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

**Portfolio update – Costa Concordia update and commutation**

To: SFM, London Stock Exchange and Bermuda Stock Exchange

Date: 13 November 2012

The cruise ship Costa Concordia partially sank on the night of 13 January 2012 after hitting a reef off the Italian coast and running aground at Isola del Giglio, Tuscany, requiring the evacuation of the 4,252 people on board. Thirty people are known to have died, two others were still missing as of October 2012, and presumed dead, and 64 others were injured, at least two seriously.

Captain Francesco Schettino had reportedly deviated from the ship's computer-programmed route to treat people on Isola del Giglio to the spectacle of a close sail-past or near shore salute. The ship then hit a reef off Isola del Giglio and started to take in water, flooding the engine room and generators, causing the ship to drift for more than an hour off the eastern shore of Isola del Giglio before running aground and being evacuated.

While the final cost is not yet known, the international group of P&I Associations' actual and expected insured loss estimate (net of a USD10m deductible) for Protection and Indemnity (Wreck Removal and Cargo/Crew/Passenger Liability) has increased by approximately USD130m, from circa USD521m to USD652m. The final settlement for the Hull & Machinery ("H&M") / Increased Value ("IV") amounted to circa USD520 million.

This results in a current industry estimate for insured loss of circa USD1.172 billion as detailed above.

The Master Fund's investment portfolio does not have any exposure to this marine event for industry losses below USD1.25 billion. However, the wreck removal plan has a new predicted timeline that estimates the parbuckling and refloating to be complete by Spring of 2013. This time schedule is dependent in part upon subcontractor deliverables and schedules, and will preserve the upcoming summer season. The Managers believe that, as the estimated timetable continues to change, coupled with the complexity and size of the wreck removal, the industry loss estimates may continue to increase.

The maximum exposure to Offshore Marine risk was 3% of the 'expected' 2012 net returns (4% on a gross basis), assuming a total loss to this cover from this event. Two reinsurance counterparties have retrocessional coverage from CATCo Re Ltd relating to this disaster.

The Board of Directors announces that agreement has been reached to fully and finally commute 100% of the exposure with respect to one of the counterparties (representing circa 40% of the total Offshore Marine portfolio exposure), the cost of which represents circa 1.5% which compares to the gross 4% exposed to Offshore Marine risk.

This commutation is a settlement agreement reached between the reinsured counterparty and CATCo Re Ltd by which the reinsurance obligation is terminated by an agreement by the reinsurer to pay funds at present value that are not yet due under the reinsurance agreement. The obligations with one of the reinsurance counterparties for future payments related to the Costa Concordia event are fully terminated.

As a result of this agreement, the Company avoids side pocket investments at the year end and locking-up capital that cannot yield a return in 2013. The manager has already deployed new Offshore Marine risk for 2013 at significantly increased pricing. This 2012 commutation will be included in the Net Asset Value calculation for October 2012.

It is the Manager's intention to seek a further commutation, and renewal, with the other reinsurance counterparty prior to the year end.

**For further information, please contact:**

Jason Bibb
CATCo Investment Management Ltd
Telephone: +1 (441) 531 2227
Email: jason.bibb@catcoim.com

David Benda / Hugh Jonathan
Numis Securities Limited
Telephone: +44 (0) 20 7260 1000

John Whiley
Prime Management Ltd
Tel: +1 (441) 295 0329

- ends -