base which will cause the total expense ratio per Share to fall and will also assist the Company to meet its Net Asset Value targets.

Raising further capital is also consistent with the published aim of the Company to grow its Net Asset Value over the first two years following launch and meet its Net Asset Value targets of US$150 million by 31 December 2011 and US$200 million by 31 December 2012.

The Board, based upon information received from the Investment Manager, does not currently believe that the Company will ultimately suffer any losses arising from the New Zealand and the Japanese earthquakes which occurred in the first quarter of 2011. However, potential exposure to these events, including future unearned premiums, has been designated by the Master Fund as Side Pocket Investments which will be owned entirely by Master Fund shareholders (including the Company) on 31 March 2011 on a pro rata basis. All investment received from new investors on or after 1 April 2011 will have no exposure to such Side Pocket Investments, nor the future unearned premium or any potential losses arising from them.

THE PLACING:

The 124,446,737 new C Shares which form the first closing are a separate class of Shares in the capital of the Company.
The Company intends to use the net proceeds of issues of C Shares to subscribe for Master Fund Shares shortly after the C Shares are issued so that the net proceeds of an issue of C Shares will be invested shortly after their issue. The proceeds of an issue of C Shares will be invested in Master Fund Shares but will not participate in any shares which represent a Side Pocket Investment ("SP Shares") issued to the Company in respect of any events that have occurred before the date on which such C Shares are issued. In this way C Shares will, shortly after their issue, be exposed to the Master Fund's portfolio in the same way that 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 they are issued.

Application will be made to the UK Listing Authority and to the London Stock Exchange plc for the new C Shares to be admitted to trading on the Specialist Fund Market ("SFM"), a market operated by the London Stock Exchange. It is expected that such admission will become effective at 8a.m. on 20 May 2011.

The First Closing is conditional upon, *inter alia*, Admission becoming effective, the Placing Agreement becoming unconditional and not being terminated prior to Admission, and not less than 50 million C Shares being subscribed for in aggregated pursuant to the First Closing.

CONVERSION OF FIRST CLOSING C SHARES INTO ORDINARY SHARES

In respect of the tranche of C Shares issued at the First Closing, it is intended that such C Shares will convert into Ordinary Shares shortly after the date on which the Side Pocket Investment attributable to the New Zealand and the Japanese earthquakes is no longer designated as such and the relevant SP Shares held by the Company in respect of such exposures have converted back into Master Fund Shares.

Subsequent tranches of C Shares will convert into Ordinary Shares on the basis of the Conversion Ratio which will be calculated at such time as the Directors shall have elected, as at the date of issue of such tranche of C Shares, to designate as the "Calculation Time" in relation to that tranche of C Shares, provided that at least 80 per cent. of the assets attributable to such tranche of C Shares have been invested in accordance with the Company's investment policy.

PROSPECTUS

Copies of the prospectus will be posted to shareholders and submitted to the National Storage Mechanism tomorrow and will shortly be available for inspection at www.hemscott.com/nsm.do. The prospectus will also be available at www.catcoim.com.

Defined terms used in this Announcement shall have the same meaning as ascribed to them in the Company's prospectus dated 18 May 2011.

For further information contact:

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